



## **NOTICE OF MEETING**

22<sup>nd</sup> District Agricultural Association Board of Directors meeting  
November 14, 2023, at 12:00 p.m.

### **Board Room**

Del Mar Fairgrounds  
2260 Jimmy Durante Boulevard  
Del Mar, California 92014

*While the 22nd District Agricultural Association Board of Director's meeting will be conducted in person, per Government Code section 11133, the 22nd DAA will also provide for remote participation by Board members and 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.*

### **OUR PURPOSE**

We are a timeless community treasure where all can flourish, connect, and interact through year-round exceptional experiences.

### **OUR MISSION**

We connect our community through shared interests, diverse experiences, and service to one another in an inclusive, accessible, and safe place with an emphasis on **entertainment, recreation, agriculture, and education.**

### **22<sup>nd</sup> DAA BOARD OF DIRECTORS**

G. Joyce Rowland, President	
Frederick Schenk, 1 <sup>st</sup> Vice President	Michael Gelfand, Director
Richard Valdez, 2 <sup>nd</sup> Vice President	Kathlyn Mead, Director
Mark Arabo, Director	Don Mosier, Director
Lisa Barkett, Director	Sam Nejabat, Director

Chief Executive Officer  
Carlene Moore

22<sup>nd</sup> DAA Counsel  
Joshua Caplan  
Office of the California Attorney General

## OUR GOALS

### **THE LENS**

*Treat the campuses of the fairgrounds as one ecosystem where all activities are complementary and aligned with the purpose, mission, vision and values of the San Diego County Fair & Event Center.*

### **BUSINESS PLAN**

*Acknowledging the short-term need to plan for fiscal recovery and stabilization, create a 5-to-10-year business plan that rebuilds a strong financial base, contemplates new business activities and partnerships, provides program accessibility, and leads to a thriving San Diego County Fair & Event Center.*

### **MASTER PLAN**

*Create an environmentally and fiscally responsible land use plan for the San Diego County Fair & Event Center, aligning with purpose, mission, vision and values of the organization.*

### **COMMUNITY ENGAGEMENT**

*Incorporate community engagement within the Business Plan and Master Plan processes to enhance understanding and expand opportunities.*

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Persons wishing to attend the meeting and who may require special accommodations pursuant to the provisions of the Americans with Disabilities Act are requested to contact the office of the Chief Executive Officer, (858) 755-1161, at least five working days prior to the meeting to insure proper arrangements can be made.

Items listed on this Agenda may be considered in any order, at the discretion of the chairperson. This Agenda, and all notices required by the California Bagley-Keene Open Meeting Act, are available at [www.delmarfairgrounds.com](http://www.delmarfairgrounds.com). Public comments on agenda items will be accepted during the meeting as items are addressed.



**22<sup>nd</sup> District Agricultural Association Board of Directors Meeting  
AGENDA  
November 14, 2023, at 12:00 p.m.**

1. **CALL TO ORDER** –PRESIDENT G. JOYCE ROWLAND  
All matters noticed on this agenda, in any category, **may be considered for action as listed**. Any items not so noticed may not be considered. Items listed on this agenda may be considered in any order, at the discretion of the Board President.
2. **ROLL CALL**
3. **CLOSED EXECUTIVE SESSION (NOT OPEN TO THE PUBLIC)**  
Pursuant to the authority of Government Code section 11126(a), (b), and (e) the Board of Directors will meet in closed executive sessions. The purpose of these executive sessions is:
  - A. To confer with and receive advice from legal counsel regarding potential litigation involving the 22nd DAA. Based on existing facts and circumstances, there is significant exposure to litigation against the 22nd DAA.
  - B. To confer with counsel, discuss, and consider the following pending litigation to which the 22nd DAA is a party.
  - C. To confer with counsel, discuss, and consider the following pending litigation to which the 22nd DAA is a party. Talley Amusements, Inc., et al., v 22nd District Agricultural Association, et al., San Diego County Superior Court, Case No. 37-2021-00032169.
  - D. To confer with counsel, discuss, and consider the following pending litigation to which the 22nd DAA is a party. Allen v. 22nd District Agricultural Association, et al., Case No. 37-2023-00004430.
  - E. To confer with counsel, discuss, and consider the following pending litigation to which the 22nd DAA is a party. B & L Productions, Inc., et al. v. 22nd DAA, et al., United States District Court, Southern District of California, Case No. 19CV0134.
4. **RECONVENE TO OPEN SESSION**  
Report on actions, if any, taken by the Board in closed executive session.
5. **CONSENT CALENDAR (ACTION ITEMS)**  
All matters listed under the Consent Calendar are operational matters about which the Board has governing policies, implementation of which is delegated to the CEO. They will be enacted in one motion. There will be no discussion of these items prior to the time the Board of Directors votes on the motion, unless members of the board, staff, or public request specific items to be discussed separately and/or removed from this section. Any member of the public who wishes to discuss Consent Calendar items should notify the Chair of the Board, at the time requested and be recognized by invitation of the Chair to address the Board.
  - **Minutes, Regular Meeting October 13, 2023** 5-7
  - **Contract Approval** 8-22
    - **Standard Agreements**  
22-031 AM1 trailer rentals, 23-068 Strategic Communications, 23-044 AM2 Power Washing

6. **EXECUTIVE REPORT** – CEO Carlene Moore
- **Operational Announcements** 23-28  
    - KAABOO Del Mar contract update Verbal
  - **Review of Contracts Executed per CEO Delegation of Authority**
  - **Event Agreements**  
24-4031, Paquin Entertainment Group-Beyond Exhibition 29
7. **GENERAL BUSINESS**
- A. **Finance Committee Report** – Michael Gelfand, Chair 30-35
1. Delegation of Authority effective January 1, 2024 (Action) 36-38
  2. Out of State Travel (Action) 39
  3. 2024 Commercial, Concession, and Carnival Rates (Action) 40-41
- B. **Community & Government Relations Committee Report** – Don Mosier, Chair Verbal
- Meeting Report (Informational)
- C. **Audit & Governance Committee Report** – Joyce Rowland, Chair 42-87
1. Presentation and vote to accept the 2021 Audit Report (Action)
- D. **DMTC Liaison Committee Report** – Richard Valdez, Chair 88-96
1. Consideration and vote to approve the Breeders’ Cup terms with the Del Mar Thoroughbred Club, as required by Paragraph 5.8 of the Operating Agreement, per the Second Amendment (Action)
- E. **Nominations Committee Report** – Lisa Barkett, Chair 97
1. Consideration and vote to approve the slate of officers effective December 1, 2023 (Action)
- F. Discuss and vote on whether to approve event agreement with Nilforushan Equisports 98-  
for a multi-day equestrian show event branded as Seaside Equestrian Tour 117  
(Action/Informational)
8. **STRATEGIC PLANNING**  
Board discussion of strategic goal priorities. (Informational)
9. **PUBLIC COMMENT**  
This item is for public comment on issues **NOT** on the current agenda. 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.
10. **MATTERS OF INFORMATION** 118-  
  - Correspondence 148
11. **ADJOURNMENT**



22<sup>nd</sup> DISTRICT AGRICULTURAL ASSOCIATION  
Board of Directors Meeting  
Del Mar Fairgrounds  
2260 Jimmy Durante Boulevard  
Del Mar, CA 92014  
**October 13, 2023**

### **MINUTES**

*The following minutes are a summary of the Board action and proceedings. For a full transcript please click on the link below or visit the delmarfairgrounds.com website.*

<https://delmarfairgrounds.com/about-us/public-information/>

#### **OFFICERS PRESENT**

Joyce Rowland, President  
Frederick Schenk, 1<sup>st</sup> Vice President  
Richard Valdez, 2<sup>nd</sup> Vice President

#### **DIRECTORS PRESENT**

Mark Arabo  
Lisa Barkett  
Michael Gelfand  
Kathlyn Mead  
Don Mosier

#### **DIRECTORS ABSENT**

Sam Nejabat

#### **OTHERS PRESENT**

Josh Caplan, Deputy Attorney General  
Carlene Moore, Chief Executive Officer  
Melinda Carmichael, Chief Administrative Officer  
Katie Mueller, Chief Operations Officer  
Tristan Hallman, Chief Communications Officer  
Molly Arnold, Administrative Assistant

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#### **CALL TO ORDER**

President Rowland called the meeting to order at 1:30 p.m. with a quorum present.

#### **ROLL CALL**

President Rowland, Vice Presidents Schenk and Valdez, and Directors Arabo, Barkett, Gelfand, Mead, and Mosier were present. Director Nejabat had an excused absence.

## **CONSENT CALENDAR**

### **PUBLIC COMMENT ON CONSENT CALENDAR (see page 7 of transcript)**

Martha Sullivan

Vice President Schenk moved to approve the Consent Calendar. Director Barkett seconded the motion. President Rowland, Vice President Schenk, Vice President Valdez, and Directors Arabo, Barkett, Gelfand, Mead, and Mosier were all in favor and the motion carried 8-0.

## **RECESS TO CLOSED EXECUTIVE SESSION**

The Board recessed to Executive Session at 1:33 p.m.

## **RECONVENE TO OPEN SESSION**

The Board reconvened to Open Session at 2:47 p.m. President Rowland stated that there is nothing to report from the closed session.

## **EXECUTIVE REPORT**

### **Operational Announcements**

- Brennan Dean, Executive Director, and Doug Forsyth, Director of Facilities, of WAVE Volleyball Club gave a brief update on their program and announced that their high school senior girls' team won the national championship, helping WAVE to become the top-ranked volleyball club in the country.
- CEO Moore reported that negotiations continue on the KAABOO Del Mar contract, and an update is expected to be provided to the Board at the November meeting, the 2021 Audit Report will be presented to the Board at the November meeting, the District will hold a Clean Coastlines for California event to showcase the District's water quality improvement efforts at the Fairgrounds.

### **Construction Projects & Facilities Updates**

- Chief Administrative Officer, Melinda Carmichael, provided updates on current construction projects, including Wyland Hall roof repairs and asphalt repairs; upcoming facilities projects such as replacing handrails in The Sound concert venue, updating the HVAC system in The Sound, and replacing the HVAC unit for the DMTC offices; and recently completed construction projects including repairs to the O'Brien Hall roof.
- Staff is moving forward with plans to design and build an improved entrance to the Fairgrounds from the main parking lot and to redesign unused office space in Surfside to consolidate the majority of District staff into a single shared building.

### **Industry News & Updates**

CEO Moore reported that Senate Bill 544, amending the Bagley-Keene Act to remove the requirement for disclosing location when participating in a meeting remotely, was signed into law by Governor Newsom. It will go into effect on January 1, 2024, and remain in effect for two years. Senate Bill 447, repealing travel restrictions, was also signed into law

and takes effect immediately. Staff will now travel to the International Association of Fairs & Expositions conference at the end of November as previously approved by the Board.

Review of Contracts Executed per Delegation of Authority

Contracts are listed on pages 16-18 of the Board packet.

PUBLIC COMMENT ON EXECUTIVE REPORT (see pages 46-47 of transcript)

Martha Sullivan

**GENERAL BUSINESS**

Finance Committee Report – Michael Gelfand, Chair

CEO Moore reviewed the financial reports on pages 19-24 of the Board packet.

PUBLIC COMMENT ON FINANCE COMMITTEE REPORT (see page 67-68 of transcript)

Martha Sullivan

Community & Government Relations Committee Report – Don Mosier, Chair

CEO Moore reported that the committee reviewed several ongoing topics, including the 2024 San Diego County Fair logo and theme, the return of KAABOO Del Mar in 2024, and the potential impact of SANDAG plans to realign railroad tracks off the bluffs in Del Mar.

PUBLIC COMMENT ON COMMUNITY & GOVERNMENT RELATIONS COMMITTEE REPORT (see pages 84-85 of transcript)

Martha Sullivan

DMTC Liaison Committee Report – Richard Valdez, Chair

DMTC President Josh Rubinstein reviewed the summer race meet results, highlighting a new program to feed the backstretch workers, and previewed the fall race meet that will begin on November 10, 2023.

PUBLIC COMMENT ON DMTC LIAISON COMMITTEE REPORT (see pages 93-98 of transcript)

Martha Sullivan, Oscar de la Torre, Maria Luisa

**PUBLIC COMMENT ON NON-AGENDA ITEMS (see pages 101-103 of transcript)**

Martha Sullivan, Oscar de la Torre

**ADJOURNMENT**

There being no further business to discuss, President Rowland adjourned the meeting at 4:29 p.m.

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Carlene Moore  
Chief Executive Officer

# ITEM 3, CONSENT CALENDAR

November 2023

## CONTRACT APPROVAL(S)

In accordance with the requirements of the Department to Food & Agriculture, Fairs & Expositions Branch, Staff requests approval of the agreement(s) listed below:

### Standard Agreements

<b>Agreements Exercising Option Years</b>						
<b>Contract #</b>	<b>Contractor</b>	<b>Purpose</b>	<b>Acquisition Method</b>	<b>Effort Type</b>	<b>Term</b>	<b>Amount</b>
22-031 AM1	William Scotsman	Trailer rentals	IFB	Fair	5/23/22 – 7/23/24	\$176,337.14 (TCV \$242,966.21)
23-044 AM2	Blast Off Power Wash	Power washing	Sole Source	Fair	5/30/23 – 10/31/23	\$14,832.00 (TCV \$64,787.00)

<b>Contract #</b>	<b>Contractor</b>	<b>Purpose</b>	<b>Effort Type</b>	<b>Term</b>	<b>Amount</b>
23-068	Southwest Strategies	Strategic Communications	Year round	11/15/23 – 11/14/24	\$203,111.00

<b>Contract #</b>	<b>Contractor</b>	<b>Purpose</b>	<b>Effort Type</b>	<b>Term</b>	<b>Amount</b>
N/A					

<b>Agreements to Award Exempt from Competitive Solicitation</b>						
<b>Contract #</b>	<b>Contractor</b>	<b>Purpose</b>	<b>Categorical Exemption/Exception</b>	<b>Effort Type</b>	<b>Term</b>	<b>Amount</b>
N/A						

<b>Sole Source Agreements</b>						
<b>Contract #</b>	<b>Contractor</b>	<b>Purpose</b>	<b>Sole Source Justification</b>	<b>Effort Type</b>	<b>Term</b>	<b>Amount</b>
N/A						

TCV = Total Contract Value, initial year plus all exercised option years to date



**STANDARD AGREEMENT - AMENDMENT**

STD 213A (Rev. 4/2020)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED PAGES

AGREEMENT NUMBER

22-031

AMENDMENT NUMBER

1

Purchasing Authority Number

550100-40

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTOR NAME

William Scotsman, Inc.

2. The term of this Agreement is:

START DATE

May 23, 2022

THROUGH END DATE

July 23, 2024

3. The maximum amount of this Agreement after this Amendment is:

\$242,966.21

Two Hundred and Forty Two Thousand Nine Hundred Sixty Six Dollars and Twenty One Cents

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

The purpose of this Amendment is to add funding for 2023, which were previously omitted from the contract amount; add funds to cover the overage for the initial term, and exercise the first one-year option, extending the contract term by one year and increasing the dollar amount by \$176,337.14 (Option Year Total + Increase to Initial Term + 2023 Amount Previously Omitted). The Scope of Work has also been revised.

\$73,532.12 is hereby added to the initial term amount of \$66,629.07, bringing the new amount for the initial term to \$140,161.19. \$102,805.02 for Option Year One is hereby added to the Agreement.

The maximum amount of the Agreement is hereby increased from \$66,629.07 to \$242,966.21. The Through End Date is hereby amended from July 23, 2023 to July 23, 2024.

Amendment Effective Date: July 23, 2024

*All other terms and conditions shall remain the same.***IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.****CONTRACTOR**

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

William Scotsman, Inc.

CONTRACTOR BUSINESS ADDRESS

901 S. Bond Street, Suite 600

CITY

Baltimore

STATE

MD

ZIP

21231

PRINTED NAME OF PERSON SIGNING

TITLE

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

**STANDARD AGREEMENT - AMENDMENT**

STD 213A (Rev. 4/2020)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED \_\_\_\_\_ PAGES

AGREEMENT NUMBER

22-031

AMENDMENT NUMBER

1

Purchasing Authority Number

550100-40

**STATE OF CALIFORNIA**

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTING AGENCY ADDRESS

2260 Jimmy Durante Boulevard

CITY

Del Mar

STATE

CA

ZIP

92014

PRINTED NAME OF PERSON SIGNING

Carlene Moore

TITLE

Chief Executive Officer

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

FAC §4051 .a. 1

**EXHIBIT A  
 SCOPE OF WORK**

**1. SERVICES OVERVIEW**

- A. The Contractor agrees to provide to the 22<sup>nd</sup> District Agricultural Association (“District”) / Del Mar Fairgrounds (“Fairgrounds”) with Office Trailer and Furniture Rental Services as described herein:

The Contractor shall provide trailers, furniture, and moving/blocking and leveling the district’s owned 12’x41’ restroom trailer.

- B. The services shall be performed at the Del Mar Fairgrounds, 2260 Jimmy Durante Blvd, Del Mar CA 92014.
- C. The services shall be provided during the district’s annual county fair. For 2024, the San Diego County Fair (SDCF) will be held from June 12-July 7, 2024. The 2024 SDCF set-up will begin the week of May 26, 2024 tear down will take place the week of July 8, 2024, with exact dates to follow. the day after the fair ends
- D. The Project Representatives during the term of this Agreement will be:

22 <sup>nd</sup> District Agricultural Association	Contractor: William Scotsman, Inc.
Name: Henry Rivera, Production and Entertainment Director	Name: Robert Walters, Legal Contracts Analyst
Address: 2260 Jimmy Durante Boulevard Del Mar, CA 92014	Address: 901 S. Bond Street, Suite 600 Baltimore, MC 21231
Phone: 858-792-2342	Phone: 410-933-5344
e-mail: <a href="mailto:hrivera@sdfair.com">hrivera@sdfair.com</a>	e-mail: <a href="mailto:Robert.Walters@willscot.com">Robert.Walters@willscot.com</a>

The parties may change their Project Representative upon providing ten (10) business days written notice to the other party. Said changes shall not require an Amendment to this Agreement.

**2. WORK TO BE PERFORMED**

At the direction of District Management, the Contractor shall provide office trailer rentals services for the fairgrounds in accordance with the specifications herein.

- A. District will provide Contactor with annual delivery and removal dates for fair time trailers as listed in Exhibit A. The SDCF fair dates are subject to change annually. As a result, the trailer rental/service duration can change annually.
- B. All trailers must be clean, with presentable appearance inside and out for the general public, as well as in good working condition with all safety features in place to be fully functional. All trailers are subject to the acceptance of District Management, or their designee.
- C. Contractor acknowledges the inherent risk for normal wear and tear to Contractor’s trailer equipment as part of their operation. Therefore, Contractor shall not hold District liable for normal wear and tear to trailer rentals, including cleaning and minor scratches. District will be responsible for trailer damage due to negligence or misuse of trailers.

**EXHIBIT A  
SCOPE OF WORK**

- D. The District does not guarantee the exact amount of services to be used as the District cannot guarantee the occurrence of equipment service rental needs generated by facility use. Contractor agrees to provide the following trailers, furniture, and services:

**Star Dressing Room or similar**

Department: Production and Entertainment

Location: Horse Track

Contact: Henry Rivera; 858-740-9423

Size and Description: 10'x44' Office Trailer with stair/steps to two (2) exterior doors and two (2) interior doors from reception area to dressing room, air conditioning, security windows, interior window treatments, one (1) restroom with shower, holding tank and electric water heater.

Rental Duration: Annual delivery will typically be needed six (7) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m. For 2024, the rental duration is June 6, 2024, through July 12, 2024.

Delivery to be on June 6, 2024, by 8 a.m., and Pick-up to be by July 8, 2024 after 12 p.m.

**Band Dressing Room #1 or similar**

Department: Production and Entertainment

Location: Horse Track

Contact: Henry Rivera; 858-740-9423

Size and Description: 12'x56' (Box Dimensions) Double Office Trailer with stair/steps to two (2) exterior doors and one (2) interior door from reception area to dressing rooms, air conditioning, security windows and interior window treatments.

Rental Duration: Annual delivery will typically be needed six (6) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m. For 2024, the rental duration is June 6, 2024, through July 12, 2024.

Delivery to be on June 6, 2024, by 8 a.m., and Pick-up to be by July 8, 2024 after 12 p.m.

**Band Dressing Room #2 or similar**

Department: Production and Entertainment

Location: Horse Track

Contact: Henry Rivera; 858-740-9423

Size and Description: 12'x56' (Box Dimensions) Double Office Trailer with stair/steps to two (2) exterior doors and one (2) interior door from reception area to dressing rooms, air conditioning, security windows and interior window treatments.

Rental Duration: Annual delivery will typically be needed six (6) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m. For 2024, the rental duration is June 6, 2024, through July 12, 2024.

Delivery to be on June 6, 2024, by 8 a.m., and Pick-up to be by July 8, 2024, after 12 p.m.

**Cart Base Office or similar**

Department: Production and Entertainment

Location: Infield

Contact: Henry Rivera; 858-740-9423

Size and Description: 8'x28' Double Office Trailer with steps/stairs to two (2) exterior doors, one (1) interior office with door, air conditioning and security windows

## **EXHIBIT A SCOPE OF WORK**

Rental Duration: Annual delivery will typically be needed six (6) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m. For 2024, the rental duration is June 6, 2024, through July 12, 2024. Delivery to be on June 6, 2024, by 8 a.m., and Pick-up to be by July 8, 2024, after 12 p.m.

### **Restroom Trailer Rental or similar**

Department: Facilities

Location: Infield

Contact: Henry Rivera; 858-740-9423

Size and Description: Trailer will have standard flushable toilets, which the district plumber will connect sewer and water service. Units Cannot be foot pump (RV style) toilets.

Women's Restroom must have at least four (4) stalls. Men's restroom must have at least two (2) urinals plus one (1) stall and both restrooms must have at least two (2) sinks.

Rental Duration: Annual delivery will typically be needed six (6) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m. For 2024, the rental duration is June 6, 2024, through July 12, 2024.

Delivery to be on June 6, 2024, by 8 a.m., and Pick-up to be by July 8, 2024, after 12 p.m.

### **District Restroom Trailer or similar**

Department: Production and Entertainment

Location: Horse Track

Contact: Henry Rivera; 858-740-9423

Description: Locate, move, block and level Districts 12'x41' restroom trailer. Installation of District supplied stairs. District to connect plumbing and water supply.

Service Duration: When requested by the District, annual delivery will typically be needed six (7) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m..

### **Badging Office or similar**

Department: Box Office Department

Location: Green Lot next to Security Trailer

Contact: Henry Rivera 858-740-9423

Description: 10' x 44' (10' x 48' area with towing hitch) double office trailer with 2 exterior doors, 1 interior office door, air conditioning, heating, one ADA approved wheelchair accessible ramp and one set of steps to the other exterior door, one (1) restroom, holding tank, and security windows.

Service Duration: Annual delivery will typically be needed six (6) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m. For 2024, the rental duration is June 6, 2024, through July 12, 2024.

Delivery to be June 6, 2024, by 8 a.m., and Pick-up to be by July 8, 2024, after 12 p.m.

### **Drug Testing Restroom or similar**

Department: Carnival Midway

Location: Green Lot near the Box Office

Contact: Katie Mueller

Description: 8'x14' dual (Men's and Women's) restroom trailer with 2 exterior doors and stairs/steps and two (2) holding tanks.

**EXHIBIT A  
SCOPE OF WORK**

Service Duration: When requested by the District, annual delivery will typically be needed six (7) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m..

**Drug Testing Office or similar**

Department: Carnival Midway

Location: Green Lot near the Box Office

Contact: Katie Mueller

Description: 8' x 20' single office trailer with stairs/steps to one exterior door, air conditioning, heating and security windows.

Service Duration: When requested by the District, annual delivery will typically be needed six (7) days prior to the opening day of the SDCF by 8 a.m., and pick-up will typically be one (1) day after the last day of the SDCF after 12 p.m..

\*Delivery and Pick-up dates subject to change

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

**STANDARD AGREEMENT**

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER <b>23-068</b>	PURCHASING AUTHORITY NUMBER (If Applicable) <b>GL Account #: 600100-00</b>
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1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTOR NAME

Southwest Strategies LLC

2. The term of this Agreement is:

START DATE

November 15, 2023

THROUGH END DATE

November 14, 2024

3. The maximum amount of this Agreement is:

\$203,111.00

Two Hundred and Three Thousand One Hundred Eleven Dollars and Zero Cents

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibits	Title	Pages
Exhibit A	Scope of Work	4
Exhibit B	Budget Detail and Payment Provisions	1
Exhibit B, Attachment I	Pricing Tables	1
Exhibit C*	General Terms and Conditions (April 2017)	4
Exhibit D	Special Terms & Conditions	5
Exhibit D, Attachment I	Insurance Requirements	4
Exhibit E	Preventing Storm Water Pollution	1
Exhibit F	22nd DAA Resource Conservation Policy	1

Items shown with an asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto.

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

**CONTRACTOR**

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Southwest Strategies LLC

CONTRACTOR BUSINESS ADDRESS

401 B St. #150

CITY

San Diego

STATE

CA

ZIP

92101

PRINTED NAME OF PERSON SIGNING

Chris Wahl

TITLE

Chief Executive Officer

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

**STANDARD AGREEMENT**

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER 23-068	PURCHASING AUTHORITY NUMBER (If Applicable) GL Account #: 600100-00
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**STATE OF CALIFORNIA**

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTING AGENCY ADDRESS

2260 Jimmy Durante Boulevard

CITY

Del Mar

STATE

CA

ZIP

92014

PRINTED NAME OF PERSON SIGNING

Carlene Moore

TITLE

Chief Executive Officer

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

FAC §4051 .a. 1



**EXHIBIT A  
SCOPE OF WORK**

**A. SERVICES OVERVIEW**

1. This Agreement is the result of a competitive solicitation that is incorporated by reference and made part of this Agreement.
2. **Southwest Strategies**, hereinafter referred to as Contractor, shall provide to the 22<sup>nd</sup> District Agricultural Association / Del Mar Fairgrounds, Strategic Communications Services.
3. The contract term shall be for one (1) year with two (2), two-year options to renew, at the sole and absolute discretion of District. The initial contract term is anticipated to begin November 8, 2023 and run through November 7, 2024. The last option year expires November 7, 2028. The contract is subject to annual evaluation and certification that the contractor has met all contract requirements. District may decide, in its sole and absolute discretion, whether to exercise any contract option under the contract.
4. Services shall be performed both remotely and at the Del Mar Fairgrounds, located at the address identified in the table below.
5. The Project Representatives during the term of this Agreement will be:

22 <sup>nd</sup> District Agricultural Association	Contractor: Southwest Strategies
Name: Chief Communications Officer	Name: Chris Wahl
Address: 2260 Jimmy Durante Boulevard Del Mar, CA 92014	Address: 401 B St. #150 San Diego, CA 92101
Phone: Tristan Hallman	Phone: 858-541-7800
e-mail: 858-755-1161 X4262	e-mail: bizdev@swspr.com

The parties may change their Project Representative upon providing ten (10) business days written notice to the other party. Said changes shall not require an Amendment to this Agreement.

**B. STATEMENT/SCOPE OF WORK TO BE PERFORMED:**

1. **Strategic communications and public affairs:** Under the direction of District Leadership, Contractor shall develop and execute communications and outreach plans, strategies, and tactics and engage with stakeholders, including community members and organizations, industry leaders, business organizations, and key elected and governmental officials at the local, state, and national levels. These efforts may include, but are not limited to, the following:
  - **Planning for communications regarding:**
    - Strategic and master site plans as a result of the comprehensive planning process.
    - District's environmental sustainability initiatives.
    - District property as a destination for tourists, festivals, conferences, and other events.
    - Announcements of major new events, programs, and policies involving District.
    - Traffic mitigation efforts involving District.

## EXHIBIT A SCOPE OF WORK

- Major decisions made by District's board during public meetings.
  - Litigation and potential controversies pertaining to District and its operations.
  - Potential renovations of District facilities or significant changes to use of property.
  - Man-made or natural disasters, such as earthquakes, tsunamis, criminal activity, fires, flooding, the spread of disease, and other incidents.
  - Activation of District property for emergency or crisis situations, such as wildfire evacuation.
- 
- **Active external affairs engagement:**
    - Identify, coordinate, and participate in meetings, phone calls, and other discussions between key stakeholders and District Leadership.
    - Identify opportunities for stakeholder events and support of District's messaging and activities.
    - Coordinate and facilitate relevant community meetings, including the development of invitee lists and the distribution of invitations to key stakeholders.
    - Facilitate the formation of coalitions, task forces, or other groups to provide feedback on and advocate for District initiatives.
    - Identify opportunities to place targeted advertisements in support of District initiatives and activities and work with District and other contractors to appropriately place.
    - Research news stories, legislation, policies, court cases, and other public documents relevant to District activities.
    - Draft talking points, key messages, one-pagers, letters, and agendas for meetings and discussions with key stakeholders.
    - In coordination with District, develop a distribution list and draft email newsletters to provide information on District activities to key stakeholders.
    - Draft social media posts and a content calendar related to District activities for Facebook, Instagram, and Twitter.
    - Develop on-message digital materials, such as slide decks and compelling graphics for social media and District website.
    - Assist with the design and development of web pages for District and District initiatives.
    - Design and develop — as deemed necessary in collaboration with District — printed materials, such as brochures, signage, maps, pamphlets, and event programs.
    - Assist with the production of an annual report for District.
    - Produce and distribute video, photography, and social media content in support of District messaging and activities.
    - Provide regular updates to District Leadership and board members on activities undertaken and strategic thinking.

## EXHIBIT A SCOPE OF WORK

2. **Media relations:** Under the direction of District Leadership, Contractor shall develop collateral media materials and identify opportunities for media coverage in support of strategic and master planning work. This may include, but is not limited to, the following:
  - Identify, facilitate, and coordinate media opportunities for District, its Leadership, and its Board of Directors.
  - Coordinate and facilitate interviews and media events, such as press conferences, tours, editorial board meetings, and media availabilities.
  - Coach District Leadership on message points prior to media appearances and interviews.
  - Draft media kits, talking points, press releases, media advisories, op-eds/columns, speeches, newsletters, and website content.
  - Track, review and clip/aggregate links to relevant media coverage to provide District Leadership on a timely basis.
  
3. **Rapid response and crisis communications:** In coordination with and under the direction of District's Crisis Communications Team, Contractor shall support District crisis communications efforts upon request. This may include, but is not limited to, the following:
  - Provide on-site and/or virtual media relations support, including assistance with press conferences, interviews, and media availabilities.
  - Advise on strategies to mitigate crises and researching relevant background information and similar situations.
  - Assist with and reviewing talking points, remarks, and plans to ensure message consistency.
  - Draft remarks, statements, and social media posts in response to a crisis or emergency situation.
  - Monitor media coverage and correct and dispel misinformation from traditional news outlets on social media.
  - Identify key stakeholders to be contacted and provided with information about the crisis and District's response.
  - Identify and pitch stories about District's efforts during crisis situations.
  
4. **Internal communications support:** Under the direction of District Leadership, Contractor will consult and advise on potential internal communications regarding District public affairs initiatives and activities. This may include, but is not limited to, the following:
  - Advise on strategies and messaging to District employees, vendors, and contractors.
  - Draft internal communications in support of District initiatives and activities.
  - Review internal communications developed by District's in-house staff for message consistency.

**EXHIBIT A  
SCOPE OF WORK**

**C. PARTIES' RESPONSIBILITIES**

**1. Contractor Responsibilities**

- Under this Agreement, Contractor must:
  - Work collaboratively with District.
  - Be flexible and responsive, and willing to pitch in on any public affairs/strategic communications project in any function as needed.
  - Be creative, able to work quickly, and able to produce materials within District guidelines.
  - Be accurate and precise and able to provide proofreading and “due diligence” support on projects.
  - Assign a key account individual or team to a two-year commitment supporting District.
  - Ensure that key account team members are available on short notice.
  - Not engage with or discuss District matters with anyone unless instructed to by District Leadership.
  - Not purport to represent District in any capacity without explicit permission from the District Leadership.

**2. District Responsibilities:**

- Under this Agreement, District must;
  - Keep Contractor apprised of upcoming issues involving District.
  - Provide relevant and timely information regarding District procedures, policies, and plans.
  - Provide parking for any on-site meetings or work with key account individual(s) or teams at the Del Mar Fairgrounds.
  - Provide adequate meeting space and technical support for key account individual(s) or teams during scheduled on-site visits at the Del Mar Fairgrounds.

**STANDARD AGREEMENT - AMENDMENT**

STD 213A (Rev. 4/2020)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 1 PAGES

AGREEMENT NUMBER

23-044

AMENDMENT NUMBER

2

Purchasing Authority Number

GL#:600100-10

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTOR NAME

John Rowles dba blast-Off Power Wash

2. The term of this Agreement is:

START DATE

May 30, 2023

THROUGH END DATE

October 31, 2023

3. The maximum amount of this Agreement after this Amendment is:

\$64,787.00

Sixty Four Thousand Seven Hundred Eighty Seven Dollars and Zero Cents

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

The purpose of this Amendment is to add funding to cover additional unanticipated services, increasing the dollar amount by \$14,832. The maximum amount of this Agreement is hereby increased from \$49,955.00 to \$64,787.00. The budget Detail and Payment Provisions Exhibit B have been revised.

Amendment Effective date July 1, 2023

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

**CONTRACTOR**

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

John Rowles dba blast-Off Power Wash

CONTRACTOR BUSINESS ADDRESS

1707 Elevado Rd

CITY

Vista

STATE

CA

ZIP

92084

PRINTED NAME OF PERSON SIGNING

John Rowles

TITLE

Owner

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

**STATE OF CALIFORNIA**

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTING AGENCY ADDRESS

2260 Jimmy Durante Boulevard

CITY

Del Mar

STATE

CA

ZIP

92014

PRINTED NAME OF PERSON SIGNING

Carlene Moore

TITLE

Chief Executive Officer

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

FAC §4051 .a. 1

**Exhibit B**  
**BUDGET DETAIL AND PAYMENT PROVISIONS**

**1. Invoicing and Payment**

A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the District agrees to compensate the Contractor in accordance with the rates specified herein, which are attached hereto and made a part of this Agreement.

B. Labor Rates:

<b>Power Washing Rates includes</b>	<b>Estimated No. of Hours</b>	<b>Rates per Hour</b>	<b>Total Cost</b>
1 Power Wash Truck (Rig) 2-person Crew (Lead and Laborer)	485 <b><u>629</u></b>	\$103.00	\$49,955.00 <b><u>\$64,787.00</u></b>

C. Invoices shall include the Agreement Number and shall be submitted not more frequently than monthly in arrears to:

22<sup>nd</sup> District Agricultural Association  
Del Mar Fairgrounds  
**Attn: Accounts Payable**  
2260 Jimmy Durant Blvd.  
Del Mar, CA 92014

Alternatively, invoices can be submitted electronically to [accountspayable@sdfair.com](mailto:accountspayable@sdfair.com).

C. The invoice shall contain the following information. **Invoices submitted without the details below may result in delay of payment.**

1. The word "INVOICE" should appear in a prominent location at the top of page(s);
2. Printed name of the Contractor;
3. Business address of the Contractor, including P.O. Box, City, State, and Zip Code;
4. The date of the invoice;
5. The number of the Agreement upon which the claim is based; and
6. An itemized account of the services for which the District is being billed;
  - a) The time period covered by the invoice, i.e., the term "from" and "to";
  - b) A brief description of the services performed;
  - c) The method of computing the amount due, i.e. hourly rate plus number of hours.
  - d) The total amount due; this should be in a prominent location and clearly distinguished from other figures or computations appearing on the invoice; the total amount due shall include all costs incurred by the Contractor under the terms of this Agreement.

**2. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.



## **Item 6, Executive Report**



November 9, 2023

Ms. Ashley Jones  
City Manager  
City of Del Mar  
1050 Camino del Mar  
Del Mar, CA 92014  
Citymanager@delmar.ca.us

**Re: Concerns About Rail Alignment Study's Impacts on Affordable Housing Discussions**

Dear Ms. Jones:

On behalf of the Affordable Housing Committee of the 22<sup>nd</sup> District Agricultural Association ("the District"), we want to express our concerns with the City of Del Mar's potential pursuit of a rail alignment through the Del Mar Fairgrounds at the possible expense of our ability to continue with productive discussions regarding affordable housing.

Throughout this year, we have engaged in good-faith conversations with the City of Del Mar about potentially hosting affordable housing on the District's property.

Our Board of Directors recognizes that building more affordable housing is a top priority for all the San Diego communities that we are proud to serve. We have been — and remain — interested in being part of a solution. Our Board has also been clear that selecting the right location for affordable housing on our property would be vital to our neighboring communities, to guests of our beloved long-running events such as the San Diego County Fair, to future potential residents of any affordable housing site, and to the ecosystem of this environmentally sensitive area.

As we have discussed, we still need to work through numerous challenges, including providing appropriate ingress and egress for prospective residents, mitigating environmental and noise concerns, and overcoming any potential negative impacts on our operations.

Thus far, we have been pleased with the progress that we have made in these conversations, and we have moved forward with the consideration of affordable housing at the Del Mar Fairgrounds as part of our ongoing comprehensive planning process.

However, we are aware that the Del Mar City Council intends to vote next week on a set of guiding principles related to the Los Angeles-San Diego (LOSSAN) Rail Corridor realignment. These principles, as currently drafted, include an explicit call for the San Diego Association of Governments (SANDAG) to conduct further study of a potential alignment that runs through and/or underneath the Del Mar Fairgrounds.

As you know, SANDAG has already studied a possible LOSSAN alignment that would run underneath and through a portion of the Del Mar Fairgrounds. That study found extensive issues with such a concept, and it has not been regarded as a particularly feasible option.



SANDAG's existing assessment has allowed us to discuss siting affordable housing under the reasonable assumption that we would not host a portal opening or a train running somewhere through our property — and that we would not have years of potentially disruptive construction here while the tracks and/or portal were built.

We firmly agree that protecting our coastline is critical, and we are aware that SANDAG must proceed judiciously to move the train tracks off the bluffs. We also recognize that the City of Del Mar's leaders must make decisions they believe are in the best interests of their constituents.

But, as stewards of this historic property, we believe continuing to plan for the siting of an affordable housing development could be imprudent if SANDAG initiates further study of a Del Mar Fairgrounds alignment. We do not yet know, for example, whether any agreed-upon housing development plans might later be significantly impacted by potential construction and/or future train service.

In addition, a LOSSAN alignment through the Del Mar Fairgrounds could have a major impact on our activities that currently generate significant sales tax revenue for Del Mar, foster livelihoods for workers and small businesses, and create countless memories for generations of families from communities across our region.

We wait in anticipation of the Del Mar City Council's decision and for more direction from SANDAG about whether it plans to complete additional analysis of a potential Del Mar Fairgrounds alignment.

In the meantime, we will continue to strive to be good stewards and good neighbors to our surrounding communities in the cities of Del Mar, Solana Beach, and San Diego. And our priority will continue to be on helping bring people to — not through — the Del Mar Fairgrounds.

Sincerely,



Carlene Moore  
Chief Executive Officer  
22<sup>nd</sup> District Agricultural Association

Cc: Mayor Todd Gloria, City of San Diego  
Mayor Leesa Heebner, City of Solana Beach  
State Senate President pro Tempore Toni Atkins  
State Senator Catherine Blakespear  
State Assembly member Tasha Boerner  
Hon. Nora Vargas, Chairwoman, SANDAG  
Hon. Sean Elo-Rivera, First Vice Chair, SANDAG  
Hasan Ikhata, CEO, SANDAG  
San Diego County Supervisor Terra Lawson-Remer, District 3



# City of Del Mar Agenda Report



TO: Honorable Mayor and City Council Members

FROM: Councilmembers Dave Druker and Terry Gaasterland Del Mar Representatives to the SANDAG Board and City Council Railroad Subcommittee Members

DATE: November 13, 2023

SUBJECT: Proposed Del Mar Guiding Principles Regarding the LOSSAN Rail Realignment Project

## REQUESTED ACTION/RECOMMENDATION:

Councilmembers Druker and Gaasterland request that the City Council adopt the proposed Del Mar Guiding Principles Regarding the LOSSAN Rail Realignment Project (Attachment A).

## DISCUSSION/ANALYSIS:

In 2017, SANDAG staff completed a conceptual alignment study that identified potential rail alignments that would remove the tracks from the environmentally sensitive Del Mar bluffs and relocate them to an inland location.

Following completion of the conceptual study, in 2020 SANDAG staff began the San Diego Regional Rail Alignment Study (Rail Realignment Study), which builds upon and further refines the five alternative rail realignments proposed in the 2017 conceptual study. SANDAG's stated purpose of the Rail Realignment Study is to modernize the rail corridor to support future infrastructure investments, reduce travel times, increase capacity, and enhance safety to ensure the long-term viability and resiliency of the corridor.

Periodic updates regarding the SANDAG Rail Realignment Study have been provided to the Del Mar City Council, including July 2020, May 2021, and most recently on July 24, 2023. The Study was finalized in August 2023, and is now available on SANDAG's website at: [lossan-sdsvdt-alternatives-analysis-2023-09-01.pdf \(sandag.org\)](https://www.sandag.org/files/lossan-sdsvdt-alternatives-analysis-2023-09-01.pdf)

Future phases of the overall Los Angeles – San Diego – San Luis Obispo Rail Corridor (LOSSAN) Rail Realignment Project (Project) will include environmental review, full design, and construction. The envisioned timeline would achieve project completion by 2035, with the tracks no longer operating on the Del Mar bluffs.

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City Council Action:

On September 5, 2023, the City Council adopted Resolution 2023-33, establishing that it is critically important to the City of Del Mar that SANDAG commit to engaging the public through every means possible to ensure a robust public participation process in which the public can participate fully, receive answers to questions, and provide feedback for consideration prior to decisions being made. This is the only position that the City has taken to date regarding the Project.

Given that SANDAG will soon begin environmental analysis of potential rail realignment alternatives and increasing public concern regarding the Project, it is recommended that the City of Del Mar adopt guiding principles to help clarify the City's position with regard to the Project as well as provide guidance for any future decision(s) or position(s) to be taken by the City related to the Project.

FISCAL IMPACT:

There is no fiscal impact related to this agenda item.

ENVIRONMENTAL IMPACT:

The proposed City Council action does not constitute a "project" under the definition set forth in California Environmental Quality Action (CEQA) Guidelines Section 15378 because it will not have a potential to result in a direct or indirect physical change in the environment and is, therefore, not subject to CEQA. No further action under CEQA is required.

NEXUS TO CITY COUNCIL GOALS AND PRIORITIES:

Relocation of the rails from the Del Mar bluffs is a stated priority for the Del Mar City Council.

ATTACHMENTS:

Attachment A – Proposed City of Del Mar Guiding Principles Related to the LOSSAN Rail Realignment Project

**PROPOSED CITY OF DEL MAR  
GUIDING PRINCIPLES RELATED TO THE LOSSAN RAIL  
REALIGNMENT PROJECT**

*The City Council of the City of Del Mar endorses the following guiding principles regarding the San Diego Association of Governments (SANDAG) LOSSAN Rail Realignment Project. City Council adoption of these guiding principles establishes the City of Del Mar's official position regarding this important project. Comments by individual Councilmembers that conflict with these adopted guiding principles are not representative of the City's position.*

- 1) Removing the rail line from the environmentally sensitive and fragile Del Mar Bluffs to an inland location by 2035 is a top priority for the City and the region.
- 2) The San Diego Association of Governments (SANDAG) must thoroughly explore all portal locations that limit or eliminate impacts to, and the need for acquisition of, private property to the greatest extent feasible in compliance with the California Environmental Quality Act (CEQA).
- 3) It is critically important that SANDAG engage the public through every means possible to ensure a robust public participation process in which the public can participate fully, receive answers to questions, and provide feedback for consideration prior to decisions being made.
- 4) The coming SANDAG studies must include a reasonable range of feasible alternative rail alignments, including the I-5 and proposed Fairgrounds alignments, and must also include a "no project" alternative as required by federal and state environmental laws.
- 5) A quality cost benefit analysis must be performed comparing the cost and benefits of the proposed final project to the alternatives, and should consider costs due to risks of bluff failure.
- 6) Del Mar expects to be intimately involved in the SANDAG study process with an opportunity to comment at each stage along the way.
- 7) Elimination of the rail line is not within the power of the City of Del Mar, SANDAG, or the North County Transit District (NCTD).
- 8) The City Council pledges to be open and transparent with the public regarding this important project and expects SANDAG to do the same.
- 9) The LOSSAN Rail Realignment Project should include removal of seawalls and the creation of a trail from Powerhouse Park to Torrey Pines State Beach.

# ITEM 6, EXECUTIVE REPORT

November 2023

## CONTRACT APPROVAL(S)

In accordance with the requirements of the Department to Food & Agriculture, Fairs & Expositions Branch, Staff requests approval of the agreement(s) listed below:

### Review of Contracts Executed per Delegated Authority

#### Standard Agreements, up to \$50,000

Contract #	Contractor	Purpose	Acquisition Method	Effort Type	Term	Amount
N/A						

#### Revenue Contracts, up to \$250,000 and less than one year

<b>Sponsorship Agreements</b>					
Contract #	Sponsor	Summary		Term	Amount
N/A					

<b>Event Agreements</b>					
Contract #	Licensee	Event		Term	Rental Fee
24-4031	Paquin Entertainment Group	Beyond Exhibition		1/15/24 – 5/10/24	\$162,800

#### Individual Project Agreements (IPA) with California Construction Authority (CCA)

Contract #	Purpose	Amount
N/A		



## Item 7-A, Finance Committee Report

### Executive Summary

The attached preliminary financial reports are through September 30, 2023, and are subject to change as the 22<sup>nd</sup> District Agricultural Association (District) works to review and close out the month.

The Balance Sheet is consolidated with District, State Race Track Leasing Commission, and Race Track Authority. The Income Statement is inclusive of District programs and operations only.

As has previously been discussed, due to the proximity of the board meeting dates to the end of the month immediately prior, there is approximately a six (6) week lag between the financial report presentation and current activity.

### Balance Sheet:

Data for fiscal years 2021 and 2022 is included for comparison purposes to the current year, 2023. The most recent full year of activities and operations was 2022 as it included a full San Diego County Fair while 2021 included the modified summer event, Home\*Grown\*Fun, and ongoing pandemic-related restrictions.

- **Assets:**
  - **Total Cash and Cash Equivalents.** The unrestricted cash position continues to remain strong. In 2021, **Restricted Cash in Trust** (loan funds) for capital projects comprised a portion of the overall cash position and those loan funds were exhausted due to completion of the projects in 2022.
  - **Restricted Cash RTA** is the cash available for the Race Track Authority bond obligations including 1) maintaining a reserve fund held in trust equivalent to one year's debt obligation, 2) the current year's debt obligation, and 3) the minimum cash balance requirement for the District (also one year's debt obligation). Net Horse Racing Revenues and/or Net Concession Revenues are transferred to the trustee by January 15<sup>th</sup> of each year. The trustee makes withdrawals in April and October for the payment of the current year debt.
- **Liabilities:**
  - Beginning in 2022, greater detail has been provided in the footnotes.
  - **Deferred Revenue** consists of advance payments received for activities in the future such as event rentals and the San Diego County Fair.
  - **Accrued Employee Leave Liabilities** reflects the value of the leave balances currently due to employees upon separation from District and continues to be managed to remain within the state mandated thresholds.

### Income Statement (All Programs & Operations):

Revenues are recognized in the month in which they are earned; expenses in the month incurred. For example, revenues for the San Diego County Fair are reflected in the June and July financial reports.

The first three columns of figures represent the month's activity – Actual, Budget, and Variance of Actual to Budget. The middle grouping of columns represents the year-to-date activity, while the last column presents the complete operating budget goals for 2023.

The overall activity for the District through September has been on pace with budget forecasts.

- Revenues:
  - **Total Operating Revenue** is in line with expectations for the month and exceeded expectations cumulatively for the first nine months of the year by 6%.
  - **Concessions Revenue** is mostly in line with expectations for the month, up about 1% over the budgeted amount. Cumulatively for the year, Concessions Revenue exceeds expectations based on stronger performances from Premier (up 11%), Fair Concession Sales (up 16%), and Midway Sales (up 8%).
  - **Parking Revenue** continues to underperform as compared to the forecasted amounts. Parking Revenue is down 35% for the month. For the year, this category trends below anticipated results by 14%.
  - **Interest Earnings** has outperformed the budget by \$941,000 for the year due to Fed Fund Rate increases pursuant to actions taken by the Federal Reserve/Federal Open Market Committee.
  
- Expenses:
  - **Total Operating Expenses** for the month were below expectations by 8% and 1% below expectations for the year, resulting in savings of \$337,000 for the month and \$670,000 for the year.
  - **Payroll & Related Expenses** are indicative of the ability to fill full-time, civil service vacancies within any given month as well as actual hours incurred versus those anticipated for temporary employees working during events. Through September 2023, payroll and related expenses are \$2,700,000 (or 17%) under budget.
  - **Professional Services** consists of a multitude of services, the largest being food and beverage. Cumulatively, Professional Services exceeded budget amounts by \$1,500,000 (or 7%) for the year.
    - **Food and Beverage Expense** was higher than budget by 24% for the month. Cumulatively for the year, this element is trending 21% higher than expectations partly due to the corresponding increased revenues from Premier.

### 2022 CDFA Statement of Operations

The Statement of Operations (“STOP”) is the end-of-year financial report required by the California Department of Food and Agriculture (CDFA). The District requested, and CDFA has approved, a delayed submission while the District awaited the conclusion of the audit report for 2021. Following the Board’s acceptance of the 2021 audit report at the November meeting, the 2022 Statement of Operations will be submitted to CDFA and provided to the Board at the following meeting.

### 2024 Operating and Capital Improvement Budgets

Budget season at the District is underway and the Committee will review proposed budgets in November before presentation to the full board at the December meeting.



**22nd DAA**  
**Consolidated Balance Sheet (DAA, RTA, RTLC)**  
**As of September 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>			
Cash	\$ 40,700,704	\$ 36,958,878	\$ 12,482,203
<sup>1</sup> Restricted Cash - F&B Equipment Fund	46,467	304,550	191,017
<sup>2</sup> Restricted Cash - RTA	12,677,602	11,968,152	8,955,929
Restricted Cash in Trust - WQI	(1)	(1)	332,064
Restricted Cash in Trust - The Center	-	-	2,227,256
<b>Total Cash and Cash Equivalents</b>	<b><u>53,424,773</u></b>	<b><u>49,231,579</u></b>	<b><u>24,188,469</u></b>
Accounts Receivable	943,657	1,809,628	1,045,442
Prepaid Expenses	548,595	731,846	441,626
<sup>3</sup> Deferred Outflows Pension	6,547,075	6,547,075	6,547,075
<b>Total Current Assets</b>	<b><u>8,039,327</u></b>	<b><u>9,088,550</u></b>	<b><u>8,034,143</u></b>
Land	35,011,899	35,011,899	35,011,899
Building and Improvements	189,040,757	189,040,757	189,021,781
Equipment	38,481,691	38,127,504	37,989,227
Capital Projects in Process	41,023,123	38,730,563	35,005,353
Accumulated Depreciation	(173,822,663)	(173,822,663)	(172,119,301)
<b>Total Capital Assets</b>	<b><u>129,734,808</u></b>	<b><u>127,088,061</u></b>	<b><u>124,908,959</u></b>
<b>Total Assets</b>	<b><u>\$ 191,198,908</u></b>	<b><u>\$ 185,408,190</u></b>	<b><u>\$ 157,131,571</u></b>
<b>Liabilities</b>			
Accounts Payable	7,816,924	8,940,510	3,384,522
Payroll Liabilities	726,114	442,079	143,943
Accrued Liabilities	2,153,755	1,924,167	2,257,399
<sup>4</sup> Other Current Liabilities	3,446,917	2,450,417	1,918,573
<sup>5</sup> Deferred Revenue	1,102,517	2,237,029	956,591
Current Long Term Debt	2,437,472	3,054,255	4,219,898
<sup>6</sup> Accrued Employees Leave Liabilities	1,204,929	1,228,006	1,331,509
<sup>7</sup> Long Term Debt	59,669,456	63,226,928	65,393,166
Reserve - F&B Equipment Fund	872,069	578,458	268,708
Reserve - JLA	16,305	16,305	20,838
<sup>3</sup> Pension Liability	45,372,357	45,213,989	45,006,841
<sup>3</sup> Deferred Inflows - Pension	2,744,433	2,744,433	2,744,433
<b>Total Liabilities</b>	<b><u>127,563,248</u></b>	<b><u>132,056,576</u></b>	<b><u>127,646,422</u></b>
<b>Net Resources</b>			
Contributed Capital	78,877,171	78,877,171	78,877,171
Less Contributed Capital to RTA	(34,358,470)	(34,358,470)	(34,358,470)
Net Resources - Unrestricted	(5,921,909)	(5,921,909)	(13,151,333)
Investment in Capital Assets	(3,891,786)	(3,891,786)	(3,891,786)
	34,705,006	34,705,006	27,475,582
Net Proceeds from Operations	28,930,654	18,646,608	2,009,568
<b>Total Net Resources</b>	<b><u>63,635,660</u></b>	<b><u>53,351,614</u></b>	<b><u>29,485,150</u></b>
<b>Total Liabilities and Net Resources</b>	<b><u>\$ 191,198,908</u></b>	<b><u>\$ 185,408,190</u></b>	<b><u>\$ 157,131,571</u></b>

1

Per Food &amp; 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  
For the Period Ending September 30, 2023

	September 2023			Year-to-Date			Full 2023 Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>REVENUES</b>							
Admissions Revenue	0	0	0	12,104,500	12,337,386	(232,886)	12,337,386
Gates	0	0	0	12,104,500	12,337,386	(232,886)	12,337,386
Concessions Revenue	2,342,422	2,308,720	33,702	43,352,392	38,985,260	4,367,132	41,087,636
Food & Beverage Contra	2,338,812	2,305,170	33,642	18,493,269	16,454,018	2,039,251	18,544,654
Other Food & Beverage	0	0	0	5,117,679	4,422,070	695,609	4,422,070
Midway	0	0	0	19,561,549	18,054,362	1,507,187	18,054,362
Merchandise	3,610	3,550	60	88,762	54,810	33,952	66,550
Facility Rentals Revenue	365,230	373,720	(8,489)	7,738,132	6,404,536	1,333,596	7,308,591
Commercial	0	0	0	3,866,388	3,131,700	734,688	3,131,700
Leases Revenue	543,516	529,415	14,101	996,901	881,672	115,230	1,694,917
Racetrack	500,000	(500,000)	1,000,000	500,000	(500,000)	1,000,000	(1,225,000)
Program Revenues	298,609	475,403	(176,794)	6,734,899	8,035,575	(1,300,676)	8,644,444
JLA	0	0	0	33,020	472,500	(439,480)	472,500
Parking	267,055	416,603	(149,548)	5,926,852	6,871,875	(945,023)	7,417,744
Participation Fees	0	35,000	(35,000)	347,853	335,000	12,853	335,000
Satellite Wagering	31,554	23,800	7,754	427,139	356,200	70,939	419,200
<b>OPERATING REVENUE TOTALS</b>	<b>3,549,777</b>	<b>3,687,257</b>	<b>(137,480)</b>	<b>70,926,824</b>	<b>66,644,429</b>	<b>4,282,395</b>	<b>71,072,973</b>
Contributions	4,600	4,600	0	877,922	1,595,200	(717,278)	1,609,000
Government Funding	0	0	0	58,820	0	58,820	0
Sponsorships	4,600	4,600	0	813,491	1,486,200	(672,709)	1,500,000
Other Non-Operating Revenue	466,648	77,519	389,129	1,419,548	2,198,585	(779,037)	2,331,858
Interest Earnings	411,457	67,500	343,957	1,143,980	202,500	941,480	270,000
Pledged Revenue	0	0	0	50,000	1,785,250	(1,735,250)	1,785,250
Reimbursed Costs	93,741	67,054	26,687	721,958	439,455	282,503	1,567,116
Prior Year Revenue	0	0	0	5,714	0	5,714	0
<b>NON-OPERATING REVENUE TOTALS</b>	<b>564,988</b>	<b>149,173</b>	<b>415,816</b>	<b>3,025,141</b>	<b>4,233,240</b>	<b>(1,208,098)</b>	<b>5,507,974</b>
<b>TOTAL REVENUE</b>	<b>4,114,766</b>	<b>3,836,430</b>	<b>278,336</b>	<b>73,951,965</b>	<b>70,877,668</b>	<b>3,074,297</b>	<b>76,580,948</b>
<b>EXPENSES</b>							
Payroll & Related Expense	950,501	1,182,626	232,125	13,581,756	16,266,152	2,684,396	19,798,369
Professional Developer	553	10,083	9,530	76,513	210,901	134,388	228,558
Professional Services Expense	2,239,561	2,053,852	(185,709)	22,951,978	21,424,876	(1,527,102)	24,584,967
Food & Beverage Expens	2,119,217	1,713,167	(406,051)	15,390,444	12,327,307	(3,063,137)	14,313,411
Insurance Expense	110,051	10,326	(99,725)	604,942	175,865	(429,077)	206,297
Facility & Related Expense	74,974	429,543	354,569	6,301,216	5,567,855	(733,361)	7,079,715
Equipment & Small Ware	0	0	0	136,419	0	(136,419)	0
Telephone & Internet	8,458	8,529	71	72,376	76,681	4,305	101,998
Repairs & Maintenance	52,013	159,884	107,871	994,787	1,125,344	130,557	1,575,497
Utilities	5,841	253,000	247,159	3,293,646	2,758,000	(535,646)	3,770,000
- Electricity	5,741	-	-	1,928,771	-	-	-
- Water	100	-	-	699,089	-	-	-
Supplies Expense	19,726	58,225	38,499	1,081,018	1,712,660	631,642	1,894,235
Marketing & Related Expense	4,820	667	(4,153)	1,046,554	1,203,063	156,509	1,205,063
Program Expenses	18,475	20,579	2,104	15,400,383	14,643,966	(756,417)	14,704,178
Prizes & Premiums	0	0	0	1,937	0	(1,937)	0
Artists & Entertainment	0	0	0	4,073,398	4,428,050	354,652	4,428,050
Midway Operator Expens	0	0	0	11,038,699	9,897,000	(1,141,699)	9,897,000
Other Operating Expense	232,929	231,723	(1,205)	3,517,391	4,161,021	643,630	4,939,591
Bank & Service Fees	11,904	10,939	(966)	1,478,011	2,139,150	661,139	2,155,344
Interest Expense	221,049	220,036	(1,014)	1,998,151	1,997,130	(1,020)	2,757,247
<b>OPERATING EXPENSE TOTALS</b>	<b>3,651,037</b>	<b>3,987,542</b>	<b>336,505</b>	<b>64,485,238</b>	<b>65,155,458</b>	<b>670,220</b>	<b>74,412,415</b>
Other Non-Operating Expense							
Prior Year Expense	0	0	0	200,963	0	(200,963)	0
<b>NON-OPERATING EXPENSE TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,963</b>	<b>0</b>	<b>(200,963)</b>	<b>0</b>
<b>TOTAL EXPENSE</b>	<b>3,651,037</b>	<b>3,987,542</b>	<b>336,505</b>	<b>64,686,201</b>	<b>65,155,458</b>	<b>469,257</b>	<b>74,412,415</b>
<b>NET INCOME (LOSS)</b>	<b>463,729</b>	<b>(151,112)</b>	<b>614,841</b>	<b>9,265,764</b>	<b>5,722,211</b>	<b>3,543,554</b>	<b>2,168,533</b>

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

## Food & Beverage Report Sep-23

September 2023 Food Service Revenues were \$2,338,812. Budgeted Revenues for September 2023 were \$2,328,497

Net distribution to the District for September 2023 was \$462,998 or 19.8%. Budgeted distribution for September 2023 was \$592,018 or 25.4%.

Year-to-date 2023 distribution to the District is \$4,255,766 or 24.1%. The budgeted distribution for YTD 2023 was \$4,212,257 or 25.4%.

<b>Sep-23</b>	<b>2023 ACTUAL</b>	<b>%</b>	<b>2023 BUDGET</b>	<b>%</b>	<b>2022 ACTUAL</b>	<b>%</b>
TOTAL REVENUE	2,338,812	100.0%	2,328,497	100.0%	2,134,852	100.0%
TOTAL COGS	379,942	16.2%	503,709	21.6%	312,885	14.7%
GROSS MARGIN	1,958,870	83.8%	1,824,788	78.4%	1,821,967	85.3%
TOTAL PAYROLL	1,321,008	56.5%	901,135	38.7%	1,164,282	54.5%
OPERATING EXPENSES	108,722	4.6%	247,061	10.6%	252,415	11.8%
NET PROFIT	529,140	22.6%	676,592	29.1%	405,270	19.0%
CLIENT DISTRIBUTION	462,998	19.8%	592,018	25.4%	354,611	16.6%

<b>YTD</b>	<b>2023 ACTUAL</b>	<b>%</b>	<b>2023 BUDGET</b>	<b>%</b>	<b>2022 ACTUAL</b>	<b>%</b>
TOTAL REVENUE	17,651,993	100.0%	16,562,881	100.0%	15,598,887	100.0%
TOTAL COGS	3,721,437	21.1%	3,447,361	20.8%	3,407,864	21.8%
GROSS MARGIN	13,930,556	78.9%	13,115,520	79.2%	12,191,023	78.2%
TOTAL PAYROLL	7,152,161	40.5%	6,424,378	38.8%	6,026,661	38.6%
OPERATING EXPENSES	1,914,663	10.8%	1,877,134	11.3%	1,685,410	10.8%
NET PROFIT	4,863,732	27.6%	4,814,008	29.1%	4,478,952	28.7%
Y-T-D CLIENT DISTRIBUTION	4,255,766	24.1%	4,212,257	25.4%	3,919,083	25.1%



## **Item 7-A-1, Delegation of Authority for Contract Approval, Check Signing, and Credit Card Use**

### **Background:**

In accordance with compliance regulations and requirements of the California Department of Food & Agriculture, the 22<sup>nd</sup> District Agricultural Association (DAA) Board of Directors must determine the level of contract approval and check signing authority to delegate to the Chief Executive Officer (CEO) or her/his designee(s) and authorize credit card use.

The delegation may be given based upon dollar amount and/or type of contracts. For all contracts that do not fall under the delegation of authority, individual board approval and a formal board resolution must be completed prior to executing a contract. An Agreement is a document that has a legal effect, regardless of whether it is called a contract.

Additionally, the Board of Directors shall determine the number of signatures necessary for checks up to \$15,000 and require that two persons must sign checks for amounts above \$15,000.

### **Recommendation:**

#### *Contract Approval:*

The CEO has delegated authority to execute expense agreements consistent with the 22<sup>nd</sup> DAA Contracting and Formal Protest Policies and Procedures including Interagency Agreements, Standard Agreements up to \$50,000, and Entertainment Agreements up to \$500,000, as long as these Agreements do not exceed a one-year term, without further authorization from the Board of Directors. Additionally, the CEO has delegated authority to execute revenue agreements up to \$250,000 consisting of Rental/Operator/Lease Agreements, Sponsorship Agreements, and Vendor Agreements, as long as these Agreements do not exceed a one-year term, without further authorization from the Board of Directors.

Individual Project Agreements (IPA) with California Construction Authority (CCA) require dual approval of the CEO and President of the Board. In the absence of the President, a Vice President can approve such an expense.

All such executed Agreements are to be submitted to the Board of Directors for review at the subsequent meeting.



Expense Authority:

The CEO is responsible for ensuring that the organization stays within its approved budget during the year; the Board of Directors is responsible for providing oversight to the CEO. Through the Contract Approval delegation, the CEO is authorized for expenses for contracts that were previously approved by the Board of Directors. The CEO has delegated authority for payroll and related expenses within the approved budget, purchases and expenses that are otherwise categorically exempt from or exceptions to competitive bidding, per Section III and IV of the 22<sup>nd</sup> DAA Contracting and Formal Protest Policies and Procedures, and up to \$100,000 for other expenses within the approved budget made through purchases or competitive bidding.

For expenses below the \$100,000 limit, the CEO is responsible to develop and maintain operating procedures that define signatory authority levels by position.

For expenses related to emergencies or construction change orders that exceed the delegated \$100,000 limit, approval for such expenses requires dual approval of the CEO and President of the Board. In the absence of the President, a Vice President can approve such an expense. Any expense approved by the CEO and the President or Vice President shall be reported to the full Board at the next Board meeting. Splitting expenses or orders to avoid authority limits is not acceptable.

Check Signing Authority:

The CEO has delegated authority as the first signer and the Chief Administrative Officer (CAO) shall serve as the authorized second signature on checks over \$15,000. In the absence of the CAO, the Chief Operations Officer (COO) shall serve as the authorized second signature. The signatures of those authorized shall be officially recorded on bank signature cards.

In the absence of the CEO:

In addition, the Board authorizes the CEO to further delegate her/his signature authority authorizing individuals to conduct business on behalf of the 22<sup>nd</sup> DAA only when the CEO will be absent. The delegating officer retains responsibilities for actions taken by individuals exercising delegated authority.

Credit Card Authority:

The CEO is authorized to maintain a corporate travel credit card for the purpose of conducting business on behalf of the 22<sup>nd</sup> DAA.

Additionally, the 22<sup>nd</sup> DAA participates in the State of California Department of General Services CAL-Card Purchase Card Program. It is a payment mechanism for the purchase of goods and services. The CEO is the CAL-Card Program Administrator for the 22<sup>nd</sup> DAA and has the delegated authority to develop and maintain operating procedures that authorize cardholders and define signatory authority levels by position and in compliance with the CAL-Card Program.



Continuous Operations:

In the event that the Board does not consider and approve the 2024 Operating Budget prior to the expiration of the delegation of authority currently on file through December 31, 2023, the CEO is further authorized to provide for the ongoing business operations of the District through the Expense, Check Signing, and Credit Card Authority and to execute expense and revenue agreements per the Contract Approval delegation above.

This Delegation of Authority is separate from the annual delegation of authority and shall be effective January 1, 2024.

This Delegation of Authority shall expire on whichever of the following occurs last: (1) the date that the 22nd DAA Board of Directors adopts the 2024 operating budget for the 22nd DAA, and (2) the date that the 22nd DAA considers and approves a new delegation of authority.





## Item 7-A-2 – Out of State Travel

### **Background:**

The California Department of Food and Agriculture requires board approval for work-related out of state travel.

### **Process/Approach**

Typically, the board approves travel to other states for certain professional development opportunities at the time it considers and approves the annual Operating Budget in December. However, there are limited opportunities in the first quarter of the new year that require advance registration and, therefore, advanced approval by the board.

### **Request**

This request is to authorize Out of State Travel for the following professional development opportunities in the first quarter of 2024:

- International Association of Venue Managers
  - GuestX: TBD – typically held in Georgia at the beginning of February
  - Academy of Venue Safety & Security: TBD – typically held at the end of February

### **About GuestX:**

GuestX is a one-of-a-kind conference for everyone invested in crafting an exceptional, safe and extraordinary guest experience. GuestX provides attendees with invaluable content via skills-based workshops and networking sessions that empower them to put newly gained expertise into immediate action. GuestX offers insider perspectives on how every aspect of our operation impacts the overall experience at our venue.

### **About Academy of Venue Safety & Security (AVSS) :**

Considered by many in the venue management industry to be the preeminent safety and security program. AVSS is a dynamic, two-year program built to train venue and event managers, security professionals, and other key personnel involved in every aspect of venue safety and security. The curriculum, developed and taught by a diverse team of experts, is designed to equip every attendee with the best practices, resources, and tools needed to face the evolving challenge of providing a safe venue for everyone.

If approved for travel, CEO Moore will make the final determination of employee(s) that will participate in each opportunity, taking into consideration the operational needs and financial resources of the District at the time.

Additional professional development opportunities will be presented with the 2024 Operating Budget for consideration for the coming year.



## **Item 7-A-3, 2024 Commercial, Concession, and Carnival Rates**

### **Background:**

The early stages of planning for the 2024 San Diego County Fair are underway, with applications for commercial exhibitors, concession operators, and carnival ride and game operators about to be released. The following assumptions have been made in the preparation of the 2024 Operating Budget for these various rates.

Commercial exhibit rates were last increased for 2020 and were based on a 27-day fair. The rate was maintained in 2022 and 2023 though the fair was fewer days, and 2024 continues that same trend.

Concession fees are based on a percentage of adjusted gross sales (after sales tax), historically at 25%, against a minimum guarantee. The minimum guarantee confirms their participation and then is applied during the settlement process during the fair. The minimum guarantee increased to \$5,000 in 2023.

The District sets the per ticket and wristband fees and collects all revenue for carnival rides and games, then pays the ride and game operators a percentage of revenue based on the individual ride or game scans. The split on rides has remained steady at 48% retained by the District (52% paid to the ride operator). The split on games was increased in 2023 from 24.5% to 30% retained by the District (70% paid to the game operator).

### **Process/Approach:**

Several factors were taken into consideration to determine the proposed rates for 2024, including number of days of the fair, past participating vendor surveys, historical rates and increases, and foot traffic for various locations on the grounds.

### **Recommendation**

Staff proposes that all rates remain the same in 2024. Specifically, commercial exhibit rates as attached, minimum guarantee for concessionaires at \$5,000 and the adjusted gross sales calculation at 25%, carnival rides at 48% retained, and carnival games at 30% retained.

### **Environmental/Coastal Commission Review**

None.

### **Fiscal Impact**

Unknown at this time.



**22<sup>nd</sup> District Agricultural Association  
2024 San Diego County Fair  
June 12th through July 7, 2024**

**SPACE RENTAL RATES**

Commercial rates are based on 10' by 10' space increments for the entire run of the fair  
(management determines location).

<b><u>COMMERCIAL</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Avenue	\$4,000	\$4,000
Bing Crosby	\$4,000	\$4,000
Exhibit Hall	\$3,750	\$3,750
Fairway & Thoroughfare	\$3,400	\$3,400
Gems & Minerals	\$3,450	\$3,450
O'Brien	\$3,800	\$3,800
Seaside	\$3,750	\$3,750
Concourse	\$3,400	\$3,400
Other	\$3,400	\$3,400
Clubhouse	\$2,700	\$2,700
Paddock 10 x 10	\$2,700	\$2,700
Durante/Arena/ Livestock Way	\$2,000	\$2,000
Infield	\$1,495	\$1,495
<b><u>Additional charges:</u></b>		
Indoor Corners	\$500	\$500
<b><u>CONCESSIONS</u></b>		
Minimum Guarantee	\$5,000	\$5,000
Adjusted Gross Percentage <i>(gross sales less sales tax)</i>	25%	25%



**Item 7-C-1, Audit & Governance Committee**

**2021 Audit Report**



22<sup>nd</sup> DISTRICT AGRICULTURAL  
ASSOCIATION AND ITS BLENDED  
COMPONENT UNITS  
DECEMBER 31, 2021

FINANCIAL STATEMENTS &  
INDEPENDENT AUDITORS' REPORT

DRAFT

Focused  
on YOU



22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

FINANCIAL STATEMENTS &  
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021

DRAFT

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

FINANCIAL STATEMENTS &  
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021

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## INDEPENDENT AUDITORS' REPORT

22<sup>nd</sup> District Agricultural Association and its Blended Component Units  
2260 Jimmy Durante Blvd.  
Del Mar, CA 92014

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the 22<sup>nd</sup> District Agricultural Association and its Blended Component Units, (the "District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



22<sup>nd</sup> District Agricultural Association and its Blended Component Units  
Attn: Michael Sadegh  
2260 Jimmy Durante Blvd.  
Del Mar, CA 92014

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Reporting Responsibilities***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required pension and other post-employment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the



22<sup>nd</sup> District Agricultural Association and its Blended Component Units  
Attn: Michael Sadegh  
2260 Jimmy Durante Blvd.  
Del Mar, CA 92014

basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **September \_\_, 2023** on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Lance, Solt & Lughard, LLP*

Brea, California  
**September \_\_, 2023**



22nd DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

STATEMENT OF NET POSITION  
DECEMBER 31, 2021

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**Assets**

Current Assets	
Cash and cash equivalents	\$ 27,969,676
Current portion of restricted investments	4,720,408
Accounts receivable, net	5,169,800
Prepaid expenses and other	515,557
	<hr/>
Total Current Assets	38,375,441
Restricted investments, long-term portion	3,299,635
Capital assets, net	126,544,923
	<hr/>
Total Assets	168,219,999
	<hr/>
Deferred outflow of resources:	
Deferred outflow of pension liability	4,725,679
Deferred outflow on OPEB	343,264
	<hr/>
Total Deferred Outflow of Resources	5,068,943
	<hr/>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 173,288,942</b>
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22nd DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

STATEMENT OF NET POSITION  
DECEMBER 31, 2021

Liabilities, Deferred Inflow of Resources and Net Position

Current Liabilities	
Accounts payable	\$ 6,336,757
Accrued interest	731,166
Accrued liabilities and other	13,923,952
Accrued compensated absences	1,197,849
Current portion of premier investment liability	100,000
Current portion of SB84 liability	1,859,685
Current portion of loan payable	880,212
Current portion of bonds payable	1,435,000
	<hr/>
Total Current Liabilities	26,464,621
Long-Term Liabilities	
Premier investment liability, long-term portion	1,800,000
SB84 liability, long-term portion	1,544,239
Loan payable, long-term portion	24,913,928
Bonds payable, long-term portion	37,436,076
Net pension liability	31,028,963
Net OPEB liability	4,216,111
	<hr/>
Total Long-Term Liabilities	100,939,317
Total Liabilities	
	<hr/>
	127,403,938
Deferred inflow of resources:	
Deferred gain on debt defeasance	215,536
Deferred inflow of pension liability	329,902
Deferred inflow on OPEB	745,876
	<hr/>
Total Deferred Inflow of Resources	1,291,314
Net position:	
Net investment in capital assets	40,745,619
Restricted for debt service	6,629,266
Unrestricted	(2,781,195)
	<hr/>
Total Net Position	44,593,690
Total Liabilities, Deferred Inflow of Resources and Net Position	
	<hr/> <hr/>
	\$ 173,288,942

22nd DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2021

Operating revenues:	
Food and beverage	\$ 14,154,302
Concessions/carnivals	3,209,274
Admissions	1,883,942
Facility rentals	4,084,679
Satellite wagering	566,570
Parking	1,175,117
Leases/operating agreement	10,349,155
Sponsorships	1,135,895
State apportionment	12,668,234
Federal apportionment	6,990,595
Local apportionment	32,539
Other	745,426
	<hr/>
<b>Total operating revenues</b>	<b>56,995,728</b>
	<hr/>
Operating expenses:	
Payroll and related benefits, excluding pension cost	6,905,493
Pension cost and net pension liability adjustment	(274,972)
Food and beverage	12,474,566
Entertainment	1,359,750
Maintenance	4,190,553
Facilities and related supplies	214,003
Insurance	1,192,433
Depreciation	6,921,071
Professional services	1,681,168
Marketing	88,094
Other post-employment benefit cost and net PEB liability adjustment	(3,278,735)
Other	931,153
	<hr/>
<b>Total operating expenses</b>	<b>32,404,577</b>
	<hr/>
Income from operations	24,591,151
	<hr/>
Nonoperating revenues (expenses):	
Interest income	274,273
Interest expense	(2,748,681)
Other	(296,907)
	<hr/>
<b>Total nonoperating revenues (expenses)</b>	<b>(2,771,315)</b>
	<hr/>
<b>Change in net position</b>	<b>21,819,836</b>
	<hr/>
Net position, beginning of year	22,773,854
	<hr/>
Net position, end of year	<b>\$ 44,593,690</b>
	<hr/> <hr/>

22nd DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities:	
Receipts from operations	\$ 57,154,777
Payments to vendors	(19,276,849)
Payments to employees	(2,519,749)
	<u>35,358,179</u>
<b>Net cash provided by (used in) operating activities</b>	<b>35,358,179</b>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(7,626,736)
Payments on long-term debt	(2,069,584)
Interest paid on long-term debt	(3,145,667)
	<u>(12,841,987)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(12,841,987)</b>
Cash flows from investing activities:	
Purchases of investments	(4,708,372)
Interest income	274,273
Other investing expense	(296,907)
	<u>(4,731,006)</u>
<b>Net cash provided by (used in) investing activities</b>	<b>(4,731,006)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17,785,186</b>
Cash and cash equivalents, beginning of year	<u>10,184,490</u>
Cash and cash equivalents, end of year	<u><u>\$ 27,969,676</u></u>
Reconciliation of loss from operations to net cash provided by operating activities:	
Loss from operations	\$ 24,591,151
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	6,921,071
Changes in assets and liabilities:	
Accounts receivable, net	159,049
Prepaid expenses and other	(34,492)
Accounts payable	2,889,363
Accrued liabilities and other	6,073,534
Accrued compensated absences	(163,236)
OPEB liability	(3,278,735)
Net pension liability	(1,799,526)
	<u>35,358,179</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 35,358,179</b>
Noncash disclosure of capital and related financing activities:	
Amortization of bond premium	\$ 180,376

## 22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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#### Note 1: Nature of Organization and Summary of Significant Accounting Policies

**Nature of organization and reporting entity:** The 22nd District Agricultural Association (the DAA), a component unit of the state of California, operates fairground facilities located in Del Mar, California. The DAA conducts an annual summer fair, operates an off-track horse race betting facility and rents the fairground facilities for various non-fair events. The board members of the DAA are appointed by the governor of the state of California. The state of California Department of Food and Agriculture (CDFA), through the Branch of Fairs and Expositions, supervises the activities of the DAA.

The accompanying financial statements present a one-column combination of the accounts and activities of the DAA, the State Race Track Leasing Commission (RTL) and the Del Mar Race Track Authority (RTA) (collectively, the District). All inter-entity transactions have been eliminated.

The District evaluates its financial reporting entity in accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100, Defining the Financial Reporting Entity, which sets the criteria for defining the reporting entity of a governmental unit for financial reporting. It states that, if certain criteria are met, the financial data of a separate governmental unit is to be included as part of the reporting entity. The RTL, created by the state of California in January 1968 to oversee capital improvement funds provided by the horse racing operating agreement described in Note 8, meet these criteria because of its financial interdependence with the District and, as such, is reported as a blended component unit. The RTL is managed by a commission consisting of six members, appointed by statute in the CDFA Code Section 4351, who are empowered to oversee the development of ground improvements and structures. Once constructed, the assets approved and funded by the RTL become the property of the District.

In addition, the RTA is included as part of the reporting entity as a blended component unit in the financial statements because it meets the aforementioned criteria. The RTA is a joint powers authority created in August 1990 by a joint exercise of powers agreement between the RTL and the DAA to finance the construction of a new grandstand and related facilities at the Del Mar Fairgrounds (the Fairgrounds) of the DAA. The RTA is managed by a board of six directors, who are the six members of the RTL commission, who oversaw the financing for the grandstand construction project and who continue to oversee the financing and improvements at the Fairgrounds. The RTA is funded through operating transfers from the District and the RTL. The joint exercise of powers agreement expires in August 2040. Upon the termination of the joint powers agreement, title to the grandstand will vest to the District.

A summary of the District's significant accounting policies are as follows:

**Basis of accounting:** The District is reported similar to a special purpose government engaged in only business-type activities. As such, its financial statements are presented in accordance with the requirements established for enterprise funds. An enterprise fund is defined by the GASB as a fund related to an organization financed and operated similar to a private business enterprise where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Accordingly, the District's accounts are maintained on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash flow takes place. The District defines its operating revenues and expenses in the accompanying statement of revenues, expenses and changes in net position as consisting of all revenues and expenses, except those related to financing and investing activities (interest income and interest expense).

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Cash and cash equivalents:** Cash consists of cash on hand and cash in banks. For the purposes of the statement of cash flows, the District considers all investments with original maturities of 90 days or less, including pooled funds with the California Local Agency Investment Fund (LAIF), to be cash equivalents. Investments in LAIF are reported at amortized cost. Interest income is recognized when earned.

**Restricted investments:** Restricted investments relate to the Series 2015 Revenue Bonds (Series 2015 Bonds) as discussed in Note 4. Restricted investments are reported at fair value. As defined in GASB Statement No. 72, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses are reported in the statement of revenues, expenses and changes in net position. Interest and dividend income is recognized when earned.

**Accounts receivable:** Accounts receivable are carried at original invoice amount less an estimate made for uncollectible receivables based on a review of outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

**Prepaid expenses and other:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying statement of net position. Other items include interest receivable, inventory and deposits.

**Capital assets:** Capital assets are recorded at cost less accumulated depreciation, or acquisition value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range from three years for equipment to 40 years for buildings. The District capitalizes infrastructure assets, such as drainage systems and paving, which are depreciated over 20 to 40 years.

The District periodically evaluates whether events or circumstances have occurred that may have resulted in an impairment of its capital assets. No such impairment occurred in the year ended December 31, 2021.

Interest cost on borrowed funds during the period of construction of capital assets was expensed when incurred for the year ended December 31, 2021.

**Deferred gain on debt defeasance:** For debt refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt (i.e., deferred charges) is reported as a deferred outflow of resources and amortized to interest expense based on the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

**Bond premium:** Bond premiums are reported as an addition to the outstanding debt balance and are amortized as interest expense over the life of the bond using the effective interest method.

**Compensated absences:** The District's compensated absences policies are set by the California Department of Human Resources. Employees who elect annual leave or vacation leave will be allowed to accumulate up to a maximum of 640 hours of leave as of January 1 of each year. Exceptions to this limit will not be allowed except in extremely unusual situations.

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**


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**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

and must be approved in advance by the director of the California Department of Human Resources. Upon separation or retirement, employees with accrued annual leave and vacation leave will receive a lump-sum payment at their current salary rate for their accumulated credits. Sick leave has no maximum accrual limit and can be converted to service credit upon retirement.

Compensated absences activity for the year ended December 31, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated absences	\$1,361,085	\$ 85,494	\$ (248,730)	\$1,197,849	\$1,197,849

**Pensions:** The net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as reported by CalPERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A deferred outflow of resources and deferred inflow of resources related to pensions result from changes in the components of the net pension liability and are applicable to a future reporting period. As noted in Note 10, deferred outflow and inflows of resources will be recognized as pension expense in future years; however, contributions subsequent to the measurement period will be recognized as a reduction of the net pension liability during the fiscal year ended December 31, 2021.

**Post-employment benefits other than pensions:** For purposes of measuring the net post-employment benefits other than pensions (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of CalPERS' OPEB plan and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net position:** Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on debt, deferred outflows and deferred inflows that are attributable to the acquisition, and construction or improvement of capital assets. Net position is reported as restricted when there are limitations imposed on its use, either through legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Restricted resources are used first to fund applicable appropriations.

**Revenue recognition:** The District generally recognizes revenue when events take place, and when goods or services are provided.

- Food and beverage revenue is recognized at the time of sale.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

- Concessions/carnivals revenue consists of space rentals at the fair and ticket sales for carnival attractions. Revenue from space rentals is recognized when earned and revenue from ticket sales is recognized when the tickets are available to be used.
- Admissions revenue consists of ticket sales to events at the Fairgrounds and is recognized when the tickets are available to be used.
- Facility rentals revenue consists primarily of stall and arena rentals at the Horsepark and facility rentals for the various events presented on the Fairgrounds. Revenue is recognized over the term of the rental contract.
- Satellite wagering revenue primarily consists of the District's share of off-track betting proceeds, which is recognized when the races occur at tracks around the world.
- Parking revenue consists of charges for parking spaces at the District and is recognized immediately after spaces are used.
- Leases/operating agreement revenue primarily consists of payments from the Del Mar Thoroughbred Club (DMTC) according to the operating agreement (see Note 8). Revenue from the direct payment (as defined in the operating agreement) is recognized pro rata over the year that the payment applies and remaining revenue charged is recognized when the net income of the DMTC is reported.
- Surf and Turf revenue consists of revenue from the driving range, pro shop, tennis club, recreational vehicle (RV) and miniature golf. Revenue is recognized from these goods and services at the point of sale.
- Sponsorship revenue consists of sponsorship contracts for various events at the Fairgrounds. Revenue is recognized over the term of the sponsorship agreement.
- Other revenue consists of a variety of miscellaneous revenue accounts, including food and beverage revenue received from Premier Food Services, Inc. (Premier) generated by the Breeders Cup, A.M. fees, interest income, RV pumping fees, recycling, miscellaneous exhibit fees and event entry fees.

**Use of estimates:** The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, allowance for uncollectible receivables and assumptions used in the determination of pension liability.

**Implementation of accounting pronouncements:**

In June 2017, the GASB issued GASB Statement No. 87, Leases. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources based on the payment provision of the contract. The provisions of this statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of GASB Statement No. 87 on the District's financial statements.



**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 91, Conduit Debt Obligations, will be effective for reporting periods beginning after December 15, 2022. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Management has not yet determined the effect of GASB Statement No. 91 on the District's financial statements.

GASB Statement No. 92, Omnibus 2020, will be effective for reporting periods beginning after June 15, 2022. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has not yet determined the effect of GASB Statement No. 92 on the District's financial statements.

GASB Statement No. 93, Replacement of Interbank Offered Rates, will be effective for reporting periods beginning after June 15, 2021. This Statement provides exceptions for certain hedging derivative instruments to the hedging accounting termination provisions when an Investment Book of Record is replaced as the reference rate of the hedging derivative instrument's variable payment. The Statement also removes LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap. Early application is encouraged. Management has not yet determined the effect of GASB Statement No. 93 on the District's financial statements.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements will be effective for reporting periods beginning after June 15, 2022. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPP). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APA). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. Management has not yet determined the effect of GASB Statement No. 94 on the District's financial statements.

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, will be effective for reporting periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, as amended. Management has not yet determined the effect of GASB Statement No. 96 on the District’s financial statements.

GASB Statement No. 95, Postponement of the effective date of certain authoritative guidance: The requirements of this Statement are effective immediately. The primary objective of this Statement is to provide temporary relief to government and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for period beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: GASB Statement No. 83; GASB Statement No. 84; GASB Statement No. 88; GASB Statement No. 89; GASB Statement No. 90; GASB Statement No. 91; GASB Statement No. 92; and GASB Statement No. 93. The effective date for GASB Statement No. 87 has been postponed for 18 months.

**Note 2: Condensed Financial Information**

The following is the condensed combining detail for the statement of net position as of December 31, 2021:

	DAA	RTA	RTLC	Eliminations	Total
Current assets	\$33,647,309	\$ 4,753,346	\$ 698,955	\$ (724,169)	\$38,375,441
Restricted investments, long-term position	-	3,299,635	-	-	3,299,635
Capital assets, net	50,161,449	76,383,474	-	-	126,544,923
Total assets	83,808,758	84,436,455	698,955	(724,169)	168,219,999
Deferred outflow of resources	5,068,943	-	-	-	5,068,943
Current liabilities	25,095,684	2,093,106	-	(724,169)	26,464,621
Long-term liabilities	63,503,241	37,436,076	-	-	100,939,317
Total liabilities	88,598,925	39,529,182	-	(724,169)	127,403,938
Deferred inflow of resources	1,075,778	215,536	-	-	1,291,314
Net investment in capital assets	5,972,165	34,773,454	-	-	40,745,619
Restricted for debt service	-	6,629,266	-	-	6,629,266
Unrestricted - other	(6,769,167)	3,289,017	698,955	-	(2,781,195)
Total net position	\$ (797,002)	\$44,691,737	\$ 698,955	\$ -	\$44,593,690

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 2: Condensed Financial Information (Continued)**

The following is the condensed combining detail for the statement of revenues, expenses and changes in net position for the year ended December 31, 2021:

	DAA	RTA	RTLTC	Eliminations	Total
Operating revenues:					
Operating revenues	\$49,695,728	\$ 7,300,000	\$ -	\$ -	\$56,995,728
Operating expenses:					
Operating expenses	26,869,997	5,533,535	1,045	-	32,404,577
(Loss) income from operations	22,825,731	1,766,465	(1,045)	-	24,591,151
Nonoperation (expenses) revenues:					
Nonoperation (expenses) revenues	(1,107,796)	(1,663,519)	-	-	(2,771,315)
Changes in net position before transfers	21,717,935	102,946	(1,045)	-	21,819,836
Transfers in	-	855,014	-	(855,014)	-
Transfers out	(855,014)	-	-	855,014	-
Changes in net position	20,862,921	957,9	(1,045)	-	21,819,836
Net position, beginning of year	(21,659,923)	43 33,777	700,000	-	22,773,854
Net position, end of year	\$ (797,002)	\$44,691,737	698,955	\$ -	\$44,593,690

The following is the condensed combining detail for the statement of cash flows for the year ended December 31, 2021:

	DAA	RTA	RTLTC	Total
Net cash provided by (used in) operation activities	\$27,421,96	\$ 7,237,255	\$ 698,955	\$35,358,179
Net cash provided by (used in) capital and related financing activities	(9,310,877)	(3,531,110)	-	(12,841,987)
Net cash provided by (used in) investing activities	(262,115)	(4,468,891)	-	(4,731,006)
Cash and cash equivalents, beginning of year	10,251,544	(67,054)	-	10,184,490
Cash and cash equivalents, end of year	\$28,100,521	\$ (829,800)	\$ 698,955	\$27,969,676

**Note 3: Joint Exercise of Powers Agreements**

California Fairs Services Authority: The District is a member of the California Fairs Financing Authority, dba California Construction Authority (CCA), a joint powers authority created by a joint exercise of powers agreement between the counties of Solano and El Dorado, and the 22nd, 32nd and 6th District Agricultural Associations. The governing body of CCA is composed of five directors appointed by member entities.

The primary purpose of the CCA is to provide financing, planning, design and construction services for projects at Fairgrounds throughout California. Additionally, the CCA provides central administration for the common interests of the members and associated members for the financing and construction of satellite wagering facilities and any other projects authorized by the agreement. Ownership of each of the satellite wagering facilities or other projects remains with the respective entity for which the project was constructed and financed.

The joint exercise of powers agreement expires on December 31, 2040. The District had no interest in CCA's assets or liabilities at December 31, 2021.

CCA projects during 2021 included the replacement of Exhibit Hall roof, renovation of the satellite wagering facility, and improvement of water quality. Costs incurred for these projects during the year ended December 31, 2021, are recorded in capital assets.

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 4: Cash and Cash Equivalents, and Restricted Investments**

Cash and cash equivalents, and investments consisted of the following at December 31, 2021:

Cash on hand	\$ 600
Cash in banks	3,677,182
LAIF	<u>24,291,894</u>
Cash and cash equivalents	27,969,676
Restricted investments, money market accounts	<u>8,020,043</u>
Total cash and cash equivalents, and restricted investments	<u>\$35,989,719</u>

Cash and cash equivalents, and restricted investments are summarized on the financial statements as follows at December 31, 2021:

Cash and cash equivalents	\$27,969,676
Current portion of restricted investments	4,720,408
Long-term portion of restricted investment	<u>3,299,635</u>
	<u>\$35,989,719</u>

The California State Treasury makes available LAIF through which local governments may pool investments. Each governmental entity may invest up to \$40,000,000 in the fund. The District is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Investments included in LAIF include primarily debt securities, including treasuries, commercial paper and agency debt, but also include real estate structured notes and asset-backed securities. As of December 31, 2021, the District had \$ 4,291,894 invested in LAIF. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with state statute.

Investments The state of California Government Code Section 53601 generally authorizes the District to invest unrestricted and Board-designated assets in obligations of the U.S. Treasury and certain U.S. government agencies, obligations of the state of California and local government entities, bankers' acceptances, commercial paper, certificates of deposit, repurchase agreements and mortgage securities. Some of these investments may be purchased only in limited amounts, as defined in the Government Code.

The current portion of restricted investments in the amount of \$4,720,408 is restricted for bond projects only. Funds are distributed once a month upon the District's request to pay bond-project invoices. The long-term portion of restricted investments in the amount of \$3,299,635 represents the amount held in reserve in the event of default. The amount required to be held in reserve is \$3,297,000. The District is in compliance with this requirement.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. Interest rate is also the risk that the value of fixed-income securities will decline due to increasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes.

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**Note 4: Cash and Cash Equivalents, and Restricted Investments (Continued)**

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Fixed-income securities and investments in an external investment pool are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal when due. Certain fixed-income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. LAIF is not rated. The District does not currently hold investments that are subject to credit risk.

Custodial credit risk, bank deposits: The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District maintains its cash balances at California Bank & Trust and California Infrastructure Economic Development Bank (IBank). These deposits are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021, \$3,848,009 of the District's bank balance of \$4,348,009 was exposed to custodial credit risk as it was uninsured and uncollateralized. The District follows the state's policies on permitted investments and does not have a policy for custodial credit risk.

Custodial credit risk, investments: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Concentration of credit risk: Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the District to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. Investments issued or guaranteed by the U.S. government and investments in external investment pools, such as LAIF, are not considered subject to concentration of credit risk.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets or liabilities in active markets; and Level 3 inputs are significant unobservable inputs.

The District did not have any investments as of December 31, 2021, that were subject to the fair value hierarchy as the money market investments are carried at amortized cost.

**Note 5: Accounts Receivable**

Accounts receivable as of December 31, 2021, are summarized as follows:

Accounts receivable	\$ 6,305,403
Less allowance for doubtful accounts	<u>(411,434)</u>
Accounts receivable, net	<u>\$ 5,893,969</u>

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 6: Capital Assets**

A summary of changes in capital assets, net, for the year ended December 31, 2021, is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 6,322,333	\$ -	\$ -	\$ -	\$ 6,322,333
Construction in progress	30,744,686	7,572,278	-	-	38,316,964
Total capital assets not being depreciated	37,067,019	7,572,278	-	-	44,639,297
Capital assets being depreciated:					
Building and improvements	189,021,782	-	-	-	189,021,782
Equipment and fixtures	37,934,769	54,458	-	-	37,989,227
Land improvements	28,689,566	-	-	-	28,689,566
Total capital assets being depreciated	255,646,117	54,458	-	-	255,700,575
Less accumulated depreciation and amortization:					
Building and improvements	(116,375,720)	(4,844,88)	-	-	(121,220,604)
Equipment and fixtures	(33,759,210)	(928,57)	-	-	(34,687,967)
Land improvements	(16,738,947)	(1,431)	-	-	(17,886,378)
	(166,873,877)	(6,921,072)	-	-	(173,794,949)
Net capital assets being depreciated	88,772,240	(6,866,614)	-	-	81,905,626
Total capital assets, net	\$ 125,839,259	\$ 705,664	\$ -	\$ -	\$ 126,544,923

**Note 7: Long-Term Debt**

Long-term debt activity during the fiscal year ended December 31, 2021, is as follows:

	Beginning Balance	Additions	Payments	Amortization of Premium	Ending Balance	Due Within One Year
Series 2015 Revenue Bonds	\$ 38,5	\$ -	\$ (1,380,000)	\$ -	\$ 37,135,000	\$ 1,435,000
2015 Unamortized Premium	16,452	-	-	(180,376)	1,736,076	-
2019 Energy Efficiency Loan	3,605,862	-	-	-	3,605,862	168,121
2018 IBank Loan	8,180,683	-	(375,923)	-	7,804,760	387,201
2019 IBank Loan	14,697	-	(313,661)	-	14,383,519	324,890
Total Long-Term Debt	\$ 91,177	\$ -	\$ (2,069,584)	\$ (180,376)	\$ 64,665,217	\$ 2,315,212

**Series 2015 Revenue Bonds:** On August 1, 2015, the RTA issued \$44,435,000 in Series 2015 Bonds at a premium of \$2,69,958 and net issuance costs of \$666,741. The Series 2015 Bonds have fixed interest rates of 2.00% to 5.00% and mature annually on October 1 from 2016 to 2038. These bonds were issued for the purpose of refinancing the \$25,460,000 outstanding principal amount of the Authority's Revenue Bonds, Series 2005 and to provide additional funds for grandstand improvements and other long-term improvements including electrical, sewer, roofing and elevator improvements. The refunding resulted in the recognition of an accounting net gain of \$568,233 for the year ended December 31, 2015. The unamortized balance of the net gain is \$215,536 at December 31, 2021. The source of repayment of these bonds includes pledged revenues and the interest or profits from the investment of money in any account or fund established under the Series 2015 Bond Indenture (the Indenture). Pledged revenues consist of race track net revenues and concession net revenues up to \$4 million.

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 7: Long-Term Debt (Continued)**

Future scheduled principal and interest payments as of December 31, 2021, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,435,000	\$ 1,857,000	\$ 3,292,000
2023	1,510,000	1,785,250	3,295,250
2024	1,585,000	1,709,750	3,294,750
2025	1,665,000	1,630,500	3,295,500
2026	1,745,000	1,547,250	3,292,250
2027-2031	10,135,000	6,336,000	16,471,000
2032-2036	12,935,000	3,535,750	16,470,750
2037-2038	6,125,000	463,500	6,588,500
	<u>\$ 37,135,000</u>	<u>\$ 8,865,000</u>	<u>\$ 56,000,000</u>

**Source or repayment:** Pursuant to the Indenture between the RTA and the Trustee, the Trustee must establish and maintain a project fund and a bond fund. The bond fund contains an interest account, principal account, redemption account, reserve account and surplus account. All money in each of such accounts shall be invested by the Trustee and shall be used only for the purposes authorized by the Indenture. All money in the project fund must be used solely for the improvements at the Fairgrounds. All money in the interest and principal accounts shall be used solely for the purpose of paying the interest and principal on the Series 2015 Bonds as it shall become due and payable. All money in the redemption account must be held in trust by the Trustee and will be applied, used and withdrawn either to redeem bonds pursuant to an optional redemption or extraordinary redemption. Any insurance or eminent domain proceeds, which are to be used to redeem bonds, will be deposited by the Trustee in the redemption account. All money in the reserve account shall be used solely for the purpose of paying the interest on or principal of, or redemption premiums, if any, on the Series 2015 Bonds in the event that no other money of the RTA is lawfully available henceforth, or for the retirement of all Series 2015 Bonds then outstanding. The Trustee, if the RTA is not then in default hereunder and upon the written request of the RTA, shall apply amounts in the surplus account to redeem Series 2015 Bonds, to pay for project costs as defined, or to pay for any lawful purpose of the RTA.

As of December 31, 2021, the total principal and interest remaining to be paid on the bonds is \$56,000,000. The next interest and principal payments for the Series 2015 Bonds are due on April 1, 2022, and October 1, 2022, respectively, with the final payment occurring on October 1, 2038.

Upon issuance of the Series 2015 Bonds, a portion of the proceeds were required to be deposited in the reserve account with the Trustee and a minimum balance must be maintained in this account. The minimum balance is the lesser of the maximum annual debt service payment over the life of the bond (\$3,297,000), 10% of total bond proceeds (\$4,443,500) or 125% of average annual debt service (\$4,117,861). At December 31, 2021, the District held \$3,299,635 in a reserve fund for the debt reserve requirement. Pledged revenues are deposited monthly into the bond fund accounts in a specific order and certain minimum balances are maintained, as indicated by the Indenture. At December 31, 2021, the District held an additional \$2,940,326 in a reserve fund to be used for the two interest payments in April 2021 and October 2021, and one principal payment in October 2021 on the debt for the following year.

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 7: Long-Term Debt (Continued)**

On or prior to January 15 of each bond year, commencing January 15, 2017, the District shall determine in writing and submit to the Trustee the total amount of coverage test revenues for the preceding bond year. The District submitted written representation confirming the total amount of coverage test revenues for the 2021 bond year on December 27, 2021.

**2018 IBank loan:** On May 24, 2018, the District entered into an installment sale agreement with IBank. The total amount borrowed from IBank was \$8,900,000. The interest rate is 3.30% per annum, which includes the annual fee of 0.30% of the outstanding principal balance. The money was borrowed to pay for a new facility, which is necessary to improve the Fairgrounds' storm water quality system and to install chiller equipment. \$8,411,000 will be utilized for the Environmental Remediation project, \$400,000 will be utilized to pay for the chiller equipment installation and \$89,000 will be used to pay for the IBank origination fee. The Project's estimated completion date is no later than June 1, 2022. Final principal and interest payments are due on August 1, 2037.

Future scheduled principal and interest payments as of December 31, 2021, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 87,201	\$ 234,143	\$ 621,344
2023	398,811	222,527	621,344
2024	410,711	210,562	621,343
2025	423,105	198,239	621,344
2026	459,988	185,546	621,344
2027-2031	2,383,121	723,596	3,106,717
2032-2036	2,762,691	344,027	3,106,718
2037	603,246	18,097	621,343
	<u>7,804,760</u>	<u>\$ 2,136,737</u>	<u>\$ 9,941,497</u>

**2019 IBank loan:** On May 1, 2019, the District entered into an installment sale agreement with IBank. The total amount borrowed from IBank was \$15,000,000. The interest rate is 3.58% per annum, which includes the annual fee of 0.30% of the outstanding principal balance. The interest and principal payments start on February 1, 2021, and August 1, 2021, respectively. The money was borrowed to finance and refinance the costs of its 1,900 person capacity concert venue. The funds will be used for improving and converting a portion of the surfside raceplace (SSRP) into a concert venue, together with food and beverage service facilities, and all associated necessary design, architecture, engineering, construction, equipping, machinery installation, construction contingency, environmental review, permitting, entitlement, construction management, administration and general development activities. The Project's estimated completion date is no later than February 26, 2021. Final principal and interest payments are due on August 1, 2048.



22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 7: Long-Term Debt (Continued)**

Future scheduled principal and interest payments as of December 31, 2021, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 324,890	\$ 514,930	\$ 839,820
2023	336,522	503,298	839,820
2024	348,569	491,252	839,821
2025	361,048	478,772	839,820
2026	373,973	465,848	839,821
2027-2031	2,080,537	2,118,566	4,199,103
2032-2036	2,480,590	1,718,512	4,199,102
2037-2041	2,957,567	1,241,536	4,199,103
2042-2046	3,526,258	672,844	4,199,102
2047-2048	1,593,565	86,076	1,679,641
	<u>\$ 14,383,519</u>	<u>\$ 8,291,634</u>	<u>\$ 22,675,153</u>

**2019 Energy Efficiency:** In May 2019, the District entered into a Energy Efficiency Loan with California Department of General Services (DGS). DGS is a state agent that offers low interest loans. The total amount borrowed from DGS was \$3,769,883. The interest rate is 2.50% per annum. The principal and interest payments start on May 1, 2021. The money was borrowed to upgrade air handling units, interior and exterior lighting and residential appliances. The money was also used to replace kitchen equipment and repair duct leakage, RCx HVAC units and DHW lock controls. Furthermore funds were used to install variable frequency drives (VFD) on condenser water pumps. The project was completed in 2020. Final principal and interest payments are due on April 1, 2028.

Future scheduled principal and interest payments as of December 31, 2021, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 168,122	\$ 90,147	\$ 258,269
2023	172,324	85,944	258,268
2024	176,633	81,635	258,268
2025	181,048	77,220	258,268
2026	185,575	72,693	258,268
2027-2031	999,827	291,513	1,291,340
2032-2036	1,131,213	160,127	1,291,340
2037-2039	591,120	25,920	617,040
	<u>\$ 3,605,862</u>	<u>\$ 885,199</u>	<u>\$ 4,491,061</u>

**Note 8: Operating Leases and Agreements**

**Del Mar Thoroughbred Club (DMTC):** Under an operating agreement with the RTLC and the District, the DMTC operates and controls the operations of the Del Mar race track and grandstand structures during the summer and fall race meets.

Revenues associated with the DMTC operating agreement totaled \$1,625,000 for the year ended December 31, 2021. Included in the revenue associated with the DMTC operating agreement are the direct payment amounts noted below:

- Direct payment of \$1,625,000 per year to the District, to be used by the District for the annual fair or other authorized purpose.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**Note 8: Operating Leases and Agreements (Continued)**

- Basic payment equal to final net earnings less the sum of (1) any amount in excess of funds available to DMTC, which, subject to the approval of the District, is sufficient to pay or provide for projected operating capital from January 1 through to the commencement of the next race meet, and (2) the direct payment amount. The basic payment totaled \$4,700,000 for the year ended December 31, 2021.

The DMTC guarantees the performance of all of the terms, covenants and conditions of the operating agreement through a \$500,000 letter of credit.

The RTALC may, at its sole discretion, elect to extend the new operating agreement for three five-year option periods. In February 2015, the RTALC elected to extend the operating agreement for the first five-year option period. In the event legislation is enacted by the California legislature authorizing a sale of the Fairgrounds, the RTALC has the option to terminate the contract by giving at least 180 days' written notice. The termination would be effective on December 31 in the year the notice is given unless the notice is given less than 180 days before the end of the year. In that event, the termination would be effective December 31 of the following year.

DMTC is not included as part of the District's reporting entity because it is governed by a separate Board of Directors and is fiscally independent of the District.

**Premier Food Services, Inc.:** In 2011, Premier was acquired by SMG and kept the name Premier Food Services, Inc. (Premier). The existing management agreement was assumed by SMG. Management fees related to this contract were \$467,922 for the year ended December 31, 2021. The District has a management agreement granting the use of food and beverage services equipment to Premier. During 2011, through a competitive bidding process, a new four-year contract was awarded to Premier with up to two additional three-year terms upon approval of the District. This original contract was set to expire on December 31, 2015; however, on August 26, 2015, the District approved and renewed the contract for another three-year term.

On November 14, 2018, the District approved and renewed the contract for a third three-year term plus an additional five years. The new contract is set to expire on December 31, 2026. Per the new agreement, the District retains control over the operations. The daily gross receipts are deposited in the name and interest of the District and the District reimburses Premier for all reimbursable costs, as defined in the agreement, and pays a management fee equal to 12.50% of all net profits from the food and beverage operation. Furthermore, the District, in cooperation with Premier/SMG, obtained a \$2 million capital investment to convert the satellite wagering facility to include a music and entertainment venue. Premier agreed to provide event and entertainment booking and production company services, acceptable to and in compliance with specific terms and conditions requested by the District. In consideration of its \$2 million capital investment, Premier and the District have agreed on a five-year extension of the agreement from December 31, 2021, to December 31, 2026, with an additional five-year mutual option and with new terms and conditions specifically relating to the operation of the Del Mar Satellite Wagering Facility to include a music and entertainment venue. The payment of \$2 million shall be made to the District in two installments as follows: \$750,000 on or before December 31, 2018, and the balance of \$1,250,000 on January 3, 2020. The District agrees to

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 8: Operating Leases and Agreements (Continued)**

pay annually to Premier 30.00% of net profits from the music and entertainment events conducted at the SSRP Music and Entertainment Venue or \$100,000, whichever is greater, until such payments equal \$2 million. Activity relating to this new agreement is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Premier Investment Liability	\$ 1,900,000	\$ -	\$ -	\$ 1,900,000	\$ 100,000

Future scheduled of minimum payments as of December 31, 2021, are as follows:

Years Ending December 31,	Payments
2022	\$ 100,000
2023	100,000
2024	100,000
2025	100,000
2026	100,000
2027-2031	500,000
2032-2036	500,000
2037-2038	400,000
	<u>\$ 1,900,000</u>

**Other:** The District owns a recreational park that is operated by an unrelated management company. Beginning January 1, 2021, the District entered into an agreement with Del Mar Golf Course Management Co. (DMGC) DBA Surf & Turf Rec Center to operate the recreational park and RV park. The District recognized net revenues from DMGC of \$834,966 for the year ended December 31, 2021.

**Note 9: Other Liabilities**

Activity of other liabilities during the fiscal year ended December 31, 2021, is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Senate Bill 84 Liability (Note 10)	\$ 3,403,924	\$ -	\$ -	\$ 3,403,924	\$ 1,859,685

See Note 10 for information related to Senate Bill No. 84 (SB 84).

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**Note 10: Public Employees' Retirement System**

Plan description: The District participates in the state of California—Miscellaneous Plan, an agent multiple-employer defined benefit pension plan (the Plan) administered by CalPERS. The Plan, part of the public agency portion of CalPERS, acts as a common investment and administrative agent for participating member agencies within the state of California. A menu of benefit provisions, as well as other requirements, is established by state statutes within the Public Employees' Retirement Law. The state of California selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained by contacting the CalPERS Fiscal Services Division.

**Benefits provided:** All employees who work half-time or more are eligible to participate in the Plan. CalPERS provides retirement, death, disability and survivor benefits. Vesting occurs after five years. The benefit provisions are established by the Public Employees' Retirement Law and the Public Employees' Pension Reform Act of 2013, and are summarized in Appendix B of the state's June 30, 2019, Actuarial Valuation Report, which may be found at [www.CalPERS.ca.gov/docs/forms-publications/2019-state-valuation.pdf](http://www.CalPERS.ca.gov/docs/forms-publications/2019-state-valuation.pdf).

In general, retirement benefits are based on a formula using a member's years of service credit, age at retirement and final compensation (average salary for a defined period of employment). Retirement formulas are based on membership category and specific provisions in the employees' contracts.

The three basic types of retirement are

**Service retirement:** The normal retirement is a lifetime benefit. In most cases, employees become eligible for service retirement as early as age 50 with five years of service credit. If the employee became a member on or after January 1, 2013, he or she must be at least 52 years old with at least five years of service to retire. Second-tier employees become eligible at age 55 with at least 10 years of service credit.

**Vested deferred retirement:** Vested members who leave employment but keep their contribution balances on deposit with CalPERS are eligible for this benefit.

Disability retirement: Vested members who can no longer perform the usual duties of their current position due to illness or injury may receive this credit.

**Contributions:** Participating employers and active members are required to contribute a percentage of covered salary to the Plan. Section 20814(c) of the Plan requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount necessary to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Those rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2015. Furthermore, any reduction in employer contributions due to the increase in employee contributions must be paid by the employer toward the unfunded liability.

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 10: Public Employees' Retirement System (Continued)**

The employee contribution rate for the year ended December 31, 2021, was 10% for the skilled craftsmen and 8% for all other employees. The employer contribution rate for the year ended December 31, 2021, was 30.977% for State Miscellaneous Member employees. The required contributions and the amount paid by the District for the year ended December 31, 2020, was \$3,742,147. The District's employer contributions were equal to the required employer contributions for the year ended December 31, 2021.

**Pension liability:** At December 31, 2021, the District reported a net pension liability of \$31,028,963 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. The District's portion of the net pension liability was based on a projection of the District's pensionable compensation relative to the pensionable compensation of all participating employers, as determined by CalPERS. At June 30, 2020, the District's proportion was 0.0940%, which was an increase of 0.00283% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized pension expense of \$(1,799,526). At December 31, 2021, the District reported deferred outflows of resources related to pensions from the following sources

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 1,540,935
Net difference between projected and actual earnings on pension plan investments	764,958
District contributions subsequent to the measurement date	2,419,786
	<u>\$ 4,725,679</u>

At December 31, 2021, the District reported deferred inflows of resources related to pensions from the following sources

	Deferred Inflows of Resources
Changes of assumptions	\$ 329,902

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 10: Public Employees' Retirement System (Continued)**

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date totaled \$2,419,786 and will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending December 31,</u>	
2022	\$ 175,603
2023	829,717
2024	614,984
2025	355,687
	<u>\$ 1,975,991</u>

Actuarial methods and assumptions: The total pension liability was measured as of June 30, 2020 (measurement date), by rolling forward the total pension liability determined by the June 30, 2019, actuarial valuation (valuation date), based on the actuarial assumptions shown in the table below:

Valuation date	June 30, 2019
Actuarial cost method	entry age normal in accordance with the requirements
Discount rate	7.15
Inflation	2.0%
Salary increases	Varies by entry age and service
Investment rate of return	7.5% net of pension plan investment expense but without reduction for administrative expenses; includes inflation
Mortality (1)	Derived using CalPERS' Membership data for all funds
Post-retirement benefit adjustments (COLA)	Contract COLA up to 2.50% until the purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount rate: The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**
**Note 10: Public Employees' Retirement System (Continued)**

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle, scheduled to be completed in February 2020. Any changes to the discount rate will require action on the part of CalPERS' Board of Administration and proper stakeholder outreach. No changes to the discount rate were made as of the measurement date of June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flow as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return Years 1-10 (2)	Real Return Years 11+ (3)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation assets	0.0%	77.00%	1.81%
Private equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

(1) In the System's comprehensive annual financial report, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

(2) An expected inflation rate of 2.00% is used for this period.

(3) An expected inflation rate of 2.92% is used for this period.

In December 2016, the CalPERS Board of Administration voted to lower the discount rate used in its actuarial assumptions from 7.50% to 7.00% (net of 0.15% administrative expenses) effective July 1, 2017. A similar reduction to the discount rate in accordance with GASB Statement No. 68 will increase the net pension liability. This increase will be amortized over the expected remaining service lives of all employees provided with benefits through the pension plans. This period ranges from 3.5 to 5.2 years.

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 10: Public Employees' Retirement System (Continued)**

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the state's net pension liability to changes in the discount rate:** The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
District's proportionate share of the net pension liability	\$ 44,219,2	\$ 31,028,963	\$ 19,974,301

**Pension plan fiduciary net position:** Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report at [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov).

**SB 84:** On July 10, 2017, Governor Brown signed SB 84 into law, which had the effect of borrowing \$6 billion from the PMIA to make a one-time supplemental payment to CalPERS as part of the 2017 to 2018 fiscal year budget package. The intent of this one-time supplemental payment was to spread the state money over the next few decades by slowing the pace of cost increases for the state's annual pension payments.

Under SB 84 the Department of Finance (the DOF) was required to develop a repayment schedule for the loan principal and interest accrued from the \$6 billion that was borrowed from the PMIA. As part of its requirement, the DOF was tasked with determining the proportionate share of the obligation attributable to the DAAs. The DOF has informed the DAA that the liability allocated to the DAA is \$3,403,924. This obligation was calculated by the DOF based on the 2016 to 2017 CalPERS employer retirement contributions. The amount is to be repaid over five fiscal years beginning in 2020 and ending in 2024. The repayment schedule is as follows:

Years Ending December 31,	
2022	\$ 1,859,685
2023	619,895
2024	924,344
	<u>\$ 3,403,924</u>

The CDFA is currently seeking confirmation regarding the total obligation as well as the process and timing on how and when these payments (including interest expense) are to be made as it is unclear at this time. Once the CDFA has additional information, it will provide the DAA further guidance regarding its specific obligation. Therefore, the District has recorded the 2020 through 2022 obligations to be due in 2022.



**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**Note 11: Other Post-Employment Benefit Obligations**

During fiscal year 2018, the DAA adopted GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. The primary objective of this statement is to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This OPEB plan is considered an agent- multiemployer plan.

**General information about the OPEB plan:**

**Plan description:** The District contributes to the Plan and CalPERS administers the plan. CalPERS provides lifetime retiree medical coverage to eligible employees and their dependents. In most cases, the employee can retire at age 50 with five years of service credit. If the employee became a member on or after January 1, 2013 they must be at least 52 years old to retire. The medical plan benefits are contracted with CalPERS under the Public Employees' Medical and Hospital Care Act, and dental benefits under the State Employees' Dental Care Act.

**Benefits provided:** The state of California provides medical, prescription drug and dental benefits (health care benefits) to all statewide employees through a single-employer defined benefit plan. The state participates in the CERBT, an agent multiple-employer plan consisting of an aggregation of single-employer plans, including over 531 contributing employers. The state also offers life insurance, long-term care and vision benefits to retirees; however, because these benefits are completely paid for by retirees, there is no GASB Statements No. 74 or 75 liability to the state on behalf of such benefits.

**Contributions:** The District adopted the entry age normal actuarial cost method pre-funding prospectively. The entry age normal actuarial cost method, with the contributions determined as a percent of payroll, is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future, as well as those already accrued. The plan uses a 6.75% discount rate, assuming the District continues prefunding 100% of each future year's annual required contribution. The District assumes a 30-year amortization of the unfunded actuarial liability, with certain adjustments for changes in the net OPEB obligation.

The premium apportionment is set by the Craft and Maintenance Bargaining Unit (BU12), the Stationary Engineers Bargaining Unit (BU13), the Service Employees International Union (SEIU) and the Exempt Excluded Executive (EEE). The District currently pays the medical plan premiums for both retirees and active employees and their dependents at a rate set by contract at CalPERS.

The District has voluntarily opted for a funding policy under which it will contribute 100% of its actuarially determined annual required contribution. Contributions to the OPEB Plan from the District for the year ended December 31, 2021, was \$63,039.

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 11: Other Post-Employment Benefit Obligations (Continued)

**California state employees covered by benefit terms:** At December 31, 2021, the following California state employees for each respective valuation group were covered by the benefit terms:

	Exempt Executive (EEE)	Service Employees International Union (SEIU)	Craft and Maintenance (BU12)	Stationary Engineers (BU13)
Inactive employees or beneficiaries currently receiving benefit payments	4,022	74,744	10,395	958
Active employees	6,823	116,774	12,278	938
	<u>10,845</u>	<u>191,518</u>	<u>22,673</u>	<u>1,896</u>

**OPEB liabilities, OPEB expense and deferred outflows of resources related to OPEB:** The District's net OPEB liability was \$4,216,111 at December 31, 2021. The District's net OPEB liability was measured as of June 30, 2021, and the net OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2021, the District recognized OPEB expense of \$3,278,735 and included in wages, benefits and taxes on the statement of revenues, expenses and changes in net position.

At December 31, 2021, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows of
Difference between expected and actual experience	\$ 1,862	\$ 553,870
Change of assumptions	277,298	178,070
Net difference between projected and actual earnings on OPEB Plan investment	1,065	13,936
Contributions subsequent to the measurement date	63,039	-
	<u>\$ 343,264</u>	<u>\$ 745,876</u>

Of the total amount reported as deferred outflows related to OPEB, \$63,039 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31,	
2022	\$ (159,959)
2023	(140,346)
2024	(85,244)
2025	(26,268)
2026	(25,260)
Thereafter	(28,577)
	<u>\$ (465,654)</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 11: Other Post-Employment Benefit Obligations (Continued)**

**Actuarial assumptions:** The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 75
Actuarial assumptions:	
Discount rate	Blended rate for each valuation group, consisting of 6.00% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 1.92%
Amortization period	Five years
Asset valuation method	Market value of assets as of the measurement date
Inflation	2.30%
Salary increases	Varies by entry and service
Investment rate of return	6.00%, net of OPEB plan investment expenses but without reduction for OPEB plan administrative expenses.
Healthcare cost trend rates	Pre-Medicare coverage: Actual rates for 2022 increasing to 7.50% in 2023, grading down to 4.50% from 2029 to 2037, and 4.25% for 2038 and later years. Post-Medicare coverage: Actual rates for 2022, increasing to rates ranging from 7.50% to 8.42% in 2023, grading down to 4.50% from 2031 to 2037, and 4.25% for 2038 and later years. Dental coverage: 0.00% for 2022, 2.00% for 2023, 3.00% for 2024, 4.00% for 2025,
Mortality rate table	Derived using CalPERS' membership data for all members.

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries 90% Scale MP 2016. For more details on this table refer to the 2017 CalPERS Experience Study and Review of Actuarial Assumptions report (the Experience Study) for the period from 1997 to 2015. Other demographic assumptions used in the June 30, 2020, valuation were also based on the results of the 2017 Experience Study, including updates to termination, disability, and retirement rates. The 2017 Experience Study report is available at [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov).

The retirement rates that were used in the most recent CalPERS Public Agency Miscellaneous 2.00% at 60 for actives hired before January 1, 2013, and 2.00% at 62 for actives hired on or after January 1, 2013.

The long-term expected rate of return on OPEB plan investments was determined by Gabriel, Roeder, Smith & Company using a building-block method, in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Expected compound (geometric) returns were calculated over a closed period. Based on separate expected nominal returns for the short-term (first 10 years) and the long-term (11-40 years), and an average inflation assumption of 2.25%, a single expected nominal return rate of 6.75% was calculated for the combined short-term and long-term periods. If applied to expected cash flows during that period, the resulting present value of benefits is expected to be consistent with the present value of benefits that would be determined by applying the short and long-term expected rates to the same cash flows.

22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 11: Other Post-Employment Benefit Obligations (Continued)**

As of December 31, 2021, the long-term expected real rate of return for each major asset class in the Plan's portfolio are as follows:

Investment Class	Target Asset Allocation	Real Return Years 1-5	Real Return Years 6-20
Global equity	49.0%	4.40%	4.50%
Fixed income	23.0%	-1.00%	2.20%
Treasury inflation-protected securities	5.0%	-1.80%	1.30%
Real estate investment trusts	20.0%	3.00%	3.90%
Commodities	3.0%	0.80%	1.20%
	<u>100.0%</u>		

Gabriel, Roeder, Smith & Company used an expected inflation rate of 1.75% for the real return rates in years 1-10 and 2.67% for the real return rates in years 11-40.

In the fiscal year 2019-20, the blended discount rates used in the actuarial assumptions changed from the prior year. Please refer to the prior year report on the State Controller's Office website.

Discount rate: The discount rate used to measure the total OPEB liability was 6.00%. The cash flow projections used to calculate the blended discount rates were developed assuming that prefunding agreements in which actuarially determined normal costs are shared between employees and the state will continue and that the required contributions will be made on time in future years. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The prefunding agreements are subject to collective bargaining and legislative approval. Detailed information on the blended discount rates by valuation group is available in the State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2021, on the state controller's office website, at [www.sco.ca.gov](http://www.sco.ca.gov).

Sensitivity of the net OPEB liability to changes in the discount rate: The following table presents the net OPEB liability of the District as of the measurement date, calculated using the discount rate for the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability	\$ 4,987,991	\$ 4,216,111	\$ 3,596,046

**22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**Note 11: Other Post-Employment Benefit Obligations (Continued)**

Sensitivity of the net OPEB liability to changes in the health care cost trend rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current health care cost trend rate:

	Health Care Cost Trend Rate 1% Decrease (6.50%, Decreasing to	Health Care Cost Trend Rate (7.50%, Decreasing to 4.25%)	Health Care Cost Trend Rate 1% Increase (8.50%, Decreasing to 5.25%)
Net OPEB liability	\$3,533,754	\$ 4,216,111	\$5,098,968

**Note 12: Deferred Compensation**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or emergency.

All amounts of compensation deferred under the plan are submitted to the state of California after each pay period. Thus, no assets or liabilities associated with the plan are included in the District's financial statements.

**Note 13: Contingencies**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained insurance to cover these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District is subject to various claims and legal actions relating to a range of matters that are incidental to the conduct of its operations. The District's management believes, after reviewing such matters and consulting with the District's legal counsel, that the aggregate effect of these matters will not have a material adverse effect on the District's financial position or results of operations.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**THE 22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION  
AND ITS BLENDED COMPONENTS**

**PROPORTIONATE SHARE OF NET PENSION LIABILITY  
STATE OF CALIFORNIA - MISCELLANEOUS PLAN  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of net pension liability	0.09858%	0.09647%	0.09486%	0.09378%
District's proportionate share of net pension liability	\$ 23,470,069	\$ 27,245,770	\$ 31,413,325	\$ 34,264,531
District's covered-employee payroll	9,584,111	10,165,779	10,645,864	10,922,111
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	244.89%	268.01%	295.08%	313.72%
Plan's fiduciary net position as a percentage of total pension liability	74.17%	70.68%	66.81%	66.42%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

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	<b>2019</b>	<b>2020</b>	<b>2021</b>
	0.09656%	0.09940%	0.08926%
\$	30,334,440	\$ 33,432,199	\$ 31,028,963
	11,621,146	12,512,491	11,829,657
	261.03%	267.19%	262.30%
	71.83%	71.34%	71.51%

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**THE 22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION  
AND ITS BLENDED COMPONENTS**

**SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 2,116,483	\$ 2,506,349	\$ 2,662,820	\$ 2,891,680
Contribution in Relation to the Actuarially Determined Contribution	(2,125,650)	(2,516,766)	(2,673,670)	(2,902,564)
Contribution Deficiency (Excess)	<u>\$ (9,168)</u>	<u>\$ (10,417)</u>	<u>\$ (10,851)</u>	<u>\$ (10,884)</u>
Covered Payroll	\$ 9,584,111	\$ 10,165,779	\$ 10,645,864	\$ 10,922,111
Contributions as a Percentage of Covered Payroll	22.18%	24.76%	25.11%	26.58%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

**Note to Schedule:**

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	Direct rate smoothing
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

Mortality: The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

2019	2020	2021
\$ 3,314,443	\$ 3,742,147	\$ 3,730,833
(6,802,127)	(3,754,675)	(4,470,722)
<u>\$ (3,487,684)</u>	<u>\$ (12,528)</u>	<u>\$ (739,889)</u>
\$ 11,621,146	\$ 12,512,491	\$ 11,829,657
58.53%	30.01%	37.79%

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THE 32<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION  
 OC FAIR & EVENT CENTER

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2018	2019	2020	2021
<b>Total OPEB Liability</b>				
Service cost	\$ 13,340	\$ 155,433	\$ 242,067	\$ 154,833
Interest on the total OPEB liability	15,744	181,065	260,895	136,394
Actual and expected experience difference	(32,828)	(87,443)	(199,071)	(325,199)
Changes in assumptions	(15,187)	4,258,083	2,428,581	(2,760,135)
Benefit payments	(10,412)	(130,860)	(207,519)	(126,960)
<b>Net change in total OPEB liability</b>	<b>(29,343)</b>	<b>4,376,278</b>	<b>2,524,953</b>	<b>(2,921,067)</b>
<b>Total OPEB liability - beginning</b>	<b>393,881</b>	<b>364,538</b>	<b>4,740,816</b>	<b>7,265,769</b>
<b>Total OPEB liability - ending (a)</b>	<b>364,538</b>	<b>4,740,816</b>	<b>7,265,769</b>	<b>4,344,702</b>
<b>Plan Fiduciary Net Position</b>				
Contribution - employer	11,166	144,331	248,023	126,960
Contribution - employees	754	13,471	40,504	31,865
Net investment income	93	2,220	3,057	23,222
Benefit payments	(10,412)	(130,860)	(207,519)	(126,960)
Administrative expense	(1)	(13)	(45)	(33)
Other miscellaneous income/expense	(7)	8,672	(7,972)	(42,826)
<b>Net change in plan fiduciary net position</b>	<b>1,593</b>	<b>3,821</b>	<b>76,048</b>	<b>12,228</b>
<b>Plan fiduciary net position - beginning</b>	<b>90</b>	<b>2,494</b>	<b>40,315</b>	<b>116,363</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>24</b>	<b>40,315</b>	<b>116,363</b>	<b>128,591</b>
<b>Net OPEB Liability - ending (a) - (b)</b>	<b>\$ 36,044</b>	<b>\$ 4,700,501</b>	<b>\$ 7,149,406</b>	<b>\$ 4,216,111</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.68%	0.85%	1.60%	2.96%

(1) Historical information is required only for the measurement periods which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

Changes in assumptions: In 2019, mortality improvement scale was updated to the Society of Actuaries Scale MP-2019. In December 2019, the ACA Excise Tax was repealed and removed from the actuarial assumptions.

**THE 32<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION  
OC FAIR & EVENT CENTER**

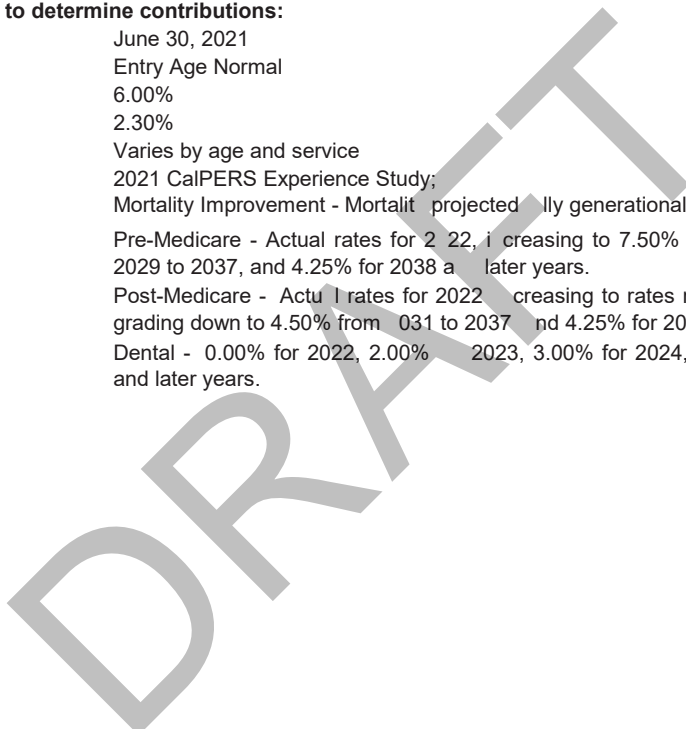
**SCHEDULE OF CONTRIBUTIONS - OPEB  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 19,101	\$ 225,512	\$ 332,432	\$ 209,124
Contribution in Relation to the Actuarially Determined Contributions	(11,166)	(144,331)	(248,023)	(158,825)
Contribution Deficiency (Excess)	<u>\$ 7,935</u>	<u>\$ 81,181</u>	<u>\$ 84,409</u>	<u>\$ 50,299</u>
Expected return on assets	\$ 120	\$ 1,707	\$ 6,510	\$ 6,019
Percentage of ADC made by employer	58.46%	64.00%	74.61%	75.95%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Methods and assumptions used to determine contributions:**

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Discount Rate	6.00%
General Inflation	2.30%
Payroll Growth	Varies by age and service
Mortality, Disability, Termination, Retirement	2021 CalPERS Experience Study; Mortality Improvement - Mortality projected fully generational with Scale MP-2020
Medical Trend	Pre-Medicare - Actual rates for 2022, increasing to 7.50% in 2023, grading down to 4.50% from 2029 to 2037, and 4.25% for 2038 and later years. Post-Medicare - Actual rates for 2022, increasing to rates ranging from 7.50% to 8.42% in 2023, grading down to 4.50% from 2031 to 2037, and 4.25% for 2038 and later years. Dental - 0.00% for 2022, 2.00% for 2023, 3.00% for 2024, 4.00% for 2025, and 4.25% for 2026 and later years.



**SUPPLEMENTARY INFORMATION**

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22nd DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2021

	DAA	RTA	RTLC	Eliminations	Total
<b>Assets and Deferred Outflow of Resources</b>					
Current Assets					
Cash and cash equivalents	\$ 27,969,676	\$ -	\$ -	\$ -	\$ 27,969,676
Current portion of restricted investments	-	4,720,408	-	-	4,720,408
Accounts receivable, net	5,169,800	25,214	698,955	(724,169)	5,169,800
Prepaid expenses and other	507,833	7,724	-	-	515,557
Total Current Assets	33,647,309	4,753,346	698,955	(724,169)	38,375,441
Property, Equipment & Improvements					
Restricted investments, long-term portion	-	3,299,635	-	-	3,299,635
Capital assets, net	50,161,449	76,383,474	-	-	126,544,923
Total Assets	83,808,758	84,436,455	698,955	(724,169)	168,219,999
Deferred outflow of resources:					
Deferred outflow of pension liability	4,725,679	-	-	-	4,725,679
Deferred OPEB	343,264	-	-	-	343,264
Total Deferred Outflow of Resources	5,068,943	-	-	-	5,068,943
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 88,877,701</b>	<b>\$ 84,436,455</b>	<b>\$ 698,955</b>	<b>\$ (724,169)</b>	<b>\$ 173,288,942</b>
<b>Liabilities, Deferred Inflow of Resources and Net Position</b>					
Current Liabilities					
Accounts payable	\$ 7,060, - 6	\$ -	\$ -	\$ (724,169)	\$ 6,336,757
Accrued interest	261,309	469,857	-	-	731,166
Accrued liabilities and other	13,735,703	188,249	-	-	13,923,952
Accrued compensated absences	1,197,849	-	-	-	1,197,849
Current portion of premier investment liability	000	-	-	-	100,000
Current portion of SB84 liability	1,859 8	-	-	-	1,859,685
Current portion of loan payable	8 0,212	-	-	-	880,212
Current portion of bonds payable	-	1,435,000	-	-	1,435,000
Total Current Liabilities	25 95,684	2,093,106	-	(724,169)	26,464,621
Long-Term Liabilities					
Premier investment liability, long-term portion	1,800,000	-	-	-	1,800,000
SB84 liability, long-term portion	1,544,239	-	-	-	1,544,239
Loan payable, long-term portion	24,913,928	-	-	-	24,913,928
Bonds payable, long-term portion	-	37,436,076	-	-	37,436,076
Net pension liability	31,028,963	-	-	-	31,028,963
Net OPEB liability	4,216,111	-	-	-	4,216,111
Total Long-Term Liabilities	63,503,241	37,436,076	-	-	100,939,317
	88,598,925	39,529,182	-	(724,169)	127,403,938
Deferred inflow of resources:					
Deferred gain on debt defeasance	-	215,536	-	-	215,536
Deferred inflow of pension liability	329,902	-	-	-	329,902
Deferred inflow on OPEB	745,876	-	-	-	745,876
Total Deferred Inflow of Resources	1,075,778	215,536	-	-	1,291,314
Net position:					
Net investment in capital assets	5,972,165	34,773,454	-	-	40,745,619
Restricted for debt service	-	6,629,266	-	-	6,629,266
Unrestricted	(6,769,167)	3,289,017	698,955	-	(2,781,195)
Total Net Position	(797,002)	44,691,737	698,955	-	44,593,690
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<b>\$ 88,877,701</b>	<b>\$ 84,436,455</b>	<b>\$ 698,955</b>	<b>\$ (724,169)</b>	<b>\$ 173,288,942</b>

22nd DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2021

	DAA	RTA	RTLC	Eliminations	Total
Operating revenues:					
Food and beverage	\$ 14,154,302	\$ -	\$ -	\$ -	\$ 14,154,302
Concessions/carnivals	3,209,274	-	-	-	3,209,274
Admissions	1,883,942	-	-	-	1,883,942
Facility rentals	4,084,679	-	-	-	4,084,679
Satellite wagering	566,570	-	-	-	566,570
Parking	1,175,117	-	-	-	1,175,117
Leases/operating agreement	3,049,155	7,300,000	-	-	10,349,155
Surf and Turf	-	-	-	-	-
Sponsorships	1,135,895	-	-	-	1,135,895
State apportionment	12,668,234	-	-	-	12,668,234
Federal apportionment	6,990,595	-	-	-	6,990,595
Local apportionment	32,539	-	-	-	32,539
Other	745,426	-	-	-	745,426
<b>Total operating revenues</b>	<b>49,695,728</b>	<b>7,300,000</b>	<b>-</b>	<b>-</b>	<b>56,995,728</b>
Operating expenses:					
Payroll and related benefits, excluding pension cost	6,905,493	-	-	-	6,905,493
Pension cost	(274,972)	-	-	-	(274,972)
Food and beverage	12,474,566	-	-	-	12,474,566
Entertainment	1,359,750	-	-	-	1,359,750
Maintenance	4,181,09	9,2	-	-	4,190,553
Facilities and related supplies	214,00	-	-	-	214,003
Insurance	1,192,433	-	-	-	1,192,433
Depreciation	10,245	5,510,826	-	-	6,921,071
Professional services	1,666,658	13,465	1,045	-	1,681,168
Marketing	88,094	-	-	-	88,094
Other post-employment benefit cost	(3,278,735)	-	-	-	(3,278,735)
Other	931,153	-	-	-	931,153
<b>Total operating expenses</b>	<b>26,869,997</b>	<b>5,533,535</b>	<b>1,045</b>	<b>-</b>	<b>32,404,577</b>
Income (loss) from operations	22,825,731	1,766,465	(1,045)	-	24,591,151
Nonoperating revenues (expenses):					
Interest income	34,792	239,481	-	-	274,273
Interest expense	(845,681)	(1,903,000)	-	-	(2,748,681)
Other	(296,907)	-	-	-	(296,907)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,107,796)</b>	<b>(1,663,519)</b>	<b>-</b>	<b>-</b>	<b>(2,771,315)</b>
<b>Income (loss) before transfers</b>	<b>21,717,935</b>	<b>102,946</b>	<b>(1,045)</b>	<b>-</b>	<b>21,819,836</b>
Transfers in	-	855,014	-	(855,014)	-
Transfer out	(855,014)	-	-	855,014	-
<b>Change in net position</b>	<b>20,862,921</b>	<b>957,960</b>	<b>(1,045)</b>	<b>-</b>	<b>21,819,836</b>
Net position, beginning of year	(21,659,923)	43,733,777	700,000	-	22,773,854
Net position, end of year	\$ (797,002)	\$ 44,691,737	\$ 698,955	\$ -	\$ 44,593,690



## **Item 7-D-1, DMTC Liaison Committee Report, Consideration and Vote to approve the Breeders' Cup Terms**

### **Background:**

On January 1, 2011, and following completion of a competitive bidding process, the State Race Track Leasing Commission (Commission), acting on behalf of the District, and the Del Mar Thoroughbred Club (DMTC), entered into the Del Mar Race Track Operating Agreement (Operating Agreement). The initial Operating Agreement was a five year term, with three, five-year options. As a reminder, the Commission was created by the State Legislature in 1968 with the responsibility and authority to lease the Del Mar Race Track (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 22<sup>nd</sup> District Agricultural Association's (District) property.

Under the Operating Agreement, the Commission granted to DMTC the exclusive right to operate a portion of the Del Mar Fairgrounds for the purpose of providing thoroughbred horse racing at the Del Mar Fairgrounds.

In 2014, due to the California Horse Racing Board granting DMTC the right to conduct an additional live horse race meet in November of 2014 and 2015, the Commission executed a Second Amendment to the Operating Agreement which increased the annual Direct Payment to the District and added Section 5.8, which states "If Operator enters into negotiations with Breeders' Cup Ltd., for conducting the Breeders' Cup at the Del Mar Race Track, Operator shall consult with and solicit the input of the District on a regular basis. Subject to the foregoing and the consent of the District, Operator shall negotiate with Breeders' Cup Ltd. for conducting Breeders' Cup at the Del Mar Race Track located at the Del Mar Fairgrounds; *provided, however,* that any final agreement shall be subject to the prior approval of the [State Race Track Leasing] Commission."

Through DMTC's operations at the Del Mar Fairgrounds, the District was selected as the host site for the Breeders' Cup World Championships in 2017, 2021 and 2024 per the terms approved by the Board and SRTLTC in April 2023.

### **Process/Approach:**

As per Section 5.8 of the Operating Agreement, DMTC consulted with District staff and the DMTC Liaison Committee on the terms for Breeders' Cup return in 2024 and the option for Breeders' Cup to return in a subsequent year at the same terms up to four years out. At the time the terms were approved, it was not contemplated that Breeders' Cup would return in back-to-back years.

Breeders' Cup has announced plans to also return in 2025. Consistent with the financial terms previously approved by the Board this past April, returning in 2025 would include an option to return under the same terms as 2024 and 2025 for up to four additional years.



**Recommendation**

To approve the terms as outlined in the attached letter from DMTC dated November 7, 2023, and recommend subject to the Commission’s approval of the final agreement.

Additionally, the committee recommends requesting the Commission exercise the final option of the current Operating Agreement with DMTC through December 31, 2030.

**Environmental/Coastal Commission Review**

None.

**Fiscal Impact**

An additional \$800,000 guaranteed revenue to District in 2025 from thoroughbred horse racing. An annual \$1,225,000 guaranteed revenue to District in 2026 through 2030 from thoroughbred horse racing and variable revenues derived from horse racing such as food and beverage.



**Josh Rubinstein**  
*President & COO*

November 7, 2023

Sent via e-mail: [cmoore@sdfair.com](mailto:cmoore@sdfair.com)

Ms. Carlene Moore  
Chief Executive Officer  
22<sup>nd</sup> District Agricultural Association  
2260 Jimmy Durante Blvd  
Del Mar, CA 92014

**Re: 2025 Breeders' Cup World Championships**

Dear Ms. Moore,

As we have previously discussed, Breeders' Cup, Ltd. has had discussions with us about the possibility of Del Mar being selected as the host site for the 2025 Breeders' Cup World Championships ("BCWS"). As you know from your own personal experience when the BCWS was held at Del Mar in 2021, the BCWS represents one of the premiere sporting events in all the world, drawing participants and fans from all parts of the globe as well as showcasing Del Mar to a primetime television audience.

Del Mar is set to host the BCWS in November of 2024. It is a rare feat for an operator and host site to be selected by the Breeders' Cup for back-to-back BCWS. But because of the success of the events held here in 2017 and 2021, Breeders' Cup has presented us with the opportunity to host the BCWS again in 2025. The Breeders' Cup has made clear that its decision to bring the event to Del Mar in consecutive years is because of the high regard they have for our management team and staff, our working relationship with them and the relationship it has with the District as well. We are humbled that the Breeders' Cup holds all of us and the Del Mar Fairgrounds & Racetrack in such high regard.

DMTC hosting the 2025 BCWS would be the fourth time in the last nine years that the Del Mar Fairgrounds & Racetrack serves as the backdrop for this marquee event, and the benefits for the surrounding communities are substantial. Indeed, in those years where DMTC has hosted the BCWS the economic impact from horse racing for the local region has been over \$300 million annually.

At the District's Board meeting on April 11, 2023 the Board approved the terms for the 2024 BCWS, which will take place on November 1 and 2, 2024. The financial terms for the proposed 2025 BCWS are also subject to approval by the District and the State Race Track Leasing Commission ("SRTLCL"). Importantly, they are the same favorable terms that the District's Board already approved for the 2024 event. We are pleased to share the following material terms for the District's consideration of DMTC hosting the BCWS on October 31 and November 1, 2025:

- **Facility Rental Fee:** The District will receive a \$600,000 facility rental fee. This represents an increase of fifty percent (50%) over the \$400,000 facility rental fee the District received for the 2021 event.
- **Walk-Up Food & Beverage Concessions:** The District will receive fifty percent (50%) of the net revenue (defined as gross revenue less cost of goods sold and direct labor attributable to sales) generated from walk-up food and beverage concessions during the two-day event, subject to a cap of \$200,000. For your reference, the District received \$200,000 when DMTC hosted the BCWS in each of 2017 and 2021.
- **Event Expenses:** All expenses associated with operation of the 2025 BCWC are the responsibility of Breeders' Cup Limited. The District bears none.
- **Future Year Option:** The Breeders' Cup has the option – at the same favorable terms to the District as noted above – to conduct the BCWS at Del Mar in 2026, 2027, 2028 or 2029. To exercise the option the Breeders' Cup must provide written notice to DMTC on or before May 15 of the year that is two years prior to the year for which the event is to be held (e.g., notice must be given by May 15, 2025 in order to return to Del Mar in 2027). Further, both the award of the 2025 event and the option are contingent on DMTC continuing as the operator of Thoroughbred racing at Del Mar following the current term of the Del Mar Race Track Operating Agreement, which expires on December 31, 2025.

We believe these terms are very favorable to the District. Upon approval by the District's Board DMTC will similarly request approval by the SRTLC at its upcoming meeting.

Carlene, as we believe you, your staff, the District's Board and the STRLC already know, DMTC is recognized throughout the world as one of the very best operators of horse racing. And while there is steep competition from other racing associations to host the BCWC, because of DMTC's record and expert management team and staff, the Breeders' Cup has chosen DMTC to host its event for consecutive years in 2024 and 2025. As I noted above, this is an extremely rare situation and an honor not only for DMTC but Del Mar as well.

When DMTC was presented with the opportunity to host the BCWC in 2017 and again in 2021, the District and the STRLC exercised its options to extend the term of the Operating Agreement. In each instance, the option was exercised well in advance to do so. Those extensions were necessary because having DMTC remain as the operator was a condition Breeders' Cup imposed in order to bring those events to Del Mar. No such extension was necessary as part of the 2024 event. However, in order to have the 2025 BCWC here Breeders' Cup has made it clear to us that DMTC remaining as the operator of racing at Del Mar beyond the end of 2025 is a condition to coming here for consecutive years. The Breeders' Cup is therefore requesting that the District and STRLC exercise the final option to extend the term of the Operating Agreement to December 31, 2030 at this time. We understand that the Breeders' Cup is making its request to the District in a separate communication.

DMTC obviously is delighted and honored that Del Mar is considered such a phenomenal venue for the BCWC and that our reputation for excellence and record of success have led the Breeders' Cup to choose us to host our fourth Breeders' Cup in 2025. We hope the District and STRLC are also excited about this possibility and recognize the economic benefit that another BCWC global audience will bring to the District and local businesses.

Please do not hesitate to let me know if you have any questions or need additional information.

Respectfully,



Josh Rubinstein,  
President and COO



November 9, 2023

Sent via e-mail

Mr. Richard Valdez  
Director/DMTC Liaison Committee Chairman  
22<sup>nd</sup> District Agricultural Association  
2260 Jimmy Durante Blvd  
Del Mar, CA 92014

**Re: 2025 Breeders' Cup World Championships**

Dear Mr. Valdez:

On behalf of Breeders' Cup Ltd., I write to express our gratitude and excitement about the Breeders' Cup World Championships returning to the Del Mar Fairgrounds and Racetrack for our third time in November 2024. Our staff is already hard at work in preparing for another successful event.

As you are aware, the Breeders' Cup World Championships represent one of Thoroughbred horse racing's most prestigious events and we are proud of the fact that our event is considered one of the premiere sporting events in the world, with a network television audience and participants and patrons coming from all over the globe. Breeders' Cup has enjoyed an incredible partnership with the Del Mar Thoroughbred Club and the 22nd District Agricultural Association and our events at Del Mar in 2017 and 2021 were among our most successful ever. We are eager to put on another world-class event at Del Mar in 2024.

Apart from the 2024 event we have also discussed with management of the Del Mar Thoroughbred Club our desire to have them host our 2025 event at Del Mar. It is unusual for us to run Breeders' Cup World Championships at the same venue in consecutive years; however, we believe Del Mar and the Del Mar Thoroughbred Club provide a unique opportunity for us to do just that. Del Mar and the surrounding area not only provide our patrons and participants, who come from all over the world, with an incredible experience, but the Del Mar Fairgrounds and Racetrack also provide an unparalleled setting for our worldwide audience. Moreover, the management and staff of Del Mar Thoroughbred Club is unrivaled as an operator and has proven to have the expertise necessary to host a Breeders' Cup World Championship that is of the highest quality. Continuing our relationship with Del Mar Thoroughbred Club is not only important to us, but we consider their management team and staff to be fundamental to our ability to put on a world-class event at Del Mar.

We understand that the District has an operating agreement with Del Mar Thoroughbred Club that has a term ending on December 31, 2025, and that the District has an option to extend the

term of the agreement until December 31, 2030, provided that such option is exercised not later than 180 days prior to December 31, 2025. We request that rather than waiting until June of 2025 to exercise its option the District and the State Race Track Leasing Commission exercise the option at this time in order for us to award the 2025 Breeders' Cup World Championships to Del Mar. There are multiple reasons for us to make this request. First, financial commitments by the Breeders' Cup are required in contemplation of the event taking place. The Breeders' Cup staff operates on a strict timeline with many important decisions needing to be made and processes put into motion well before 2025. Even though the event would take place in November 2025, as with prior events, we will need to work closely with and be able to rely upon Del Mar Thoroughbred Club management and staff in finalizing and settling the terms of the 2025 event well into 2026. Our ability to fully and properly prepare for and successfully conduct the 2025 event will be jeopardized if we are not able to count on Del Mar Thoroughbred Club remaining as the operator of racing at Del Mar throughout 2025 and well into 2026. The assurance that Del Mar Thoroughbred Club continues as the operator is therefore a condition to our willingness to have the 2025 Breeders' Cup World Championships at Del Mar in 2025, just as it is with our option to come back in 2026, 2027, 2028 or 2029.

Again, we hope that the District and the Commission recognize how much we value our relationship and the support you have given to the Breeders' Cup. We are excited about the 2024 event at Del Mar and would love to be able to bring the Breeders' Cup World Championships to Del Mar in back-to-back years in 2024 and 2025. We strongly believe doing so will be mutually beneficial to both of us and hope you will consider our request.

If I can provide any additional information for your consideration, please do not hesitate to let me know.

Sincerely,



Drew Fleming  
Chief Executive Officer  
Breeders' Cup Limited

cc: Carlene Moore, 22<sup>nd</sup> DAA  
Josh Rubinstein, DMTC

*A Breed Apart*



SPORTS COLUMNISTS

## Del Mar to host second consecutive Breeders' Cup in 2025; officials 'ecstatic'



Jockey Joel Rosario, aboard Knicks Go, celebrates winning the Breeders' Cup Classic in 2021 at Del Mar. (Nelvin C. Cepeda/The San Diego Union-Tribune)

Iconic horse-racing destination already had landed the two-day, \$31 million event for 2024, marking first back-to-back hosts since 2014

BY BRYCE MILLER | COLUMNIST

NOV. 8, 2023 1:59 PM PT

There was a time when Del Mar salivated over a chance to host the Breeders' Cup, the money soaked, two day racing festival that lures horses and bettors from around the globe.

Then came 2017.

And 2021.

And soon, 2024.

Now, the place where Bing Crosby crooned about the turf meeting the surf has scored the big-event version of the daily double. Del Mar has been selected to cash in again in 2025, the first back-to-back host since Santa Anita polished off a three-year run in 2014.

The prospect of four times in nine years staggers.

"I would not be truthful if I didn't say, wow," Del Mar CEO Joe Harper said. "It was a surprise, obviously, the back-to-back thing. I remember when we gave a speech to the selection committee in New York (years ago), most had never been to Del Mar.

"When we had it in 2017, I think it opened a lot of eyes."

The 2025 Breeders' Cup is scheduled for Oct. 31-Nov. 1. The 2024 edition is set for Nov. 1-2.

The Breeders' Cup is racing's ultimate buffet, featuring 14 Grade I championships of varying distances, surfaces and genders with \$31 million on the line. It draws sheikhs and private jets, filling high-end hotels and restaurants.

A previous study commissioned by Del Mar through the Sports Management Research Institute claimed \$100 million worth of economic impact on the region.

Twice the sizzle. Twice the work. Twice the benefit.

“We’re ecstatic,” said Josh Rubinstein, Del Mar’s president and COO. “Any year is a real privilege. Back-to-back and four of nine is really special. It says a lot about the incredible support we get from the San Diego community.

“Yes, the weather is great. But it’s more than that. It’s the entire experience. It’s the restaurants, the hotels, the beach and the people.”

The 2017 visit to Del Mar still owns the on-track record for betting handle at \$25.18 million.

“Del Mar is such a special place for the Breeders’ Cup,” Breeders’ Cup President and CEO Drew Fleming said. “We’ve had such a resounding success the last two times we’ve been there. I think it’s an iconic venue. It’s so amazing. In addition to having world-class facilities, there’s definitely passion in the air for racing.

“When you go to restaurants and hotels, they’re talking about who the favorites are. It’s important to have buy in and support and San Diego certainly has that.”

The impact of consecutive events could be amplified across Del Mar’s racing program.

“Owners and trainerers not in California would think about Del Mar in the summer for stakes races (leading in),” Rubinstein said. “It’s like when Torrey Pines would host the U.S. Open. You would see the quality of the fields at the Farmers (Insurance Open stop on the PGA Tour) increase because players wanted to see and play the course.

“In the fall, as we saw in 2017, some trainers will bring extra horses and stay beyond the Breeders’ Cup.”

Bryce Miller





## **Item 7-E-1, Nominations Committee Report**

### **Proposed Slate of Officers for Board approval effective December 1, 2023**

Frederick Schenk – President

Michael Gelfand – 1<sup>st</sup> Vice President

Joyce Rowland – 2nd Vice President



## **Item 5-F, Approval of a 5-year Agreement with Nilforushan Equisports Events, LLC #24-4002**

### **Background:**

Nilforushan Equisport Events is a horse show management company devoted to its mission to produce world-class events that will enhance the West Coast equestrian scene and help to make California a top show jumping destination.

Nilforushan Equisport Events held the inaugural Seaside Equestrian Tour at the Del Mar Fairgrounds earlier this year. The event spanned over six weeks from January 23, 2023, to March 12, 2023, and included various competitions, classes, and exhibitions involving horses and riders of different levels and disciplines.

The Seaside Equestrian Tour drew thousands of spectators and participants from all over the world, including professional riders, amateurs, and horse enthusiasts. The competition featured a variety of disciplines, including show jumping, dressage, and hunter, among others.

In addition to the equestrian competitions, the event also included various other activities and entertainment options, such as live music, food and beverage, VIP dining, and shopping areas. The Seaside Equestrian Tour provided an opportunity for riders and horse enthusiasts to come together and celebrate their shared passion for horses, as well as an excellent opportunity to showcase some of the best in the equestrian industry.

### **Process/Approach:**

The five-year commitment contemplated by this Agreement will bring a significant boost to both entities. It will increase entries for the show by redirecting the winter circuit to Del Mar. In addition, the Agreement is a critical step for Nilforushan Equisports Events to improve the United States Equestrian Federation (USEF) rating, obtain sponsorship commitments, and invest in the property.

The District will benefit from a substantial increase in rental revenue during a typically slow period. Additionally, under such an arrangement, Nilforushan Equisports Events will feel more confident to make long term improvements to the arena area that will benefit the District year round. Hosting the Seaside Equestrian Tour's winter circuit will attract more visitors to the area and generate interest in the fairgrounds and equestrian community.

Nilforushan Equisports and the show represented by this Agreement align with District values and mission by creating an enjoyable experience for participants,

spectators, and the surrounding community with an emphasis on agriculture and education.

Additionally, investment considerations by Nilforushan Equisports Events will improve the facilities and amenities, contributing to building a legacy that lasts beyond the event.

**Recommendation**

Approve the five-year Agreement with Nilforushan Equisports Events, LLC #24-4002.

**Fiscal Impact**

Rental revenues in 2024 are the following, with a 3% increase each year:

Location Rental Fee:	\$229,320
Stall Rental:	\$315,000
RV Buyout:	\$63,750
Dirt Storage:	\$45,000
F&B Buyout:	\$60,000
Sea Container Storage:	\$14,000

**EVENT AGREEMENT**

AGREEMENT #24-4002

DATE: **October 10, 2023 REV**

This Event Agreement (“Agreement”) is entered into between the **22nd District Agricultural Association**, (“Association”), and **Nilforushan Equisport Events, LLC**, (“Licensee”) and supersedes Event Agreement No. 24-4002, dated May 10, 2023. By signing this Agreement, Association and Licensee agree that Event Agreement No. 24-4002 is no longer valid and has no legal force or effect.

- Licensee desires to obtain from the Association certain rights and privileges, including the use of a portion of the Association’s premises, located at 2260 Jimmy Durante Blvd., Del Mar, California (the “Premises”) during the specific dates listed below in Section 2, beginning on **12/19/23** and ending on **4/4/24**.
- Subject to the terms of this Agreement, Association grants to Licensee the right to use the following portion of the Premises, for this purpose and for no other purpose: **Seaside Equestrian Tour (Horse Show)**

Dates	Location	Location Rental
12/19/2023 – 1/23/2024	Arena Complex	\$0.00
12/19/2023 – 1/23/2024	Infield & Barn W	\$0.00
12/19/2023 – 1/23/2024	Expo Center	\$0.00
1/24/2024 – 1/29/2024	Arena Complex	\$19,215.00
1/24/2024 – 1/29/2024	Infield & Barn W	\$6,615.00
1/24/2024 – 1/29/2024	Expo Center	\$6,930.00
1/31/2024 – 2/4/2024	Arena Complex	\$19,215.00
1/31/2024 – 2/4/2024	Infield & Barn W	\$6,615.00
1/31/2024 – 2/4/2024	Expo Center	\$6,930.00
2/7/2024 – 2/11/2024	Arena Complex	\$19,215.00
2/7/2024 – 2/11/2024	Infield & Barn W	\$6,615.00
2/7/2024 – 2/11/2024	Expo Center	\$6,930.00
2/14/2024 – 2/18/2024	Arena Complex	\$19,215.00
2/14/2024 – 2/18/2024	Infield & Barn W	\$6,615.00
2/14/2024 – 2/18/2024	Expo Center	\$6,930.00
2/21/2024 – 2/26/2024	Arena Complex	\$19,215.00
2/21/2024 – 2/26/2024	Infield & Barn W	\$6,615.00
2/21/2024 – 2/26/2024	Expo Center	\$6,930.00
2/28/2024 – 3/3/2024	Arena Complex	\$19,215.00
2/28/2024 – 3/3/2024	Infield & Barn W	\$6,615.00
2/28/2024 – 3/3/2024	Expo Center	\$6,930.00
3/6/2024 – 3/10/2024	Arena Complex	\$19,215.00

3/6/2024 – 3/10/2024	Infield & Barn W	\$6,615.00
3/6/2024 – 3/10/2024	Expo Center	\$6,930.00
3/13/2024 – 3/17/2024	Arena Complex	\$19,215.00
3/13/2024 – 3/17/2024	Infield & Barn W	\$6,615.00
3/13/2024 – 3/17/2024	Expo Center	\$6,930.00
3/20/2024 – 3/24/2024	Arena Complex	\$19,215.00
3/20/2024 – 3/24/2024	Infield & Barn W	\$6,615.00
3/20/2024 – 3/24/2024	Expo Center	\$6,930.00
3/25/2024 - 4/4/2024	Arena Complex	\$0.00
3/25/2024 - 4/4/2024	Infield & Barn W	\$0.00
3/25/2024 - 4/4/2024	Expo Center	\$0.00

3. Anticipated expenses: Licensee will provide all equipment and services required to run and manage the event. Licensee will be billed for any services required by Association. Any anticipated or estimated expenses exceeding the Ancillary/Damage deposit will be due prior to the event. The Association will not provide any services or equipment unless payment has been received in full.
- ) \$14,000: Trash Removal - \$1,400 per trash truck estimating 10 based on previous event.
  - ) \$35,200: Heavy Equipment Operator - District to provide one Operator for weekly clean-out of 40 yard bins. (Estimating 40 hours a week @ \$110 per hour)
  - ) \$85,000: RV buyout - All RVs are to be parked in West Lawn, stable area and no more than 15 spots in the River Bed Lot. Licensee is responsible for providing all electrical adapters for hook-ups.
  - ) \$45,000: Dirt Storage
  - ) \$14,000: Level stalls after the event.
  - ) \$8,8000: North Main Track Harrow – District to harrow the north section of the main track estimating 10 hours a week 2 times a day for an hour each, 5 days a week at \$110/hr. Licensee is responsible to water, harrow, and maintain the footing for all other areas of use.
  - ) \$1,600 post event sweep and scrub of the Arena floor.
  - ) \$15,000 Warm up arenas teardown and reset.
  - ) \$10,000 telecom based on previous event.
  - ) \$1,100: Fire Marshal review and inspection.
4. Fee for Use of Association; Security Deposit. Licensee agrees to pay to Association a minimum fee for use of the Premises, as follows:

Location Rental Fee:	\$294,840.00
Stall Rental:	\$420,000.00 (8 weeks @ \$52,500 per week)
RV Buyout	\$85,000.00
Dirt Storage	\$45,000.00
F&B Buyout	\$80,000.00
Sea Container Storage	\$14,000.00 (Estimating 14 Sea Containers)
Surety / Ancillary / Damage Deposit:	<u>\$175,000.00</u>
TOTAL:	\$1,113,840.00

Deposit Type	Due Date	Amount Due
1st Deposit	11/15/2023	\$600,000
2nd Deposit	1/1/2024	\$513,840

Should Licensee fail to submit the required payments, as stated in this Paragraph 4, Association reserves the sole and absolute right to cancel the event, and terminate this Agreement, without further notice. The payment schedule listed above in this Paragraph includes a Surety/Ancillary Deposit, of which Association shall refund to Licensee thirty (30) days after Licensee has vacated the Premises, less any sum retained by Association for additional expenses, including but not limited to, equipment use, cleanup, damage to or loss of Association property, labor, or charges incurred.

5. Exemption of Association from Liability. Association shall not be liable for injury or damage to the person or goods, wares, merchandise, or other property of Licensee or of Licensee's vendor(s), contractor(s), agent(s) or employee(s), whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, building roof leaks, fire sprinklers, wires, plumbing, HVAC system, or lighting fixtures, or from any other cause, whether said injury or damage results from conditions arising upon the Premises, from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is accessible or not. Association shall not be liable for injury to the business of Licensee or Licensee's vendor(s), contractor(s), agent(s), or employee(s), or for any loss of income or profit from that business.
  
6. Damage to Association Property / Use of Equipment on Association Property. Licensee will conduct Licensee's business in a quiet and orderly manner; will deposit all rubbish, slop, garbage, tin cans, paper, etc. in receptacles provided by Association within said rental space for such purpose and will keep the area within and surrounding said rental space free from all rubbish and debris. Licensee further agrees to pay Association any and all costs, damages, and expenses incurred by the Association for damage of any kind cause to the Premises, Association's property, equipment, or grounds, arising out of or in any way related to Licensee's use of the Premises, reasonable wear and tear excepted. Association shall have the right to audit and monitor any and all sales as well as access to the Premises at all times. Licensee also promises, represents, and warrants that each and every one of its employees, agents, servants, and/or independent contractors operating any motor vehicle, forklift, electric or motorized cart, equipment, machinery, and/or other device (referred to in this Paragraph as "Equipment") on the Premises will be fully, properly, and completely trained in the use and operation of the Equipment, and each individual operating any Equipment on the Premises will have in their possession all required certificates, licenses, and documents corroborating that individual's training on the Equipment. Licensee and Association agree that damages for any breach or violation of this Paragraph will be difficult to calculate and ascertain. In the event of any violation of this Paragraph, in addition to any other damages Association may sustain, Licensee shall pay to Association the sum of One thousand dollars (\$1,000.00) for each and every employee, agent, servant, and/or independent contractor operating Equipment on the Premises in violation of this Paragraph. In addition, Association, in its sole and absolute discretion, may deem any violation of this Paragraph a non-curable breach of this Agreement, requiring immediate termination of this Agreement and a forfeit by Licensee of any deposit. The damages and remedies available to Association under this Paragraph supplement, and do not supplant, any other damages and/or remedies available to Association relating to insurance, indemnity, and/or breach of contract, including, but not limited to, Association's right to Indemnity under Paragraph 8 of this Agreement.
  
7. Removal of Licensee's Property. Licensee agrees to remove, at Licensee's sole expense, all of Licensee's property from the Premises, including, but not limited to, boxes, crates, packing material, trash and debris, and to leave the Premises in a condition satisfactory to Association. All such

property removal must be completed before the Rental Period End Date, or as may be otherwise agreed to by Association and Licensee. If Licensee fails to timely remove its property from the Association on or before the Rental Period End Date, Licensee agrees Association may remove and store Licensee's property, at Licensee's sole risk and expense, and Licensee shall reimburse Association for all removal and storage costs, including but not limited to labor and storage costs, incurred by Association under this Paragraph 7. Licensee assumes all risk of damage to, or loss of, its property remaining the Premises after the Rental Period End Date.

8. Indemnity. To the fullest extent permitted by law, Licensee shall defend, indemnify and hold harmless the State of California, Association, the California Fair Services Authority, and their respective agents, directors, and employees (collectively, the "State") from and against any and all claims, damages, losses, injuries, and expenses of every kind, nature and description (including but not limited to attorney's fees, expert fees, and costs of suit), directly or indirectly arising from, or in any way related to, the performance of this Agreement regardless of responsibility of negligence; by reason of death, injury, property damage, or any claims arising from the alleged violation of any state or federal accessibility law, statute or regulation, however caused or alleged to have been caused, and even though claimed to be due to the negligence, active or passive, of the State. However, in no event shall Licensee be obligated to defend or indemnify the State with respect to the sole negligence or willful misconduct of the Association, its employees or agents (excluding Licensee herein, or any of its employees or agents).
9. Sporting Events; Release and Waiver. For all sporting events including but not limited to athletic team events, equestrian or equestrian related events, motor vehicle races, demolition derbies, stunt bike, skateboard or roller blade events, Licensee agrees to obtain from each participant a properly executed Release and Waiver of Liability Agreement (CFSA Form "Release Lib") (referred to in this Agreement as the "Release and Waiver".) The Release and Waiver shall release the Association and its agents, servants, employees, directors and officers from any and all liability arising out of, or related to, each individual's participation in the event sponsored by Licensee. Each event participant, or participant's parent or guardian, must sign a Release and Waiver before participation in the event. Licensee agrees to contact the California Fairs Service Authority for further information on the availability of the Release and Waiver form.
10. Association Oversight. Association reserves the right to audit and monitor any and all sales of Licensee's event and the right to access the Premises during the term of this Agreement. At any time, and with or without prior notice to Licensee, Association shall have the right of access to, and inspection of, any portion of the Premises used by Licensee under this Agreement.
11. Independent Capacity. Licensee agrees that Licensee, and Licensee's agents, servants, and employees, in the performance of this Agreement, acts in an independent capacity and not as agents, officers, servants, or employees of Association.
12. Taxes. Licensee acknowledges and understands that the terms and conditions of this Agreement may create a possessory interest subject to property taxation, and that Licensee may be subject to the payment of property taxes levied upon such interest.
13. Licensee's Property. Association may require security, at Licensee's sole expense, which will provide for reasonable protection of the property of Licensee. However, in all circumstances, Licensee shall be solely responsible for damage to, or loss of, Licensee's property.
14. Prohibition Against Assignment. Licensee agrees it may not sell, encumber, assign or transfer this Agreement, or any rights, obligations, privileges or duties contained in this Agreement, without the

express written consent of Association. Association's consent shall be given, if at all, in its sole and exclusive discretion.

15. Integration Clause. This is an integrated Agreement. The terms of this Agreement are contractual, and not merely a recital. This Agreement supersedes all prior representations and agreements, if any, between Licensee and Association or their respective legal counsel regarding its subject matter.
16. Written Amendment Required. This Agreement constitutes the entire understanding between the parties to this Agreement and relating to its subject matter, and may not be modified, amended or terminated except by written Agreement signed by all of the parties to this Agreement. Any name change by Licensee is subject to the provisions of this paragraph, and written legal documentation of any name change is required before processing of any amendment regarding any name change by Licensee.
17. Waiver. The failure by Association to insist in any one or more instances upon the observance and/or performance of any of the covenants of this Agreement, or any of the rules and regulations governing the Premises, shall not constitute a waiver by Association of any subsequent breach of this Agreement, or any of the rules and regulations.
18. Default; Remedies. In the event Licensee fails to comply in any respect with the terms of this Agreement, and the terms of all Attachments to this Agreement, all payments made by Licensee under this Agreement shall be deemed earned and nonrefundable by Association, and Association shall have the right to occupy the space in any manner deemed in the best interests of Association, in addition to any and all other remedies available to Association for breach of this Agreement.
19. Representations and Warranties. Licensee, under penalty of perjury, makes the following representations and warranties:
  - A. No more than one final unappealable finding of contempt of court by a Federal Court has been issued against Licensee within the two year period immediately preceding the date of this Agreement, because of the Licensee's failure to comply with an order of a Federal Court ordering Licensee to comply with an order of the National Labor Relations Board. (California Public Contracts Code section 10296).
  - B. During the performance of this Agreement, the Licensee, and its subcontractors, if any, shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (including cancer), age (over 40), marital status, and/or family care leave. Licensee and its subcontractors, if any, shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Licensee and its subcontractors will comply with the provisions of the Fair Employment and Housing Act (Gov. Code section 12900, et seq.) and all applicable regulations contained in the California Code of Regulations.
  - C. All regulations of the Fair Employment and Housing Commission, implementing Government Code section 12990, subd. (a) through (f), inclusive, are incorporated in this Agreement by this reference and made a part hereof.
  - D. Licensee is, unless specifically exempted by law, in full compliance with Government Code section 12990, subd. (a) through (f), inclusive, and all regulations contained in the California



Code of Regulations relating to section 12990, in matters relating to reporting requirements and the development, implementation and maintenance of a nondiscrimination program.

- E. Licensee and its subcontractors, if any, shall give written notice of their obligations under Paragraph 20 of this Agreement to labor organizations with which they have a collective bargaining or other Agreement.
- F. Licensee shall include all provisions of Paragraph 20 of this Agreement in all subcontracts, if any, pertaining to the subject matter of this Agreement.
- G. Licensee acknowledges this Agreement is governed, in part, by the provisions of Public Contracts Code sections 10410, 10411 and 10420, which provide certain limitations on contracts between state agencies and current or former state employees. Licensee agrees to contact the Association for clarification on the status of any person rendering services in connection with this Agreement. Licensee agrees any violation of Public Contracts Code sections 10410, 10411 and 10420 will invalidate this Agreement. (Public Contracts Code section 10420).
- H. Licensee is not (1) in violation of any order or resolution, not subject to review, issued by the State Air Resources Board or a local air pollution control district; (2) subject to any final cease and desist order not subject to further review, which has been issued under Water Code section 13301; or (3) in violation of any provisions of federal law relating to air or water pollution.

- 20. Controlling Law; Venue. This Agreement is being made and delivered and is intended to be performed in the State of California and the execution, validity, construction, and performance of this Agreement shall be construed and enforced in accordance with the laws of California. This Agreement shall be deemed made and entered into in San Diego County, which shall be the exclusive venue for any action relating to this Agreement.
- 21. Timeliness; Binding Effect. Time is of the essence of each and all of the provisions of this Agreement, and the provisions of this Agreement shall extend to and be binding upon and insure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties to this Agreement, subject to any prohibitions on assignment or transfer, contained in this Agreement.
- 22. Resolution of Licensee Disputes. If, during the performance of this Agreement, a dispute arises between Licensee and Association, the Licensee shall submit a written statement regarding the dispute to Association. A decision by Association shall be made to the Licensee in writing, and shall be final and conclusive. Licensee shall continue to perform contract requirements without interruption during the dispute period.
- 23. Obscenities sales or displays of drug paraphernalia, merchandise containing offensive, lewd, indecent, or obscene language or depictions of lewd or obscene: Images, sales or displays of merchandise, and marketing-related materials used on the Association's premises shall not include references to drug paraphernalia and shall contain materials considered obscene, lewd, or indecent under local, state and Federal standards. The Association reserves the right to approve, in its sole and exclusive discretion, all merchandise, displays, materials and images at or in Licensee's location rented under this Agreement to confirm that they comply with local, state, and Federal standards pertaining to obscenity, lewdness, or indecently. The parties agree that if Licensee violates this paragraph, it will be impracticable or extremely difficult to determine the damages suffered by the Association. It is therefore agreed that in the event of such a breach by Licensee, Licensee will pay to the Association the sum of \$1,000.00 for each violation of this provision. Notwithstanding the

foregoing, after having received written notice of a material breach pursuant to this paragraph, Licensee shall have a twenty-four (24) hour period to cure each such violation prior to incurring the Fine. In the event of any material, ongoing breach of this paragraph by Licensee, the Association may, in its sole and exclusive discretion, declare Licensee in breach of this Agreement. Obscenities, sales or displays of drug paraphernalia, merchandise containing offensive, lewd, indecent, or obscene language or depictions of lewd or obscene images: Images, sales or displays of merchandise, and marketing-related materials used on the Association's premises shall not include references to drug paraphernalia and shall not contain materials considered obscene, lewd, or indecent under local, state and Federal standards. The Association reserves the right to approve, in its sole and exclusive discretion, all merchandise, displays, materials and images at or in Licensee's location rented under this Agreement to confirm that they comply with local, state, and Federal standards pertaining to obscenity, lewdness, or indecently. The parties agree that if Licensee violates this paragraph, it will be impracticable or extremely difficult to determine the damages suffered by the Association. It is therefore agreed that in the event of such a breach by Licensee, Licensee will pay to the Association the sum of \$1,000.00 for each violation of this provision. Notwithstanding the foregoing, after having received written notice of a material breach pursuant to this paragraph, Licensee shall have a twenty-four (24) hour period to cure each such violation prior to incurring the Fine. In the event of any material, ongoing breach of this paragraph by Licensee, the Association may, in its sole and exclusive discretion, declare Licensee in breach of this Agreement.

24. Attachments. The following documents are attached to this Agreement and made part of this Agreement by this reference as though set forth in full:

Exhibit "A"	Event Rider
Exhibit "B"	Insurance Statement (Form FE-13)

As authorized by California law, this Agreement has been executed electronically by the parties to this Agreement.

22nd District Agricultural Association  
2260 Jimmy Durante Boulevard  
Del Mar, CA 92014

Nilforushan Equisport Events, LLC  
16235 Via De Santa Fe  
Rancho Santa Fe, CA 92067

BY

BY

TITLE: CHIEF EXECUTIVE OFFICER

TITLE \_\_\_\_\_

Exhibit A Event Rider  
Contract #24-4002

Anticipated Event Schedule: The anticipated schedule is subject to change with the Association's express written approval.

Dates	Location	Function
12/19/2023 – 1/23/2024	Arena Complex	Move-in
12/19/2023 – 1/23/2024	Infield & Barn W	Move-in
12/19/2023 – 1/23/2024	Expo Center	Move-in
1/24/2024 – 1/29/2024	Arena Complex	Horse Show
1/24/2024 – 1/29/2024	Infield & Barn W	Horse Show
1/24/2024 – 1/29/2024	Expo Center	Horse Show
1/31/2024 – 2/4/2024	Arena Complex	Horse Show
1/31/2024 – 2/4/2024	Infield & Barn W	Horse Show
1/31/2024 – 2/4/2024	Expo Center	Horse Show
2/7/2024 – 2/11/2024	Arena Complex	Horse Show
2/7/2024 – 2/11/2024	Infield & Barn W	Horse Show
2/7/2024 – 2/11/2024	Expo Center	Horse Show
2/14/2024 – 2/18/2024	Arena Complex	Horse Show
2/14/2024 – 2/18/2024	Infield & Barn W	Horse Show
2/14/2024 – 2/18/2024	Expo Center	Horse Show
2/21/2024 – 2/26/2024	Arena Complex	Dark Week
2/21/2024 – 2/26/2024	Infield & Barn W	Dark Week
2/21/2024 – 2/26/2024	Expo Center	Dark Week
2/28/2024 – 3/3/2024	Arena Complex	Horse Show
2/28/2024 – 3/3/2024	Infield & Barn W	Horse Show
2/28/2024 – 3/3/2024	Expo Center	Horse Show
3/6/2024 – 3/10/2024	Arena Complex	Horse Show
3/6/2024 – 3/10/2024	Infield & Barn W	Horse Show
3/6/2024 – 3/10/2024	Expo Center	Horse Show
3/13/2024 – 3/17/2024	Arena Complex	Horse Show
3/13/2024 – 3/17/2024	Infield & Barn W	Horse Show
3/13/2024 – 3/17/2024	Expo Center	Horse Show
3/20/2024 – 3/24/2024	Arena Complex	Horse Show
3/20/2024 – 3/24/2024	Infield & Barn W	Horse Show
3/20/2024 – 3/24/2024	Expo Center	Horse Show
3/25/2024 – 4/4/2024	Arena Complex	Move-out

3/25/2024 - 4/4/2024	Infield & Barn W	Move-out
3/25/2024 - 4/4/2024	Expo Center	Move-out

) Term/Renewal Option: In the event Licensee is in material compliance with this Agreement, including, but not limited to compliance with all material monetary obligations to Association and compliance with all Event operating requirements, Association may, in its sole and absolute discretion, elect to grant Licensee up to four (4) consecutive one-year renewal options to host the Event at the Venue consistent with the terms and provisions of this Agreement (each one-year renewal option is referred to in this Agreement as the “Renewal Option”). For the avoidance of doubt, Licensee must exercise each Renewal Option by providing Association with written notice within 60 days after the close of the last day of the Event in the prior calendar year.

) Renewal Increases: If a renewal option is extended beyond 2024, the minimum guarantee in each of the following will increase three percent (3%) for each renewal year:

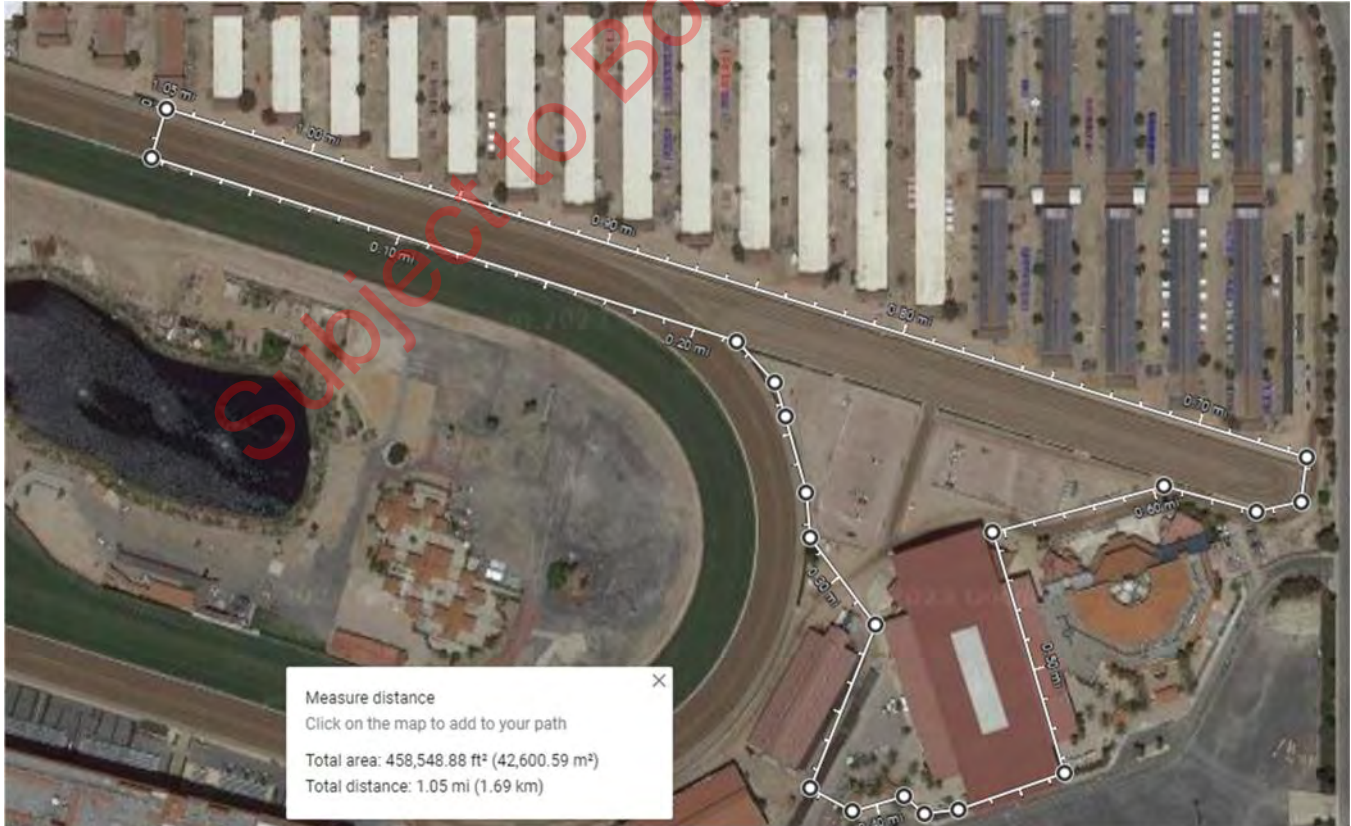
- Rent:
  - 2025 - \$303,685
  - 2026 - \$312,795
  - 2027 - \$322,179
  - 2028 - \$331,845
- Stall Rental:
  - 2025 - \$432,600
  - 2026 - \$445,578
  - 2027 - \$458,945
  - 2028 - \$472,713
- RV Buyout:
  - 2025 - \$87,550
  - 2026 - \$90,176
  - 2027 - \$92,881
  - 2028 - \$95,668
- Dirt Storage:
  - 2025 - \$46,350
  - 2026 - \$47,740
  - 2027 - \$49,172
  - 2028 - \$50,647
- F&B Buyout:
  - 2025 - \$82,400
  - 2026 - \$84,872
  - 2027 - \$87,418
  - 2028 - \$90,040
- Sea Container Storage:
  - 2025 - \$14,420
  - 2026 - \$14,882
  - 2027 - \$15,298
  - 2028 - \$15,757
- Labor and equipment rental for all other expenses not listed above will be billed at District’s rates each year.

) Deposit Schedule: If a renewal option is extended beyond 2024, Licensee shall make three (3) Minimum Guarantee payments to Association in accordance with the following payment schedule.

- Licensee shall remit payment to Association in the amount of three hundred thousand dollars (\$300,000.00) on or before June 1st of each calendar year during the Agreement Term.
  - Licensee shall remit payment to Association in the amount of three hundred thousand dollars (\$300,000.00) on or before September 1st of each calendar year during the Agreement Term.
  - Licensee shall remit payment to Association in the following amount on or before January 1st of each calendar year during the Agreement Term.
    - 2025 – \$547,255.00
    - 2026 – \$581,672.00
    - 2027 – \$617,123.00
    - 2028 – \$653,636.00
- 
- ) Stable Gate – Stable gate must remain closed unless attended by Licensee’s staff. Licensee may provide staffing from 5am to 10pm daily. The gate will remain closed overnight or staffed by District’s security or District’s security contractor.
  - ) Licensee agrees to restore the infield and all areas to their original condition by April 15, of each calendar year.
  - ) Licensee agrees to follow all requirements directed by the Del Mar Thoroughbred Club to protect the integrity of Horse Racing, including renting knock off plates and laying down protective barriers on the track.
  - ) No improvements or alterations may take place without the written approval from the District. Any alterations to District’s property are at the sole expense of the Licensee and will be returned to the original condition.
  - ) The District is aware the light poles in the warm up arenas will be relocated during the rental period. Any modifications to the property will be managed by the Licensee at Licensee’s entire expense.
  - ) Licensee will not block the east entrance path to the District’s Farm located in the infield.
  - ) Licensee must provide all fuel to operate all equipment owned by Licensee. Licensee is prohibited from using District’s fuel.
  - ) The use of the main track may not be available, because of inclement weather or necessary maintenance. At the District’s sole discretion, Licensee will be given a minimum 1 hour notice the track will be closed to perform maintenance as needed.
  - ) Licensee is responsible for following all guidelines established by the California Department of Public Health
  - ) Exact hours of the move-in, event, and move-out are TBD and subject to District’s approval.
  - ) Licensee will provide all equipment and services required to run and manage the event including, fencing, dirt prep, stall clean out, feed & bedding, sharps removal, manure removal, security, box office, medical, and production.
  - ) Licensee understands District may not be able to provide any equipment or labor to support the event. If equipment and labor become available the Licensee will be charged District’s rates.
  - ) Power will be ordered directly through District’s Electrical provider.
  - ) Licensee is responsible for stall cleaning, manure removal and reimbursing District for costs associated with leveling stalls at the conclusion of the event.
  - ) Licensee is prohibited from having any activity associated with the event past 10:00pm.
  - ) All parking for patrons is subject to Districts parking rates per day.
  - ) Licensee will pay District \$10,000 per week for a food and beverage buyout. Licensee will be responsible for providing all food & beverage (alcohol excluded). Included in the buyout is the use of the Arena kitchen and Stable kitchen. If the District has a large event booked at The

Sound, Licensee will work with the District to share the use of the Arena kitchen. Licensee is forbidden to provide/sell/distribute any alcohol during the terms of this Agreement.

- ) Access through Gate 25 may not be utilized by the Licensee unless approved by the Association.
- ) Association will designate an 18,000 square foot area on Association's property for dirt storage.
  - o Dirt pile may not exceed 10' tall.
  - o Licensee agrees to comply with any and all restrictions that may apply with the storage of dirt including covering any expenses incurred by Association to make the required accommodations.
- ) Sea Containers:
  - o The storage term of this Agreement expires on January 15, of each calendar year during the term.
  - o The designated area will be along the River Bed lot or designated area as established by the District.
  - o Licensee agrees to maintain a clean appearance of the containers and will be responsible for any upkeep.
  - o The District is not liable for the containers or content inside them.
  - o Licensee will pay a \$1,000 storage fee per container during the term of this Agreement.
  - o Licensee may not store more than 20 containers unless there is written consent from the Association.
  - o District reserves the right to cancel this part of the Agreement for any reason and will give Licensee a two week notice to remove the containers. A prorated amount will be refunded to Licensee.
  - o Containers must be lifted on blocks to allow drainage.
- ) Arena Complex is defined as the Del Mar Arena, San Diego Arena, Durante Arena, and North Furlong Arena to east side of Barn S



## Other Provisions:

Cancellation Policy: The Association reserves the right to retain all contractual payments if an event is cancelled. The Association may terminate or suspend its obligations under this agreement if such obligations are delayed, prevented or rendered impractical by any of the following events to the extent such event is beyond the reasonable control of the Association whose performance is prevented or rendered impractical. Should Licensee fail to submit the required payments and insurance certificate per Exhibit B, the Association reserves the right to cancel the event.

Neither the Association nor the Licensee shall be in default under this Event Agreement and may therefore cancel and discharge all remaining obligations under this agreement, if such party's inability to perform its obligations under this Event Agreement was caused by a Force Majeure. As used in this Event Agreement, "Force Majeure" includes acts of God, governmental delays, acts of terrorism, fire, flood, riot, earthquake, civil commotion, epidemics, pandemics, contagions, insurrection, labor disputes, strikes, war shortage of or inability to obtain materials, supplies, or utilities, any law ordinance, rule or regulation, and any other events beyond the reasonable control of the party claiming the Force Majeure.

Additionally, the Association is designated, by various governmental agencies, as an emergency evacuation site in the event of (1) a natural disaster or (2) upon a declaration issued by the federal, state, county, city or local authorities requiring the Association to function as an emergency evacuation site. In the event the Association is required for any reason to function as an emergency evacuation site, the Association in its sole and absolute discretion may cancel this Event Agreement, without further obligation, by providing the other party with 24 hours' notice. Upon receipt of notice of cancellation, Licensee shall immediately vacate the premises.

Statement of Conditions: The Interim Event Agreement provides the Licensee with the exclusive right, during the licensed period, for the use of the designated areas of the Association that are listed in the Interim Event Agreement. This includes the general floor space or designated areas, restrooms, janitorial services during actual event times, normal lighting and heating or A/C in those facilities where they are available. Licensee shall have the non-exclusive right to use the common areas of the Del Mar Fairgrounds to provide access, ingress and egress.

The basic rental fees do not include use of kitchen or concession areas, storage rooms, set-up or teardown of displays, materials, or exhibits, utilities, equipment or the public address systems.

Reservations & Bookings: Any activity sponsored by the Association has precedence over any other interim activity or requested usage of the Del Mar Fairground's facilities. If the Association schedules an activity, which conflicts with a previously arranged event, the Association will send a notice of cancellation at least three months prior to the event, to the address stipulated on the Interim Event Agreement. The Association will make every effort to provide an alternate date for said event.

No event will be scheduled which is in conflict with the events of the annual San Diego County Fair and the Thoroughbred Race Meet.

Hours: The charge for use of the Facility shall apply to the periods of occupancy of the facilities between the hours of 7:00 am to 10:00 pm. No event shall be permitted to continue after 10:00 pm unless agreed to in writing by Association Management in advance of the event. Applicable overtime costs will be charged unless all attendees have vacated and the building secured by the time specified in the Interim Event Agreement.

Late Charges: A late fee of \$25 + 1% of the contractual payment amount will be assessed for any payment that is more than fifteen (15) days overdue. Additional late fees of 1% will be assessed every fifteen (15) days thereafter until the payment due is paid in full. Should Licensee fail to submit the required payments, as stated herein, the Association reserves the right to cancel the event without further notice.

Food & Beverage: The Association maintains an exclusive food & beverage contract. The Licensee or exhibitors are not permitted to sell or provide any food, beverage or alcohol. Licensee must allow for adequate space inside each rented venue, determined by the Association, for serving concessions and consumption, within the contracted space for the Association's concessionaire. The Licensee may be levied a fine if they, or their exhibitors, sell Food or Beverage. Sampling of foods two ounces or less may be permitted on a limited basis and only with written approval from Association's Food & Beverage contractor. For all Food & Beverage needs, please call (858) 755-6345.

All food, alcohol and non-alcoholic beverages must be sold and/ or distributed by Association concessionaire. Alcoholic beverages are to be kept within the leased area at all times. Consuming these beverages outside the rented area is not permitted. The Association reserves the right to approve all areas proposed for the dispensing and consumption of alcoholic beverages.

Electrical & Plumbing: All electrical and plumbing services must be performed by the Association's contractor unless authorized by the Association. Contact the Association Event Manager for details on rates and requirements for these services.

Production (Rigging/Public Address): Licensee must use Association services for use of any in-house public address systems or fixed audio/visual equipment. When an outside company is used for an event to provide portable A/V services, Event Manager must be consulted and electrical charges may apply.

The Association reserves the right to monitor and/or limit the sound level of any event. The use of a sound system in an outside area on the Del Mar Fairgrounds shall not be permitted to continue after 10 p.m. without written approval from Association Management. Violation of the sound level or termination time may lead to revocation of such privileges.

Telecommunication: Licensee must use the Association Telecommunications Services for all telecommunication needs. Including Wi-Fi, DSL, Internet, and phone lines.

Parking: The Association reserves the right to charge a fee for parking during events. The availability of specific parking areas shall be subject to change as a result of construction, maintenance, events or other operational factors as determined by the Association. At no time shall any exits or fire lanes be blocked. Vehicles may be subject to tow at owner's expense.

Automated Teller Machines: The Association reserves the exclusive right to provide all automated teller services on Association property. Automated teller locations are predetermined by the Association; however, specific event locations are feasible for a nominal transportation and set-up fee.

Alcohol Sponsorship Agreements: The Association reserves the sole and exclusive right to all marketing, promotional, and branding of any alcohol related products. Promotional material of any kind may not be distributed or displayed on Association's property.

Janitorial and Maintenance: The amount of support personnel needed for the event will be determined by the Association. Normal janitorial service during actual event open hours is provided at no charge to the Licensee. Additional charges apply for post event clean-up and dumpster removal.



**Sign Ordinance Compliance:** All signs, posters, flyers, etc. which are posted or distributed in San Diego County for the purpose of advertising or promoting a consumer show at the Del Mar Fairgrounds shall be in full compliance with applicable municipal codes and ordinances. A \$250 fee per sign will be billed to the Licensee of any documented incident of the placement of signs, posters, flyers, etc., which are in violation of local sign ordinances. Ignorance of local sign regulations or reliance on a sign company, for placement of promotional materials, shall not relieve the Licensee of responsibility in this matter.

**Complimentary Tickets or Passes:** The Association is to receive a minimum of twenty (20) complimentary admissions per performance and/or event day to all events open to the public conducted on Association's property. Admissions credentials/tickets should be given to the Association Event ten (10) days prior to the event.

**Noise Ordinance:** Between the hours of 7:00 a.m. to 10:00 p.m., ambient noise level may not exceed 60 dB (A) measured in the residential neighborhoods surrounding the Association. Exterior ambient noise is not permitted between 10:00 p.m. and 7:00 a.m. All sound producing devices used by Licensee must be of such a nature and operated so as not to cause annoyance or inconvenience to patrons or any other Licensee. The Association reserves the right to terminate Licensees' use of any sound producing device, which it determines, in its sole discretion, violates this provision. A \$1000 fee will be billed to the Licensee for violation of the noise ordinance. The noise limits above may be adjusted as follows to account for the effects of time and duration on the impact of noise levels:

- J Noise that is produced for no more than a cumulative period of 30 minutes in any hour may exceed the noise limit by 3 decibels.
- J Noise that is produced for no more than a cumulative period of 15 minutes in any hour may exceed the noise limit by 6 decibels.
- J Noise that is produced for no more than a cumulative period of 10 minutes in any hour may exceed the noise limit by 8 decibels.
- J Noise that is produced for no more than a cumulative period of 5 minutes in any hour may exceed the noise limit by 11 decibels.
- J Noise that is produced for no more than a cumulative period of 2 minutes in any hour may exceed the noise limit by 15 decibels.

**Pyrotechnics:** Licensee is prohibited to have any pyrotechnics of any kind without Association's written approval.

**Federal, State and County Laws and Ordinances:**

**General Compliance:** Licensee agrees to comply, with all applicable local, state and federal laws including guidelines established by the California Department of Public Health, San Diego Health Department, California Coastal Commission and CAL OSHA. Licensee will be responsible for obtaining all required health permits, work permits, and temporary seller permits. Licensee agrees to assume full responsibility for payment of all sales taxes, use and possessory interest taxes, assessments and/or fees resulting from Licensee's use of the Association's property.

**ADA Compliance:** Licensee is responsible to ensure all ADA ordinances and statutes are followed within the event.

**Firearm and Ammunition:** Licensee shall not authorize or allow the sale of any firearm or ammunition at any time during their rental period.

**Public Entity Expending State Funds:** The Licensee shall be subject to the examination and audit of the Auditor General of the State of California for a period of three years after final payment under the contract (Government Code Section 10532). (SAM section 1212.8).

Speed Limit and Vehicle Safety: All vehicles must adhere to the posted speed limit of 15 miles per hour. Any speeding, reckless or unsafe driving determined by the Association will be issued a citation. Vehicles with more than one citation will be banned from the Fairgrounds for a period of one year.

Accidents or Injuries: All accidents and injuries must be reported immediately to the Association.

Lost & Found Articles: The Association will not be responsible for any lost and/or found items.

Video Recording and Photography: Videotaping an event is permitted provided that any broadcast or recording of the event for the reproduction will be for the Licensee's proprietary use and not for broadcast to the general public.

If Licensee is recording, videotaping or broadcasting any event (or portion thereof) for commercial purposes (i.e. concerts, awards ceremony, etc.) for a profit, a \$2,500 fee will be charged for the granting of this right.

Deliveries: The Association will not be responsible for property of the Licensee their exhibitors, representatives or the general public. No deliveries will be accepted at the fairgrounds on behalf of the Licensee or any exhibitors.

Storm Water Pollution Prevention:

- ) Dumping liquids, trash, oil, grease, or other pollutants into or near storm drains, gutters, or planters is strictly prohibited. Properly dispose of these items as directed.
- ) Keep soil and liquids away from storm drains and paved areas at all times. Sweeping or washing anything into a storm drain is prohibited. Contain these materials using silt fences and/or straw wattles.
- ) Keep equipment away from silt fences, fiber rolls and other sediment barriers.
- ) Only use designated site entrance/exits.
- ) All equipment must be kept off and away from seeded, planted, mulched or stabilized areas.
- ) Trash and animal wastes must be immediately picked up and properly disposed of in trash receptacles.
- ) No water other than what falls from the sky may make its way into the storm drain system. Water from washing vehicles and equipment is only allowed in designated wash rack areas.

Smoking: There is no smoking in any state-owned, state occupied, or a state-leased building or within 20 feet of the main exit or entrance to such a building, or in any vehicle owned or leased by the state.

Speed Limit and Vehicle Safety: All vehicles must adhere to the posted speed limit of 15 miles per hour. Any speeding, reckless or unsafe driving determined by the Association will be issued a citation. Vehicles with more than one citation will be banned from the Association's property for a period of one year.

Fire and Life Safety Requirements: Fire and life safety requirements shall be applicable to any exhibit space, booth, trailer or tent within the Association's property. This list is not meant to cover all possible situations and the Licensee is responsible for adhering to all applicable regulations. The State Fire Marshal (SFM) and/or the Association have the authority to close your event without notice for failure to comply with the following requirements:

- ) Licensee is responsible for all Fire Marshal related expenses.

- ) All stages must have engineering plans submitted and must be grounded.
- ) Plans identifying the configuration of exhibit spaces shall be submitted to the Association for review and approval 90 working days prior to the event. Plans shall indicate the location and size of all exit doors and aisles, and shall show exhibits both inside and outside of any building. Where seating is provided, the plan shall indicate the number of rows and seats between aisles. Final approval may be subject to field inspections, fees may apply.
- ) SFM may enter any portion of any exhibit space/booth at any time for the purpose of inspecting the Association for fire and life safety.
- ) No display or exhibit shall be installed or operated that will interfere or block in any way with access to any exit or with the visibility of any exit sign. No display shall block access to firefighting equipment, such as fire extinguisher stations, fire alarm pull stations, fire hose cabinets and fire hydrants or access by fire suppression vehicles or equipment.
- ) The location of all hydrants, fire extinguishers, water barrels, etc., shall be clearly marked in all areas.
- ) No open flame is allowed in any building.
- ) Bark dust or like material shall be kept moist at all times.
- ) All carpet edges shall be securely taped in place. Carpeting shall only be used on the floor.
- ) The exhibition of vehicles powered by internal combustion gasoline engines inside buildings shall require the following:
  - ) Fuel tank shall be no more than 1/4 filled and the gas cap shall be taped in place to deter removal.
  - ) The battery or batteries shall be disconnected and the battery terminals taped with electrical tape.
  - ) Vehicles shall be inspected by SFM.
- ) A housekeeping program shall be maintained and adequate noncombustible trash receptacles shall be provided in all areas and all trash will be removed on a regular basis.
- ) The display or use of tents, canopies, or membrane structures are not allowed inside any building. Any outside tent or temporary shade structure may require a Special Event Permit from the State Fire Marshals' office.
- ) Demonstration or operation of any heat producing device or sources of ignition, including, but not limited to: heaters, stoves, barbecues, torches, lanterns, and internal combustion engines must be approved, thirty days in advance, by the SFM.
- ) All decorative material including, but not limited to, drapes, hangings, curtains, carpets and table covers with overhangs, shall be either made from non-flammable material, or rendered and maintained in a flame retardant condition by means of a solution and process approved by the SFM.
- ) Every building, tent or enclosure and every exhibit space therein, shall be maintained in a neat orderly manner free from any condition, which would add to or contribute to the rapid spread of fire.
- ) Any combustible waste materials and rubbish within the building shall be stored in approved containers. All such waste containers shall be emptied at the close of each day into approved containers outside of the building(s).
- ) Waste material and rubbish containers located outside of buildings shall not block exit passageways, fire department access roads; nor shall they be located so as to create an external fire hazard to any building or structure.
- ) Copies of SFM approved certificate of flame resistance covering all treated materials shall be made available at exhibition site.

Booth Construction/Location:

- ) Booths shall be located a minimum of 20 feet from any permanent structure. If conditions warrant, distance may be reduced as approved by the SFM.
- ) All fabric or pliable canopy covers, side/back drops and decorative material must be:

- Inherently fire resistive and labeled as such; or
  - Treated by a SFM licensed applicator. If the booth is owner occupied, it may be treated by the owner with a SFM approved fire retardant chemical (empty can and dated sales receipt may serve as proof).
- ) Exit openings shall be a minimum of 3 feet wide and 6 feet, 8 inches in height.

**Layouts:** Floor plans and fence plans of each event shall be submitted to the Association at least 90 days prior to the first day of the event. It is not recommended to sell any booth space prior to receiving plan approval by the Association and State Fire Marshal. Plans shall indicate:

- ) The dimensions of all aisles, exits, exhibits, booths and display.
- ) The locations of all emergency lights, exit lights, fire alarm stations, wet standpipe hose cabinets, fire extinguishers, water fountains, and electric panels. These shall not be concealed by any decorative material.

NOTE: Exits, exit lights, aisles, ramps, corridors, and passageways shall not be blocked in any manner.

**Fire Extinguishers:** Fire extinguishers are provided in major buildings; however, at other locations or where special hazards are created, additional extinguishers shall be provided by the Licensee as required by the State Fire Marshal.

**Recycling Requirements:** Licensee must instruct all associated personnel, exhibitors, staff, etc. to 'break down' cardboard boxes (flat) and place them beside the nearest trash receptacle. Designated areas will have recycling containers marked for aluminum, glass, and plastic beverage bottles. Please use these receptacles instead of the trashcans for these materials. No Styrofoam products are to be used for any reason. All cardboard boxes must be recycled. Licensee must comply with all state and local recycling ordinances.

**Decorations:** Candles and any open flame devices are prohibited. Nothing may be attached to the Del Mar Fairgrounds facilities, ceiling curtains and equipment is prohibited. There shall be no outdoor use of confetti, glitter, or any helium balloon distribution. Balloons shall not be released into the atmosphere from the Fairgrounds. Any damage incurred to Association property by such items will be the responsibility of the Licensee and will be charged accordingly.

**Animals:** Animals and pets are not permitted on Association's property, except as an approved exhibit, activity or presentation legitimately requiring the use of animals, or as a service animal. Big cats, snakes, birds, lizards, exotic animals, and other non-common household pets unless approved by the Association are prohibited. Licensee is fully responsible for any pet(s) or animal(s) inside the rented area. Petting Zoos- in order to limit the risks associated with animal-human contact, the following guidelines are to be adhered to if a petting zoo is part of your event.

Licensee will meet the guidelines established by the Center for Disease Control for animal exhibits with public contact.

- ) Animals in petting zoos should be free from disease and in good health. Animals should not be aggressive or vicious in any way. Veterinary inspections prior to your event are recommended.
- ) Animals, animal containment areas and animal bedding should be clean and free of feces.
- ) Foreign objects such as toys, pacifiers, strollers, etc. should not be permitted in petting zoos.
- ) Children 5 and under must be accompanied by an adult while in the petting zoo.
- ) Under no circumstances shall any food or beverages be permitted in petting zoo areas.
- ) Petting zoo rules should be posted in a prominent location.

- J A hand washing station with warm water must be located in close proximity to the exit of the petting zoo. The hand washing station should be stocked frequently with soap and paper towels.
- J An attendant located at the exit to the petting zoo should be provided to direct people to the hand washing station.

**Condition of Grounds & Facilities:** Licensee accepts the grounds and facilities, as they exist. Licensee accepts responsibility for the proper set-up of its activity(s) to ensure a safe environment. Licensee shall not allow the blocking of public utilities, exits, fire hose cabinets, fire sprinkler systems, electrical closets, aisles, corridors, passageways, stairways, elevators, escalators, roadways or driveways. Should Licensee view an area that they feel is unsafe, they are to correct it or notify the Association immediately.

**Drone Policy:** The operation or use of any drones, unmanned aircraft/flying systems, and remotely-controlled or radio-controlled flying machines (whether or not motorized) of all types, shapes, and sizes (collectively, “drones”) at any time on the Association’s property is prohibited under all circumstances except pursuant to the terms and conditions of written permission from the Association. This policy applies to all individuals, persons, companies, and business entities and includes, but is not necessarily limited to, promoters, tenants, renters, patrons, visitors, and guests. Permission to stay or remain on Association property may, in the discretion of the Association, be revoked for any person[s] in violation of this policy.

**Cannabis Policy:** The Association prohibits the possession, use or sale of cannabis, cannabis products, cannabis accessories, or drug paraphernalia (as those terms are defined by California Health and Safety Code section 11000 et seq.) on the premises.

**Hemp Policy:** The Association allows the possession, use, and sale of non-food industrial hemp products (as the terms “food” and “industrial hemp” are defined by California Health and Safety Code sections 109935 and 11018.5), including non-food industrial hemp cannabidiol (CBD) products, on the premises. Only licensees that have a contractual agreement with the 22nd DAA, and their vendors, may sell non-food industrial hemp products on the premises.

The Association prohibits the possession, use, or sale of food products containing industrial hemp on the premises. The 22nd DAA may impose a fine of up to \$1,000 per licensee, and an additional \$1,000 per vendor, to be paid to the Association immediately by licensees and vendors that possess, use, or sell food products containing industrial hemp, cannabis, cannabis products, cannabis accessories, or drug paraphernalia on the premises (as those terms are defined by California Health and Safety Code section 11000 et seq.). Licensees shall be directly liable for the immediate payment of any fine imposed on their vendors that violate this policy, in addition to payment of any fine imposed on the licensee. The Association will have the right to terminate any agreement with a licensee or vendor with three or more violations in a 12-month period.

October 31, 2023

D2023-06

TO: All District Agricultural Association CEOs  
SUBJECT: SB 544 – Bagley Keene Open Meeting Act: teleconferencing.

This letter is to inform you of the passage of [SB 544](#) (Laird) **Bagley-Keene Open Meeting Act: teleconferencing**. This bill was signed into law by Governor Newsom on September 22, 2023, and will go into effect on **January 1, 2024**. SB 544 expands teleconferencing provisions enacted prior to the COVID-19 pandemic.

Below is a summary of the revisions to the Bagley-Keene Open Meeting Act as they apply to District Agricultural Associations. All provisions will be in effect beginning **January 1, 2024**. It should be noted that while state bodies are authorized to hold meetings by teleconference, there is no requirement to offer teleconference options.

**Definitions:**

- “Teleconference” – a meeting of a state body where members are at different locations connected by electronic means using audio, video, or both.
- “Teleconference location” – physical location open to the public where members of the public may participate in meetings of state bodies.
- “Remote location” – the location where a member of a state body participates, that is different from the teleconference location. Remote locations need not be disclosed to the public.
- “Participate remotely” – participation by a member of the state body in a meeting at a remote location different from a teleconference location.

**Public Notice:**

- Posted online at least 10 days in advance of the meeting.
- Must be provided to individuals who request notice in writing.
- Must include the date, time, teleconference information (if utilized), and physical/teleconference location of the meeting. The name, address, and telephone number of a contact person for more information must also be included.
- The board must implement procedures for responding to requests for reasonable modification and accommodations consistent with the Americans with Disabilities Act. Information should be listed on each Notice and Agenda.



**Agenda:**

- Must be posted online ten days in advance as well as at each teleconference location on the day of the meeting.
- Must provide the public with an opportunity to address the state body.
- Brief description of items to be discussed at the meeting, in either open or closed session, with sufficient description to allow the public to determine whether to attend the meeting.
- Closed session items must reference specific statutory authority for the meeting in closed session.

**Teleconference Requirements (Not common for DAAs to use):**

- The portion of meetings required to be open must be visible and audible to the public at each teleconference location.
- At least one member of the state body, not just staff, must be present at each teleconference location.
- A majority of the members of the state body **must** be present at the same teleconference location. Additional members, more than the majority, may attend and participate from a remote location. For example, with a full nine-member board, 5 members must be present at the teleconference location. The remaining four members may attend and participate from a remote location.
  - A member attending from a remote location may count towards the majority if both of the following conditions are met:
    - Member has a need related to a physical or mental disability as defined in Gov't Code [§12926](#) and [§12926.1](#), and
    - Member notifies the state body as soon as possible of the need to participate remotely.
  - The board must approve the exception and request a general description of the circumstances for each meeting the member participates in remotely. It cannot be a generalized approval for remote participation without an end date. Exceptions must be granted on a meeting-by-meeting basis.
- If the teleconference option fails and cannot be restored, the state body shall end and reschedule the meeting with appropriate notice.

**Participating Remotely:**

- Members participating remotely must disclose whether any other individuals over 18 are present in the same room and their general relationship with those individuals.
- Members must appear visible on camera during the open portion of the meeting. If unable to appear due to connectivity issues, members must announce the reason.



**Voting:**

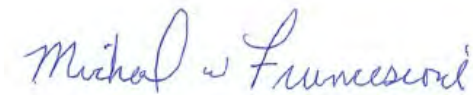
All votes taken during a teleconferenced meeting must be by roll call vote. The state body must publicly report on any action taken and vote or abstention of any member.

**Public Participation:**

- Public access is required at a physical location. If utilizing the teleconference option, the Board must allow members of the public to participate via teleconference to address the state body.
- Opportunity to address the state body on matters not on the agenda, but within the subject matter jurisdiction of the state body, as well as on all agenda items, must be provided.
- No conditions may be set for attendance at or participation in a public meeting, for example:
  - Sign-in or self-identification is not required. If a registration or attendance list is posted at or near the entrance to the meeting, it must state that it is voluntary, and people may attend and comment without signing in.
  - If utilizing teleconference, persons may use a pseudonym to sign in or register. No requirement to use a verified email address or actual name.
  - Cannot require persons making public comments to sign in or complete comment cards ahead of speaking.
  - Cannot prohibit criticism of state body.
  - May limit time for public comment per speaker per topic, if necessary. The allotted time must be established at the outset of the meeting and remain consistent throughout the meeting. Public comment time cannot be changed during the meeting.
- All meetings must comply with the Americans with Disabilities Act (ADA)

If you have any questions or need additional information, please do not hesitate to contact Mike Francesconi, at (916) 900-5365.

Sincerely,



Mike Francesconi  
Branch Chief





November 3, 2023

F2023-06

TO: All Fairs

SUBJECT: Proposition 12 Update for the 2024 Fair Season

As we all begin to prepare for the 2024 Fair Season, please keep in mind that [Proposition 12 \(2018\)](#) went into effect on January 1, 2022. Proposition 12 is the Farm Animal Confinement Initiative that requires that covered animals be housed in confinement systems that comply with specific minimum standards for freedom of movement, cage-free design, and minimum floor space, and identifies covered animals to include veal calves, breeding pigs, and egg-laying hens, as specified. As you might already be aware, the regulations and additional requirements went into effect on September 1, 2022, for certification, registration, accreditation, and inspection to implement the [Health and Safety Code \(HSC\) sections 25990-25994](#).

While self-certification of the farm where the breeding pig is kept was acceptable for the 2023 fair season, only third-party certifications will be permitted beginning with the 2024 fair season for fair pigs to be processed for resale. The CDFA Fairs and Expositions (F&E) Branch strongly recommends that all fairs request that their market hog exhibitors submit a third-party certification to ensure the pork meat from the show pig has access to a "resale" market. All pig breeders, regardless of age and farm size, in California and those outside of California selling market show pigs to California exhibitors, must be in compliance with Proposition 12.

To implement the law after the passing of Proposition 12 and to assist with the new regulations, the CDFA [Animal Care Program](#) (ACP) was formed within the Animal Health and Food Safety Services (AHFSS) Division. The ACP has also created many helpful outreach and educational materials for the various stakeholders which can be found on their website. Please take the time to watch and share the Proposition 12 Fairs and Exhibitions Guidance for 4-H and FFA [video](#) prepared by ACP. The video is extremely informational!

A list of third-party accredited [certifying agents](#) for Proposition 12 compliance can also be found on the ACP website. Currently, the CDFA AHFSS Division is the only governmental entity certifying agent and certifies at no cost to the producer. If a



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November 3, 2023  
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producer would like CDFA to certify their farm, they can contact the ACP at [AnimalCare@cdfa.ca.gov](mailto:AnimalCare@cdfa.ca.gov) to inquire about applying for certification. Please share this information with your fair's swine exhibitors as soon as possible to allow them enough time to find a Proposition 12 – compliant project pig for the 2024 fair season.

The F&E Branch appreciates your cooperation as we all transition to a Proposition 12 – compliant future. If you have any questions or concerns regarding Proposition 12 and how it may impact your fair, please contact [Mike Francesconi](#) at (916) 900-5365.

Respectfully,

A handwritten signature in blue ink that reads "Mike Francesconi". The signature is written in a cursive style with a large initial "M".

Mike Francesconi  
Branch Chief

cc: Elizabeth Cox  
CDFA Animal Care Program Manager

## Carlene Moore

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**From:** amy [REDACTED]  
**Sent:** Thursday, October 12, 2023 1:51 PM  
**To:** Donna O'Leary; Carlene Moore; Michael Gelfand (SDFair); Kathlyn Mead (SDFair); Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); Richard Valdez (SDFair)  
**Subject:** I support affordable housing on the Fairgrounds

To the DAA Board of Directors:

I am a resident of Del Mar and I support affordable housing on the Fairgrounds. I want to preserve the Scripps Preserve North Bluff which is an important element of the beauty of our community and contributes to our quality of life here.

Sincerely,

Amy [REDACTED]

**From:** [realestate \[REDACTED\]](#)  
**To:** [Donna O'Leary](#); [Carlene Moore](#); [Michael Gelfand \(SDFair\)](#); [Kathlyn Mead \(SDFair\)](#); [Sam Nejabat \(SDFair\)](#); [Mark Arabo \(Sdfair\)](#); [Frederick Schenk \(SDFair\)](#); [Joyce Rowland \(SDFair\)](#); [Don Mosier \(SDFair\)](#); [Richard Valdez \(SDFair\)](#)  
**Subject:** Affordable Housing  
**Date:** Wednesday, October 11, 2023 7:38:03 PM

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22<sup>nd</sup> Ag District,

I personally do not agree with the State's mandate, that being said I realize I am not going to get my way about it. So here is my solution:

1. The land along the freeway that belongs to the City of San Diego should be annexed into Del Mar and that is where the affordable housing should be built. My major concerns about affordable housing is WHO will take care of the buildings as they deteriorate, need fixing, etc, etc. Does this mean the State will have a fund and someone in charge of this, or has the State even thought about it. We do not need a blighted neighborhood in Del Mar, or anywhere.
2. Building on the Fairgrounds – Being involved in horse racing all my life there is a major concern for the safety of the horses. The only way it should be built on the Fairgrounds should be far away from the horses. Near the Fire Station would be a possibility. Any place else, with people living in the property without having experience and knowledge of thoroughbreds would be a danger to the animals.
3. The public has a right to know who and how these properties will be cared for. Please disclose this information to us.
4. I am out of town and otherwise would attend the meeting. Thank you.

**Marla** [REDACTED]

## Carlene Moore

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**From:** Brian [REDACTED]  
**Sent:** Thursday, October 12, 2023 1:44 PM  
**To:** Donna O'Leary; Carlene Moore; Michael Gelfand (SDFair); Kathlyn Mead (SDFair); Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); Richard Valdez (SDFair)  
**Subject:** Public Comment Agenda Item 6 -- 22nd DAA Fairground Board Meeting 10/13/2023

Dear Esteemed Members of the 22nd DAA Board of Directors,

I am writing to you to express my support for affordable housing on the Fairgrounds. I support affordable housing on the Fairgrounds for the following reasons:

- The RHNA numbers for Del Mar treat all the part-time, seasonal Fairgrounds and racetrack employees as full-time, yearly employees. This means that, in the eyes of the State, Del Mar has as many full-time employees as it does residents. This has had the effect of placing a disproportionately large affordable housing requirement on Del Mar relative to Del Mar's usable space, number of residents, and actual full-time employees. This requirement has been and will be hard, if not impossible, for Del Mar to meet unless the Fairgrounds works with the city to meet this goal. And, considering that a large portion of Del Mar's affordable housing requirement is to serve those employees of the Fairgrounds, it makes perfect sense that the Fairgrounds would cooperate with Del Mar! We can beat the affordable housing crisis together!
- The Fairgrounds also seems to be the perfect place for affordable housing. It is centrally located with easy access to public transportation, schools, and commercial centers. More importantly, it is not located in a wildfire zone or a fragile ocean bluff. The Fairgrounds are a safe place for affordable housing.
- It would support not only the city of Del Mar but also the city of Solana Beach and the surrounding communities. There was a naturally occurring affordable housing development that was recently torn down to make way for higher density, more costly apartments. The new development will include a few token affordable units (required to get the development approved in the first place), but this development and developments like it have the effect of reducing existing affordable housing and/or taking the land that could be used for affordable housing and using it instead to develop luxury complexes. Affordable Housing at the fairgrounds could serve the people that have been displaced by developments of this nature, and it could truly be a development for affordable housing and NOT a luxury development with a smattering of affordable, undesirable units!

I also believe that affordable housing at the Fairgrounds would have the following, direct benefits for the Fairgrounds:

- **Employee Retention.** If the Fairgrounds is able to offer on-site, affordable housing to its employees and their families, it is more likely (1) that the Fairgrounds will be able to hire desirable candidates and (2) retain those employees.
- **Goodwill.** If the Fairgrounds helps Del Mar (and the State) tackle the affordable housing crisis, it will generate goodwill for the Fairgrounds in the community and nationally. Additionally, at a time when horse racing, one of the Fairgrounds biggest draws, has come under scrutiny, such goodwill could be priceless.
- **Revenue Generation.** Affordable housing on the Fairgrounds will surely generate additional revenue for the Fairgrounds. Beyond the revenue that may be generated from the housing itself, the people living in such housing will have direct and easy access to Fairground events.

I have heard two counter arguments to affordable housing at the Fairgrounds that I will address and rebut now:

- Flood Zone. Because the Fairgrounds sits in a designated flood zone (much like a large portion of Del Mar, including where I live), I have heard that the height for the first-floor of a building will have to be at least 23 ft. Those against affordable housing at the Fairgrounds (and maybe affordable housing in general) claim that a building of this type would be an "eyesore." I would disagree. Many of the structures on and surrounding the Fairgrounds are far greater than 23 ft in height: the grandstands, the Sound, the dorms, the Denny's sign, the Hilton hotel, the office complex on Stevens. Importantly too, a building on the Fairgrounds, even if high, would be structurally sound and safe. The same cannot be said for other alternative spaces in Del Mar: the North Bluff is riddled with sea caves and is in the process of crumbling into the sea and the south bluff is in a dangerous wildfire zone. And it is certain that buildings in those areas would be gargantuan in size--they would be of the luxury development type with a few affordable units. I would rather see a 23 foot high development in a safe location that is built for the purpose of affordable housing than a development that is also 23 feet high but that is built for the purpose of increasing the wealth of a few opportunistic developers.
- A "Dangerous" Precedent. Some believe that building affordable housing on the Fairgrounds will set a precedent of building affordable housing on state owned land, which, for those making this argument, is a bad result. This is patently not the case. Each State Fairground board would decide for themselves whether or not their respective Fairgrounds are appropriate for affordable housing. In most cases, Fairgrounds in other parts of the state are not centrally located and lack the resources of the 22nd DAA so would be unfit to serve as affordable housing locations. But the proponents of this argument claim that it would allow the State to build on other, non-fairground state land, like tidal wetlands. This is an absurd and illogical point. The 22nd DAA Board's decision to help remedy the affordable housing crisis is an independent decision; it does not grant carte blanche to other fairgrounds or the State to build wherever it wants (legally speaking, the right of the State to do so already exists). Plus, tidal wetlands, to use that example, would not be an appropriate place for affordable housing or housing/structures of any nature! Please do not let such absurd and fear-provoking arguments influence your sound, reasonable judgment! And what's more, shouldn't state-owned land, if suitable and perfectly situated for affordable housing, be used to develop affordable housing to combat the State-declared affordable housing crisis--we should and must all work together!

Thank you for your time, and I hope you make a decision that truly helps remedy the affordable housing crisis!

Sincerely,

Brian [REDACTED]  
Solana Beach resident

## **Carlene Moore**

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**From:** Kristen [REDACTED]  
**Sent:** Thursday, October 12, 2023 12:29 PM  
**To:** Donna O'Leary; Carlene Moore; Michael Gelfand (SDFair); Kathlyn Mead (SDFair); Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); Richard Valdez (SDFair)  
**Subject:** Affordable Housing in the 22nd Agricultural District

**I support affordable housing on the Fairgrounds for the following reasons:**

- The RHNA numbers for Del Mar treat all the part-time, seasonal Fairgrounds and racetrack employees as full-time, yearly employees. This means that, in the eyes of the State, Del Mar has as many full-time employees as it does residents. This has had the effect of placing a disproportionately large affordable housing requirement on Del Mar relative to Del Mar's usable space, number of residents, and actual full-time employees. This requirement has been and will be hard, if not impossible, for Del Mar to meet unless the Fairgrounds works with the city to meet this goal. And, considering that a large portion of Del Mar's affordable housing requirement is to serve those employees of the Fairgrounds, it makes perfect sense that the Fairgrounds would cooperate with Del Mar! We can beat the affordable housing crisis together! The Fairgrounds also seems to be the perfect place for affordable housing. It is centrally located with easy access to public transportation, schools, and commercial centers. More importantly, it is not located in a wildfire zone or a fragile ocean bluff. The Fairgrounds are a safe place for affordable housing.
- It would support not only the city of Del Mar but also the city of Solana Beach and the surrounding communities. There was a naturally occurring affordable housing development that was recently torn down to make way for higher density, more costly apartments. The new development will include a few token affordable units (required to get the development approved in the first place), but this development and developments like it have the effect of reducing existing affordable housing and/or taking the land that could be used for affordable housing and using it instead to develop luxury complexes. Affordable Housing at the fairgrounds could serve the people that have been displaced by developments of this nature, and it could truly be a development for affordable housing and NOT a luxury development with a smattering of affordable, undesirable units!

**Affordable housing at the Fairgrounds would have the following, direct benefits for the Fairgrounds:**

- **Employee Retention.** If the Fairgrounds is able to offer on-site, affordable housing to its employees and their families, it is more likely (1) that the Fairgrounds will be able to hire desirable candidates and (2) retain those employees.
- **Goodwill.** If the Fairgrounds helps Del Mar (and the State) tackle the affordable housing crisis, it will generate goodwill for the Fairgrounds in the community and nationally. Additionally, at a time when horse racing, one of the Fairgrounds biggest draws, has come under scrutiny, such goodwill could be priceless.

- Revenue Generation. Affordable housing on the Fairgrounds will surely generate additional revenue for the Fairgrounds. Beyond the revenue that may be generated from the housing itself, the people living in such housing will have direct and easy access to Fairground events.

**The two most frequently heard counter-arguments to affordable housing and my rebuttal to these arguments.**

- Flood Zone. Because the Fairgrounds sits in a designated flood zone (much like a large portion of Del Mar, including where I live), I have heard that the height for the first-floor of a building will have to be at least 23 ft. Those against affordable housing at the Fairgrounds (and maybe affordable housing in general) claim that a building of this type would be an "eyesore." I would disagree. Many of the structures on and surrounding the Fairgrounds are far greater than 23 ft in height: the grandstands, the Sound, the dorms, the Denny's sign, the Hilton hotel, the office complex on Stevens. Importantly too, a building on the Fairgrounds, even if high, would be structurally sound and safe. The same cannot be said for other alternative spaces in Del Mar: the North Bluff is riddled with sea caves and is in the process of crumbling into the sea and the south bluff is in a dangerous wildfire zone. And it is certain that buildings in those areas would be gargantuan in size--they would be of the luxury development type with a few affordable units. I would rather see a 23 foot high development in a safe location that is built for the purpose of affordable housing than a development that is also 23 feet high but that is built for the purpose of increasing the wealth of a few opportunistic developers.
- A "Dangerous" Precedent. Some believe that building affordable housing on the Fairgrounds will set a precedent of building affordable housing on state owned land, which, for those making this argument, is a bad result. This is patently not the case. Each State Fairground board would decide for themselves whether or not their respective Fairgrounds are appropriate for affordable housing. In most cases, Fairgrounds in other parts of the state are not centrally located and lack the resources of the 22nd DAA so would be unfit to serve as affordable housing locations. But the proponents of this argument claim that it would allow the State to build on other, non-fairground state land, like tidal wetlands. This is an absurd and illogical point. The 22nd DAA Board's decision to help remedy the affordable housing crisis is an independent decision; it does not grant carte blanche to other fairgrounds or the State to build wherever it wants (legally speaking, the right of the State to do so already exists). Plus, tidal wetlands, to use that example, would not be an appropriate place for affordable housing or housing/structures of any nature! Please do not let such absurd and fear-provoking arguments influence your sound, reasonable judgment! And what's more, shouldn't state-owned land, if suitable and perfectly situated for affordable housing, be used to develop affordable housing to combat the State-declared affordable housing crisis--we should and must all work together!

Thank you for your time, and I hope you make a decision that truly helps remedy the affordable housing crisis!

Best,

Kristen [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]





## Carlene Moore

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**From:** Noah [REDACTED]  
**Sent:** Thursday, October 12, 2023 11:23 AM  
**To:** Donna O'Leary; Carlene Moore; Michael Gelfand (SDFair); Kathlyn Mead (SDFair); Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); Richard Valdez (SDFair)  
**Subject:** Public Comment Agenda Item 6 -- Board Meeting 10/13/2023

Esteemed Members of the 22nd DAA Board of Directors,

I am writing to you to express my support for affordable housing on the Fairgrounds. I support affordable housing on the Fairgrounds for the following reasons:

- The RHNA numbers for Del Mar treat all the part-time, seasonal Fairgrounds and racetrack employees as full-time, yearly employees. This means that, in the eyes of the State, Del Mar has as many full-time employees as it does residents. This has had the effect of placing a disproportionately large affordable housing requirement on Del Mar relative to Del Mar's usable space, number of residents, and actual full-time employees. This requirement has been and will be hard, if not impossible, for Del Mar to meet unless the Fairgrounds works with the city to meet this goal. And, considering that a large portion of Del Mar's affordable housing requirement is to serve those employees of the Fairgrounds, it makes perfect sense that the Fairgrounds would cooperate with Del Mar! We can beat the affordable housing crisis together!
- The Fairgrounds also seems to be the perfect place for affordable housing. It is centrally located with easy access to public transportation, schools, and commercial centers. More importantly, it is not located in a wildfire zone or a fragile ocean bluff. The Fairgrounds are a safe place for affordable housing.
- It would support not only the city of Del Mar but also the city of Solana Beach and the surrounding communities. There was a naturally occurring affordable housing development that was recently torn down to make way for higher density, more costly apartments. The new development will include a few token affordable units (required to get the development approved in the first place), but this development and developments like it have the effect of reducing existing affordable housing and/or taking the land that could be used for affordable housing and using it instead to develop luxury complexes. Affordable Housing at the fairgrounds could serve the people that have been displaced by developments of this nature, and it could truly be a development for affordable housing and NOT a luxury development with a smattering of affordable, undesirable units!

I also believe that affordable housing at the Fairgrounds would have the following, direct benefits for the Fairgrounds:

- **Employee Retention.** If the Fairgrounds is able to offer on-site, affordable housing to its employees and their families, it is more likely (1) that the Fairgrounds will be able to hire desirable candidates and (2) retain those employees.
- **Goodwill.** If the Fairgrounds helps Del Mar (and the State) tackle the affordable housing crisis, it will generate goodwill for the Fairgrounds in the community and nationally. Additionally, at a time when horse racing, one of the Fairgrounds biggest draws, has come under scrutiny, such goodwill could be priceless.
- **Revenue Generation.** Affordable housing on the Fairgrounds will surely generate additional revenue for the Fairgrounds. Beyond the revenue that may be generated from the housing itself, the people living in such housing will have direct and easy access to Fairground events.

I have heard two counter arguments to affordable housing at the Fairgrounds that I will address and rebut now:

- Flood Zone. Because the Fairgrounds sits in a designated flood zone (much like a large portion of Del Mar, including where I live), I have heard that the height for the first-floor of a building will have to be at least 23 ft. Those against affordable housing at the Fairgrounds (and maybe affordable housing in general) claim that a building of this type would be an "eyesore." I would disagree. Many of the structures on and surrounding the Fairgrounds are far greater than 23 ft in height: the grandstands, the Sound, the dorms, the Denny's sign, the Hilton hotel, the office complex on Stevens. Importantly too, a building on the Fairgrounds, even if high, would be structurally sound and safe. The same cannot be said for other alternative spaces in Del Mar: the North Bluff is riddled with sea caves and is in the process of crumbling into the sea and the south bluff is in a dangerous wildfire zone. And it is certain that buildings in those areas would be gargantuan in size--they would be of the luxury development type with a few affordable units. I would rather see a 23 foot high development in a safe location that is built for the purpose of affordable housing than a development that is also 23 feet high but that is built for the purpose of increasing the wealth of a few opportunistic developers.
- A "Dangerous" Precedent. Some believe that building affordable housing on the Fairgrounds will set a precedent of building affordable housing on state owned land, which, for those making this argument, is a bad result. This is patently not the case. Each State Fairground board would decide for themselves whether or not their respective Fairgrounds are appropriate for affordable housing. In most cases, Fairgrounds in other parts of the state are not centrally located and lack the resources of the 22nd DAA so would be unfit to serve as affordable housing locations. But the proponents of this argument claim that it would allow the State to build on other, non-fairground state land, like tidal wetlands. This is an absurd and illogical point. The 22nd DAA Board's decision to help remedy the affordable housing crisis is an independent decision; it does not grant carte blanche to other fairgrounds or the State to build wherever it wants (legally speaking, the right of the State to do so already exists). Plus, tidal wetlands, to use that example, would not be an appropriate place for affordable housing or housing/structures of any nature! Please do not let such absurd and fear-provoking arguments influence your sound, reasonable judgment! And what's more, shouldn't state-owned land, if suitable and perfectly situated for affordable housing, be used to develop affordable housing to combat the State-declared affordable housing crisis--we should and must all work together!

Thank you for your time, and I hope you make a decision that truly helps remedy the affordable housing crisis!

Best,

Noah 

Born and Raised in Solana Beach  
Resident of Del Mar

## Carlene Moore

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**From:** Linda [REDACTED]  
**Sent:** Thursday, October 12, 2023 2:49 PM  
**To:** Donna O'Leary; Richard Valdez (SDFair); Carlene Moore; Michael Gelfand (SDFair); Kathlyn Mead (SDFair); Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair)  
**Subject:** Affordable Housing Needed At The Fairgrounds

Dear 22nd DAA Fairground Board Members,

I am very much in favor of implementing affordable housing on 2+ acres of land at the Fairgrounds. The Fairgrounds encompasses nearly one-third of Del Mar land mass. California based the Del Mar RHNA numbers on including all part-time, seasonal Fairgrounds and racetrack employees as full-time, yearly employees, bringing the number of employees equal to the entire population of Del Mar.

There are many reasons to support this decision. This is a perfect location, easily buildable and convenient for the residents. This opportunity would provide affordable housing in a centralized area allowing the residents access to neighborhood amenities. Additionally, this location would not disturb the sensitive areas of Del Mar which need our protection.

California needs more affordable housing but our small coastal cities have very little safe land on which to build. Our bluffs are failing, wildfire zones are increasing and some affordable housing is being replaced with high-rent units. Please continue to press forward and find a workable plan to locate affordable housing at the Fairgrounds.

Thank you,

Linda and Gordon [REDACTED]  
[REDACTED]  
[REDACTED]

Sent from my iPad

**Carlene Moore**

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**From:** Debbie [REDACTED]  
**Sent:** Tuesday, October 3, 2023 3:34 PM  
**To:** Donna O'Leary; Carlene Moore; Michael Gelfand (SDFair); kmeade@sdfair.com; Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); dvaldez@sdfair.com  
**Subject:** Re Affordable Housing at the Fairgrounds

Hello-

I am very much in favor of using 2+ acres for affordable housing on the easily buildable flatter land at the Fairgrounds, and not disturbing other more sensitive areas of Del Mar like the fragile bluff. There is plenty of parking and the location is perfect because so many of the fairground workers work in the area and are included in the RNHA calculation for Del Mar.

The Fairgrounds is easily accessible by walking or biking (hopefully in the future, by bus and train) to the Cedros area of Solana Beach, downtown Del Mar and the Via de la Valle stores and restaurants.

PLEASE keep working on a solution to locate affordable housing at the Fairgrounds.

Thank you-

Debbie [REDACTED]

Debbie [REDACTED]

**From:** [nei](#) [REDACTED]  
**To:** [Donna O'Leary](#); [Carlene Moore](#); [Michael Gelfand \(SDFair\)](#); [Kathlyn Mead \(SDFair\)](#); [Sam Nejabat \(SDFair\)](#); [Mark Arabo \(Sdfair\)](#); [Frederick Schenk \(SDFair\)](#); [Joyce Rowland \(SDFair\)](#); [Don Mosier \(SDFair\)](#); [Richard Valdez \(SDFair\)](#)  
**Subject:** Affordable housing at the Fairgrounds.  
**Date:** Thursday, October 12, 2023 11:07:29 AM

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I am long time home owner and resident of Del Mar. I support and enjoy the Del Mar Fairgrounds and the benefits it brings to our town and its and visitors.

Residents do, however, experience downsides to events throughout the year with traffic, noise, a rise in crime, congestion, pollution, increased burdens on our infrastructure and our natural environment to name a few.

It is reasonable, in exchange, the Fairgrounds should help with affordable housing mandates in our city.

The relatively small part of your acreage that is requested would go a long way to increasing the number of families able to live where they work. It is the right thing to do.

If you want Del Marians' continued support (especially as we support lucrative and disruptive events like Kaboo) you should readily help us with affordable housing.

Neil [REDACTED]  
[REDACTED]

## Carlene Moore

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**From:** Diane [REDACTED]  
**Sent:** Friday, October 13, 2023 4:10 PM  
**To:** Carlene Moore  
**Subject:** Affordable housing at the Fairgrounds.

I am long time home owner and resident of Del Mar. I support and enjoy the Del Mar Fairgrounds and the benefits it brings to our town and its and visitors. It is a centerpiece of our town.

Residents do, however, experience downsides to events throughout the year with traffic, noise, a rise in crime, congestion, pollution, increased burdens on our infrastructure and our natural environment to name a few.

It is reasonable, in exchange, the Fairgrounds should help with affordable housing requirements in our city.

The very small part of your acreage that is requested would go a long way to increasing the number of families able to live where they work. It is the right thing to do.

If you want Del Marians' continued support (especially as we support lucrative and disruptive events like Kaboo) you should readily help us with affordable housing.

Sincerely,  
Diane [REDACTED]  
[REDACTED]

## Carlene Moore

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**From:** Susan [REDACTED]  
**Sent:** Thursday, October 12, 2023 10:11 AM  
**To:** Carlene Moore  
**Subject:** Board Meeting today

Del Mar Fairgrounds Board Member:

I am a 32- year resident of Del Mar who has long supported and enjoyed the Del Mar Fairgrounds and the benefits it brings to locals and visitors.

Residents do have to put up with some downsides to events throughout the year though- traffic, noise, a rise in crime, congestion, pollution, increased burdens on our infrastructure and public employees and our natural environment to name a few.

I feel strongly that, in exchange, the Fairgrounds should help with affordable housing mandates in our city.

A small portion of your acreage would go a long way to increasing the number of families able to live where they work.

If you want Del Marians' continued support- especially as you add lucrative and disruptive events like Kaboo- you should readily say yes to helping with affordable housing.

And, I might add, protecting our environment, wildlife and residences by working out a solution for the train relocation in your huge property as well.

Sincerely,

Susan [REDACTED]  
[REDACTED]

## **Carlene Moore**

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**From:** lisa [REDACTED]  
**Sent:** Friday, October 13, 2023 5:59 AM  
**To:** Donna O'Leary; Carlene Moore; Michael Gelfand (SDFair); Kathlyn Mead (SDFair); Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); Richard Valdez (SDFair)  
**Subject:** THE RIGHT DECISION -- AFFORDABLE HOUSING AT THE 22ND DAA FAIRGROUND

## **Honorable Board:**

### **The right choice is affordable housing at our Fairgrounds.**

We moved to Del Mar in 1999, and have been full-time residents going on 25 years.

When we came to call Del Mar home, we waited one-year to ensure our respective jobs "shook-out." When they did, we stepped out to purchase a home. Overnight, the housing market doubled and the upward stream in pricing has not declined. Though our neighbors assured us that housing prices would go down as they had in a prior recession, along the coast it never really materialized. The White House saved the banks, Wall Street, and the corporate housing market which has only continued to gobble up residential properties, driving the cost for homes even higher across our nation.

When we were priced out of a home in Del Mar, we purchased the closest thing we could to the beach, a condominium across from the racetrack at Triple Crown. The cost was \$385,500 for the two-bedroom unit that is now worth about \$1.3 million -- and you are all aware of how much real estate is in Del Mar, Solana Beach and Cardiff.

Affordable housing has been needed for more than two decades. It's time to make room for so many that work and live in our communities that are being stretched to the brink paying rent and the high cost of our economy's inflation. Affordable housing will only enhance our quality of life that we share with so many that need affordable and stable housing.

This is an opportunity to build affordable housing the right way, too. Building a beautiful neighborhood inside our communities; ensure there is green space to recreate and that future children have a place to play with shade and a natural setting to call their home.

### **Make the right choice -- allow affordable housing in the single-largest landmass in Del Mar -- our RACETRACK.**

By the way, my husband and I have rented in Del Mar for these 25 years because we were initially priced out of the housing market. We intuitively bought real estate elsewhere with good gains, but still could not catch up to the Del Mar market. It has remained out of reach because of the price for property taxes -- one can pay off a mortgage; however, property taxes must be built into a retirement income, too. And, now we are building homes in Cardiff thanks to my parents' 1957 purchase of undeveloped land on San Elijo -- for just \$3,000. Continuous offers for this land come in now at \$8 million and more. Of course, we are exceedingly fortunate to have this land in our family for going on 70 years. Others are not so fortunate and need affordable housing -- are desperate for affordable housing because their jobs and rate of pay have not kept up with the housing market for going on 25 years. Long gone is the ratio that says no more than 1/3 of your income should go towards housing.

Oh, by the way, our tenant at Triple Crown is a senior and she is paying \$1,500 below market every month because people should come first.

By the way, my parents were only allowed to buy undeveloped land in 1957 because a woman's income would not be considered by a bank for a mortgage -- even though my mother earned more at an aircraft company downtown (she learned computers in the Navy) than my father did as a sergeant in the United States Marines Corp!

Stop housing discrimination along our coast -- affordable housing in our backyard -- absolutely!!



Lisa and Mike



**Carlene Moore**

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**From:** Dixie [REDACTED]  
**Sent:** Thursday, October 12, 2023 12:07 PM  
**To:** Donna O'Leary; Carlene Moore; Kmeade@sdfair.com; Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); Richard Valdez (SDFair)  
**Subject:** Affordable Housing on DM Fairgrounds

Dear 22nd DDA Fairgrounds Board,

I am a 53 year resident & taxpayer of Del Mar, who has supported & enjoyed Del Mar Fairgrounds events & the benefits it has provided to locals & visitors. We have also put up with increased traffic, noise, rise in crime, congestion, burdens on our infrastructure & public employees & environment.

Therefore, Del Mar Fairgrounds should help by providing 2 acres (out of your 365 acres - 1/3 of City of Del Mar) for affordable housing. The Del Mar RHNA numbers, which the State used to calculate affordable housing units, included all the part-time seasonal Fairgrounds & Racetrack employees as full-time yearly employees, which greatly increase our required affordable units.

Train track relocation via the Fairgrounds (public domain) to I-5 corridor makes logical sense. State of Calif. wants trains, but as poor ridership indicates, locals do not.

Therefore, I urge you to be a part of protecting our environment, wildlife, homes & businesses. You are the stewards of 1/3 of the City of Del Mar. We need your help.

Thank you for your kind attention,

Mary [REDACTED]

## Carlene Moore

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**From:** annette [REDACTED]  
**Sent:** Friday, October 13, 2023 9:07 AM  
**To:** Donna O'Leary; Carlene Moore; Michael Gelfand (SDFair); Kathlyn Mead (SDFair); Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); Richard Valdez (SDFair)  
**Subject:** YES affordable housing on Fairground property

I respectfully encourage you to vote yes that there should be affordable housing on the State owned fairground property. **Show California voters that you support affordable housing.**

1. The City of Del Mar asks for only 2 acres of the Fairgrounds land, whereas the Fairgrounds encompasses nearly one-third of City land.
2. **The Del Mar RHNA numbers, which the State uses to calculate affordable housing units, included all the part-time, seasonal Fairgrounds and racetrack employees as full-time, yearly employees, bringing the number of employees equal to the entire population of Del Mar.** Half the people living in Del Mar are retired.
3. The Fairgrounds is in the middle of two small cities and central enough for affordable housing inhabitants to access neighborhood amenities such as shopping, schools, and transportation.
4. The State of California needs more affordable housing, and these small coastal cities have little to no safe land to build, such as failing beach bluffs and wildfire zones. The Del Mar Fairgrounds can provide safe land for housing in a centralized place.
5. It's the right thing to do while a huge naturally occurring affordable housing complex is getting torn down in SB and replaced with high-rent buildings with a smattering of affordable units to double the density. Some of those people had lived there for over 25 years at very low rents, and who knows where they could find to move. Meanwhile, as Lesa Heebner puts it, our city becomes less diverse and wealthier.
6. The fairgrounds will have a train platform to assist low income residents travel to and from job opportunities within the city.
7. *Show California you are committed to do the right thing.*

Annette [REDACTED]  
[REDACTED]

## Carlene Moore

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**From:** realestate [REDACTED]  
**Sent:** Wednesday, October 11, 2023 7:32 PM  
**To:** Donna O'Leary; Carlene Moore; Michael Gelfand (SDFair); Kathlyn Mead (SDFair); Sam Nejabat (SDFair); Mark Arabo (Sdfair); Frederick Schenk (SDFair); Joyce Rowland (SDFair); Don Mosier (SDFair); Richard Valdez (SDFair)  
**Subject:** Affordable Housing

22<sup>nd</sup> Ag District,

I personally do not agree with the State's mandate, that being said I realize I am not going to get my way about it. So here is my solution:

- 1) The land along the freeway that belongs to the City of San Diego should be annexed into Del Mar and that is where the affordable housing should be built. My major concerns about affordable housing is WHO will take care of the buildings as they deteriorate, need fixing, etc, etc. Does this mean the State will have a fund and someone in charge of this, or has the State even thought about it. We do not need a blighted neighborhood in Del Mar, or anywhere.
- 2) Building on the Fairgrounds – Being involved in horse racing all my life there is a major concern for the safety of the horses. The only way it should be built on the Fairgrounds should be far away from the horses. Near the Fire Station would be a possibility. Any place else, with people living in the property without having experience and knowledge of thoroughbreds would be a danger to the animals.
- 3) The public has a right to know who and how these properties will be cared for. Please disclose this information to us.
- 4) I am out of town and otherwise would attend the meeting. Thank you.

Marla [REDACTED]

## Carlene Moore

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**From:** Oman [REDACTED]  
**Sent:** Tuesday, October 24, 2023 2:02 PM  
**To:** Frederick Schenk (SDFair); Richard Valdez (SDFair); Carlene Moore; Don Mosier (SDFair)  
**Cc:** Danielle Stephenson  
**Subject:** Del Mar 22nd Ag District Employees/DMTC Parking in Handicap Spots  
**Attachments:** IMG\_7890.jpg; IMG\_7891.PNG; IMG\_7892.PNG

22 Ag District Board Members,

Stopped by our local McDonalds on Via de la Valle last Friday and watched a pickup with DMTC signage park in the handicapped spot. The truck was not displaying handicapped plates or parking placard inside.

Sad thing was, that there were many open non-handicapped spaces and the DMTC truck took the last open handicapped space. Female passenger hopped out and had no problem navigating in and out with a large order. Driver stayed in the truck and was wearing a large hat or beanie on his head and didn't seem to appreciate the camera.

As a resident with a disabled relative who needs disabled parking, I find the lack of care or compassion for the disabled, combined with our taxpayer funded vehicle boldly proclaiming ownership, complete with the DMTC signage, callous and a very poor look for the 22 Ag District.

Hoping this was all a big mistake and there was supposed to be a handicapped plate on the truck and the occupants were following the law. If not please address this issue. It's not the first time I have seen this with other DMTC vehicles.

Thank you,  
Omar

1:04

Cellular signal strength icon, Wi-Fi icon, and 100% battery icon.

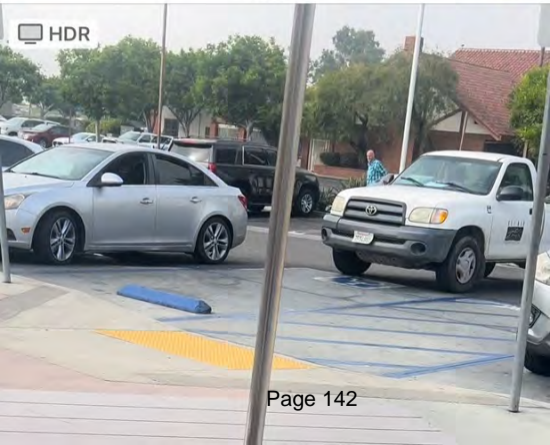


Friday  
9:52 AM

Edit



HDR



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Friday  
9:52 AM

[Edit](#)



HDR





Friday 9:52 AM

Edit



HDR





**From:** [Martha](#) [REDACTED]  
**To:** [Donna O'Leary](#)  
**Cc:** [G. Joyce Rowland](#)  
**Subject:** Only possibility left/Del Mar gets back-to-back Breeders' Cups, will be awarded 2025 event  
**Date:** Thursday, November 09, 2023 7:40:47 AM

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Good Morning! Please share this with the Board and senior management team. Thank you, Martha Sullivan

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"The Breeders' Cup and [Churchill Downs](#) do not appear to be in the same place when it comes to a revenue sharing agreement for the event. Essentially, the Breeders' Cup rents the facility for the event, but how all the revenue is distributed is a negotiation. Churchill Downs last hosted the Breeders' Cup in 2018.

"It's unclear whether Santa Anita even bid for the 2025 event. Santa Anita was the [host for the 11th time](#) last weekend, with an announced attendance of 109,624 for the two days. Based

on the on-track handle and attendance, the average amount that a person bet at Santa Anita over the two days was about \$177. That is consistent with most big days there.

"Last year, at Keeneland, the average amount bet by customers was \$243. In 2021 at Del Mar, which is a smaller facility with more well-heeled patrons, the average amount bet by people at the track was \$404."

<https://sports.yahoo.com/del-mar-gets-back-back-210111702.html>

# Del Mar gets back-to-back Breeders' Cups, will be awarded 2025 event

John Cherwa

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Del Mar will host the Breeders' Cup in both 2024 and 2025. Next year will be the third time it has hosted the two-day event. (K.C. Alfred / San Diego Union-Tribune)

[Del Mar](#) will host back-to-back [Breeders' Cups](#), after it was announced that the boutique race track will be the site of the year-end horse racing championships on Oct. 31 and Nov. 1 in 2025.

The announcement was supposed to be made Thursday but the Breeders' Cup moved it up after The Times reported the move Wednesday afternoon.

The last time the same track held consecutive Breeders' Cups was 2012 to 2014 at Santa Anita. In many ways, the decision is one based on necessity.

Since 2008, only four tracks have hosted the event: Santa Anita, Del Mar, Churchill Downs and Keeneland.

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**Read more:** [After an up-and-down career, White Abarrio takes victory in Breeders' Cup Classic](#)

Because Del Mar is owned by the state, its attendance figures are public record and audited. Keeneland is run by a nonprofit but is subject to some reporting protocols. Santa Anita is private and not subject to public auditing.

Once construction at [Belmont Park](#) is complete, the New York track is expected to be added to the rotation of hosts. The last time the Breeders' Cup was at Belmont was in 2005.