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CERTIFIED COPY

BOARD OF DIRECTORS MEETING
22ND DISTRICT AGRICULTURAL ASSOCIATION
DEL MAR FAIRGROUNDS via ZOOM
2260 JIMMY DURANTE BOULEVARD
DEL MAR, CALIFORNIA 92014

TUESDAY, JANUARY 9, 2024

1:31 P.M.

REPORTED BY: CHELSEA ROJO BERMUDEZ (VIA ZOOM)

CDR 1585, CER-1585

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IN ATTENDANCE

OFFICERS:

- Frederick Schenk, President
- Michael Gelfand, First Vice President
- G. Joyce Rowland, Second Vice President

DIRECTORS PRESENT:

- Mark Arabo, Director
- Lisa Barkett, Director
- Don Mosier, Director
- Sam Nejabat, Director

DIRECTORS ABSENT:

- Kathlyn Mead (Excused Absence)

ALSO PRESENT:

- Carlene Moore, Chief Executive Officer, 22nd DAA
- Josh Caplan, Deputy Attorney General
- Katie Mueller, 22nd DAA Chief Operations Officer
- Melinda Carmichael, 22nd DAA Chief Administrative Officer
- Tristan Hallman, 22nd DAA Director of Marketing
- Michael Sadegh, 22nd DAA Director of Finance (via Zoom)
- Donna O'Leary, Executive Assistant, 22nd DAA
- Henry Rivera, Moderator/Production Manager

1 ALSO PRESENT (Continued)

2 Chris Goldsmith, President, Belly Up (via Zoom)

3 Steve Goldberg, Managing Partner, Belly Up (via Zoom)

4 Matthew Clay, Manager, Del Mar Golf Center

5 Mark Terry, Festival Licensing and Acquisition Corporation

6 (via Zoom)

7 Josh Rubinstein, President, DMTC

8 Mike Ernst, CFO, DMTC

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1 DEL MAR, CALIFORNIA, TUESDAY, AUGUST 8, 2023

2 1:31 p.m.

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4 PRESIDENT FRED SCHENK: Well, good afternoon,
5 everyone. I want to welcome the -- the board, staff, and our
6 guests to the January 9th, 2024, session of the 22nd District
7 Ag Association Board of Directors meeting.

8 This is our first session of the year and the
9 first for me serving as president since early 2016; so it's
10 been a while. You'll have to bear with me. I've done it
11 before but, you know, it's sort of like, I guess, riding a
12 horse. You -- you know, once you've done it, you can do it,
13 you know, often, but there's still a -- a bit of a -- a
14 learning -- relearning curve; so I'll -- I'm sure by the end of
15 the year, I'll have it down.

16 All right. So we are missing Director Mead this
17 afternoon. She is excused.

18 So with that, Donna, would you please take roll?

19 MS. O'LEARY: President Schenk.

20 PRESIDENT FRED SCHENK: Aye. Present.

21 MS. O'LEARY: Vice President Gelfand.

22 MR. GELFAND: Present.

23 MS. O'LEARY: Vice President Rowland.

24 MS. ROWLAND: Present.

25 MS. O'LEARY: Director Arabo.

1 MR. ARABO: Present.

2 MS. O'LEARY: Director Barkett.

3 MS. BARKETT: Present.

4 MS. O'LEARY: Director Mosier.

5 MR. MOSIER: Present.

6 MS. O'LEARY: Director Nejabat.

7 MR. NEJABAT: Here.

8 MS. O'LEARY: And Director Valdez.

9 MR. VALDEZ: Present.

10 PRESIDENT FRED SCHENK: All right. Thank you.

11 So we're -- we're going to start with the
12 consent calendar. And so before we do that, I'm going to ask
13 if anyone has any -- if the public or the board has reviewed
14 the consent calendar and wishes to have any items taken out for
15 separate consideration. If not, I will welcome public comment.

16 Does anybody wish to have any items taken off?

17 All right. Hearing none, seeing none, we're
18 going to start with public comment.

19 Ms. Sullivan, welcome to our 2024 year of -- of
20 the 22nd District board meetings. You are -- you will be our
21 first public commenter. You have our attention. You have two
22 minutes.

23 MARTHA SULLIVAN: Thank you. Thank you, very much,
24 and happy New Year to everybody.

25 I would like to pull contract REV-15-008-41-AM4

1 with Set Spike, LLC, dba WAVE Volleyball, given that this is
2 part of part of the discussion later on the board's agenda.

3 PRESIDENT FRED SCHENK: Sorry. I wasn't able to hear
4 all -- you're --

5 MS. MOORE: She's asking move this.

6 PRESIDENT FRED SCHENK: Volleyball.

7 MS. MOORE: Because she thinks (indiscernible).

8 PRESIDENT FRED SCHENK: Yeah. Okay. All right.
9 We'll -- we'll clarify after all the public comments.

10 I'm sorry, Ms. Sullivan, I just -- I had a
11 little trouble hearing you. It wasn't your fault. The volume
12 in -- in the room was a little low, and I wasn't able to hear
13 all of what you're -- you're suggesting or asking.

14 We do have some in-person public comment so
15 we're going to go to Don Beaumont.

16 Yes, sir. And and please identify yourself
17 before you speak to the board. You have our attention. You
18 have two minutes.

19 DON BEAUMONT: My name is Don Beaumont. Good
20 afternoon. And my partner Ed Machado is ill; so he's not here
21 today but his daughter and wife and my son are here and we
22 request to be placed on the next board meeting agenda for a
23 presentation. And we'd like to invite the board to come down
24 and see our volleyball tent.

25 So we were the original tent 20 years ago. We

1 built it when Tim gave us this patch of grass in the corner
2 over there to kind of -- you know, you can kind of see it here
3 on the map -- and we built a facility there and we've been
4 there 20 years in -- in that facility. And I kind of had
5 something I wanted to talk about that I'll pass on to each one
6 of them -- because I only have two minutes; is that correct?

7 PRESIDENT FRED SCHENK: Correct.

8 DON BEAUMONT: Okay. We -- a couple of things. We
9 do rent out court space. Melinda originally asked me if we
10 sublet. And we do rent court space out just like Brennan does
11 in his tent. Just like the tennis court does. We do rent
12 court space. He -- WAVE volleyball, which was the club that he
13 bought from the Machados, still works out in our tent and then
14 evolved in to -- the -- the whole program grew and went into
15 the bigger tent. When Tim called me and said, what do you
16 think about building another facility where the spas used to be
17 next to the freeway, I said, sure. It's a great idea. It's
18 growing. I mean the club's growing. We need more room for the
19 youth to play volleyball. It's a great thing for the
20 community.

21 So then, I helped him with the Coastal
22 Commission and the staff, as far as the colors of the tent and
23 everything, and then he built the bigger tent. So we sold the
24 club to him, but we kept our tent, and then he has his tent.
25 So he rents our tent from 3:00 to 10:00 during the weekdays.

1 We use it ourselves the other times. And we use his rent money
2 and money that we get for teaching and things. And he has
3 privates that he rents in our court and he has privates that he
4 rents in his court to coaches. They pay him for privates for
5 renting court space. Melinda asked me if that's a sublet. I
6 just consider it renting court space.

7 So, basically, we've had thousands and thousands
8 of kids go to, you know, over 400 Division --

9 MS. O'LEARY: Your time's up.

10 DON BEAUMONT: -- 01 schools, and it's been a great
11 thing for us.

12 PRESIDENT FRED SCHENK: Thank you, sir. Your -- your
13 two minutes set has passed.

14 DON BEAUMONT: Okay.

15 PRESIDENT FRED SCHENK: Appreciate it. But we'll
16 welcome -- is it Hunter?

17 Hunter, would you like to address the board?
18 You have two minutes.

19 HUNTER BEAUMONT: Good afternoon. Hunter Beaumont,
20 Don Beaumont's son.

21 I played for WAVE Volleyball, our predecessor,
22 for the boys' team many years ago. My sisters played for WAVE
23 Volleyball. There's some exhibits that the Machados will be
24 passing out that show when we constructed the tent. I was
25 there with my siblings. We built that tent, assembled the

1 sport court flooring ourselves. I played for the team back at
2 the time, and that's been a facility that's kind of been near
3 and dear to the heart of our family for a long period of time.

4 I guess I would just comment really quick that
5 WAVE has, obviously, developed into a premiere club. We think
6 it's kind of critical infrastructure for, you know, for that
7 club. And we hope there's no problem with continuity of -- of
8 kids being able to practice and play volleyball at the
9 facility. As well, Del Mar Volleyball Club, which is owned by
10 Beaumont and Machado, I -- I don't think you'll find a better
11 tenant than -- than my dad, than Ed Machado. They're --
12 they -- they treat tenancy from a landlord perspective. They
13 have several rental properties. They're very familiar with
14 proactive maintenance. And I don't think you'll find anyone
15 better as a tenant for that small piece of land that you guys
16 have tucked over in that corner over there than Ed Machado and
17 Don Beaumont.

18 So we appreciate your consideration. We're, you
19 know, very happy with the facility and how we've been operating
20 it, and we hope to continue to do so for years to come.

21 Thank you.

22 PRESIDENT FRED SCHENK: Thank you, Mr. Beaumont.

23 Next on our list for public comment is
24 Jazmin Machado. Welcome.

25 JAZMIN MACHADO: Hi. I am Jazmin Machado. My dad's

1 Ed Machado. He's not here today because he's really sick. And
2 this is really hard for me because my dad started WAVE
3 Volleyball for me and there was no place to practice and so he
4 created Del Mar Fairgrounds Volleyball with Don Beaumont. And
5 since the termination was received on December 1st, myself and
6 my dad have been devastated because volleyball's been part of
7 my entire life. And we care immensely about these kids and
8 having a place to play.

9 And so I just ask that the board please give my
10 father and Don a chance to present to you formally and you come
11 look at our facility and see all the championships we've won.
12 Myself and my sister -- my sister was the first graduating
13 class, along with Don's daughter. All eight girls went on to
14 go to college to play volleyball because of this facility. And
15 I just ask you to please give them the opportunity to formally
16 present to you before you make any decisions.

17 Thank you.

18 PRESIDENT FRED SCHENK: Thank you very much. Wish
19 the best to your dad from us, please. Yeah.

20 Zee, welcome.

21 ZEE MACHADO: Hi, I am Zee Machado, and I'm the wife
22 of Ed Machado -- sorry, let me put my glasses on -- and who's
23 the co-owner of the fairground's Volleyball Center. And I'm
24 here on behalf of my husband because he's really, really ill,
25 and he didn't want to come -- he wanted to come and be here but

1 he doesn't want to expose anybody so I had to come for him.
2 And it's very hard for him to miss this meeting because he has
3 thought about almost nothing else since receiving the
4 termination notice on December 1st in 2023. And receiving the
5 notice without any prior warning or discussion, after 20 years
6 of tenancy, was hard enough, but to do it on December 1st,
7 right at the beginning of the Holiday Season and without a
8 board meeting seemed extremely cruel.

9 The first thing Ed did was reach out to Don, his
10 partner, and Melinda Carmichael to see if they could discuss
11 the termination. The second thing Ed did was reach out to
12 Brennan Dean to let him know that as of January 1st he would be
13 losing a place where his athletes to practice and play.

14 Because Ed was the founder of WAVE Volleyball
15 and dedicated his life to helping the youth of San Diego, his
16 first concern was where the athletes would play. We knew this
17 would be a disaster since they are in the middle of their
18 season. We also knew that this would be a media storm -- a
19 firestorm with families up in arms because their children's
20 practice facility was being taken away. But out of respect for
21 the 22nd DAA, we have purposely avoided that route in hopes of
22 having our lease reinstated without disruption to the players
23 and their families and the negative publicity to the 22nd DAA.

24 Since Ed started WAVE Volleyball Club and -- and
25 its continuance through Brennan and Kristen Dean, thousands of

1 student athletes have trained there. I don't understand why
2 the district would want to eliminate that.

3 So I'm asking on behalf of my husband that you
4 place the reinstatement of our lease on the February agenda to
5 give Ed and Don a chance to adequately represent themselves,
6 especially since the only communication they've ever had with
7 Carlene Moore was on December 7th Teams meeting. At that
8 meeting, Carlene told Ed and Don there was no cause for the
9 termination, that they were just merely moving in a different
10 direction. We simply just do not understand the decision --

11 MS. O'LEARY: I'm sorry.

12 ZEE MACHADO: -- since everything has been running --

13 MS. O'LEARY: Ms. Machado, your time is up.

14 ZEE MACHADO: -- smoothly for two decades.

15 Thank you.

16 PRESIDENT FRED SCHENK: Thank you so very much.

17 ZEE MACHADO: Thank you for your time.

18 PRESIDENT FRED SCHENK: All right.

19 So, Carlene, do you want to address
20 Ms. Sullivan's request?

21 MS. MOORE: Yes. Yes. So with regard to the
22 contract request of REV-15008-41, Amendment 3, the volleyball
23 club operator, WAVE Volleyball agreement, this is actually not
24 in terms of the volleyball premises update. These -- it's two
25 separate things. That's why the contract is listed on the

1 consent calendar.

2 PRESIDENT FRED SCHENK: All right.

3 MS. MOORE: This -- the current contract with WAVE,
4 which has been in place since 2015, renews every two years, and
5 this is the renewal of that for another two-year operating
6 period.

7 PRESIDENT FRED SCHENK: All right. With that, we
8 will keep it --

9 MS. MOORE: And not -- I will -- so I also just want
10 to clarify -- and not for the spaces represented by
11 Mr. Beaumont and the Machado family.

12 PRESIDENT FRED SCHENK: Right. Okay.

13 With -- with that in -- in mind and that
14 clarification, we're going to keep it on the consent calendar.
15 I'll entertain a motion.

16 MR. ARABO: Is -- I -- I'm new to the board -- just a
17 quick question. Is that the process and procedures -- when
18 that happens, usually, then, the -- does the board and the
19 staff then, say, let them come and speak to the board at
20 another meeting? Because I feel like, you know, it's good to
21 have more information to figure out if we could create a
22 solution.

23 PRESIDENT FRED SCHENK: This is not the issue,
24 though.

25 MR. ARABO: That's a different issue. I'm -- okay,

1 I'm more towards that issue.

2 MS. MOORE: And (indiscernible).

3 PRESIDENT FRED SCHENK: And -- and Carlene will be
4 talking to that --

5 MR. ARABO: Okay.

6 PRESIDENT FRED SCHENK: -- later. So this is for the
7 WAVE contract.

8 MR. ARABO: Does that affect this other issue or no?

9 MS. MOORE: No. This is a -- this is a separate
10 agreement that's been in place since 2015, which is for the
11 tent -- for the area that WAVE invested and put into -- in
12 between the tennis courts and the golf operation, and it's just
13 the extension of their --

14 MR. ARABO: (Indiscernible).

15 MS. MOORE: -- their multiyear agreement. Which is
16 why it's on the the board's consent calendar item --

17 MR. ARABO: Got it.

18 MS. MOORE: -- as compared to delegation of authority
19 because it's not an annual agreement.

20 MS. BARKETT: (Indiscernible).

21 PRESIDENT FRED SCHENK: Sure.

22 MS. BARKETT: (Indiscernible).

23 MR. CAPLAN: Generally -- generally the practice is
24 (indiscernible) the board member (indiscernible).

25 PRESIDENT FRED SCHENK: Okay. All right.

1 Lisa.

2 MS. BARKETT: I -- I just have a quick question
3 because I'm -- the facts -- pardon me?

4 PRESIDENT FRED SCHENK: Your mic is on?

5 MS. BARKETT: Yeah. Yeah. Sorry.

6 So I'm a little confused on the facts. So the
7 tent that is there now under WAVE's -- is a different tent?

8 MS. MOORE: Correct.

9 MS. BARKETT: Okay. And in negotiating the lease
10 back in 2015 -- and I know, Carlene, you weren't here then --
11 but did it anticipate that the Beaumont Group would be a part
12 of that lease and it would continue ongoing?

13 So I think I'm looking into kind of what are the
14 facts of the scenario.

15 MS. MOORE: So I think that -- I think I can provide
16 more information when we get to item 5 --

17 MS. BARKETT: Okay.

18 MS. MOORE: -- under my -- under the executive report
19 with regard to the volleyball premises update. But to answer
20 that, they are separate. And no, it did not contemplate.

21 MS. BARKETT: Okay. So I would like to pull it just
22 until we hear --

23 PRESIDENT FRED SCHENK: Okay.

24 MS. BARKETT: Yeah.

25 PRESIDENT FRED SCHENK: All right.

1 MS. BARKETT: And -- and we'll go from there.

2 PRESIDENT FRED SCHENK: All right.

3 MS. BARKETT: Thank you.

4 PRESIDENT FRED SCHENK: We'll -- we'll move that
5 under -- to the executive report.

6 MS. BARKETT: Yes.

7 PRESIDENT FRED SCHENK: Okay.

8 MS. BARKETT: Thank you very much.

9 PRESIDENT FRED SCHENK: All right.

10 MR. MOSIER: I'd like to move to approve the consent
11 calendar with the exception of the item that was just pulled.

12 PRESIDENT FRED SCHENK: All right.

13 MR. GELFAND: I'll second.

14 MR. ARABO: I'll second.

15 PRESIDENT FRED SCHENK: It's been moved and seconded
16 by Director Mosier. And it was a tie between -- I -- I heard
17 Director Gelfand first. So I got to go with what I -- what I
18 heard first.

19 Director Arabo. Thank you.

20 It's been moved and seconded. And any further
21 discussion before we take a vote?

22 All right. Take roll -- take a vote.

23 MS. O'LEARY: I just want to confirm the second was
24 put by --

25 MS. MOORE: Gelfand.

1 PRESIDENT FRED SCHENK: Yes, Gelfand.

2 MS. O'LEARY: President Schenk.

3 PRESIDENT FRED SCHENK: Aye.

4 MS. O'LEARY: Vice President Gelfand.

5 MR. GELFAND: (Indiscernible).

6 MS. O'LEARY: Vice President Rowland.

7 MS. ROWLAND: Aye.

8 MS. O'LEARY: Director Arabo.

9 MR. ARABO: Aye.

10 MS. O'LEARY: Director Barkett.

11 MS. BARKETT: Aye.

12 MS. O'LEARY: Director Mosier.

13 MR. MOSIER: Aye.

14 MS. O'LEARY: Director Nejabat.

15 MR. NEJABAT: Aye.

16 MS. O'LEARY: And Director Valdez.

17 MR. VALDEZ: Aye.

18 PRESIDENT FRED SCHENK: All right. The motion to
19 approve the consent calendar, absent the WAVE Volleyball
20 contract is -- been approved and that one will be decided under
21 the executive report.

22 Moving on to public comment, I have two by phone
23 and one in-person. We'll start with Ms. Sullivan.

24 You may address the board. You have two
25 minutes.

1 MARTHA SULLIVAN: Hello again.

2 I just ask everybody to remember to speak into
3 your microphone, please, just so those of us remote can hear
4 everybody.

5 First, I want to thank the board and the
6 district staff for working with me and the San Diego Housing
7 Emergency Alliance to commemorate the 2023 Homeless Persons'
8 Memorial Day at the fairgrounds on December 21st. It was
9 really, as I shared and is included in the board packet, it was
10 very impactful and profound. And the winter gear and free
11 donations went to inclement weather shelters the next night and
12 other homeless outreach organizations, including Interface
13 Community Services the following week; so thank you very much.

14 I also just want to give a heads up on 2024
15 media on racehorse fatalities. The federal Horse Racing
16 Integrity and Safety Authority is going to make its first
17 release of equine fatality data in the first quarter of 2024,
18 which will include all of calendar year 2023. Thereafter, the
19 releases will be quarterly.

20 And then coming on Hulu in 2024 -- this might be
21 horse racing's Blackfish -- the New York Times will present
22 "Broken Horses." So these are going to be two probably pretty
23 big media flashes in 2024 to bring more attention to racehorse
24 fatalities. Under HIPAA regulations, all deaths of horses
25 registered with it are reported, and as many states do not

1 publish horse deaths and a few even have limits on the deaths
2 reported, this may be a significant increase of information on
3 racehorse deaths in U.S. horse racing.

4 Thank you.

5 PRESIDENT FRED SCHENK: Ms. Sullivan, I -- I
6 appreciate always your -- your comments. And I know you have a
7 few more that you will be offering later.

8 I -- I heard you very clearly when you began and
9 then it sort of became a little more challenging. I -- I know
10 you want to speak not just to the record but to us; so if you
11 would extend that courtesy, try to keep your voice up. I know
12 it will be --

13 MARTHA SULLIVAN: Will do.

14 PRESIDENT FRED SCHENK: -- recorded for the record
15 but it's -- but it -- I know you really want us to hear, not
16 just have a record of what you have to say. So I -- I would
17 appreciate that. And I want to also thank you for -- for your
18 bringing that -- the issue of the homeless issue in December to
19 our attention. Grateful for your help in the community in that
20 regard.

21 Next is Jane Cartmill, also by phone.

22 Ms. Cartmill, you have two minutes to address
23 the board.

24 MR. RIVERA: Jane, you're in the meeting. Star 6 to
25 unmute.

1 JANE CARTMILL: California's 2023 horse racing kill
2 count by the California Horse Racing Board is 83, up 30 percent
3 from 2022, up 93 percent at Santa Anita Park, and 54 percent at
4 Golden Gate Fields.

5 Predictably, only a few days into the New Year,
6 the CHRB has already reported three horse deaths in 2024. On
7 January 1st at Santa Anita Park, six-year-old gelding Derby
8 Prospect died in training. He was raced once on May 31st,
9 2021, at Santa Anita. He was entered to race on February 19,
10 2023, at Santa Anita, but was scratched by the veterinarian.

11 California racing is so desperate for horses to
12 fill its fields that a horse who hadn't raced in two-and-a-half
13 years and was scratched from a race by a veterinarian nearly a
14 year ago was pressed into service. Situations like this are
15 occurring more frequently and will contribute to more injuries.

16 On January 2nd at Los Alamitos Race Course, two
17 horses who raced on December 30th died. Both listed as racing
18 and musculoskel- ---skeletal deaths. Five-year-old mare, Hop
19 On and Ride, was raced on December 30, 2023, at Los Alamitos,
20 finishing fifth of eight horses, reported dead by CHRB on
21 January 2nd. Bound to Bet, six-year-old thoroughbred gelding,
22 was reported to have died during or post operation following
23 his injury and being ambulated from the track. This death is
24 also listed as racing and musculoskeletal.

25 Also, predictably, there are many more needless

1 deaths to come.

2 Thank you.

3 PRESIDENT FRED SCHENK: Thank you very much.

4 And in-person we have Anne Rizzo.

5 Good afternoon, Ms. Rizzo.

6 ANNE RIZZO: Good afternoon. Thank you.

7 PRESIDENT FRED SCHENK: Please identify yourself for
8 the record.

9 ANNE RIZZO: Anne Rizzo.

10 PRESIDENT FRED SCHENK: Thank you.

11 ANNE RIZZO: And I'm here today to suggest to you --
12 I know you're going through a new master plan. I wanted to
13 suggest pickleball. I'm sure by now everybody's heard of it.
14 It's the fastest growing sport in America. And if you play
15 locally, depending on where you play, you'll know that there's
16 lots of being turned away because too many people are there.
17 And -- well, I guess, I was trying to suggest to have some
18 courts. Encinitas at Bobby Riggs has 21 courts. The
19 pickleball capital of the world is Naples, Florida, and they
20 host the open every year. They have 65 courts. So I put
21 together a little packet for you on costs of pickleball courts
22 to be built, what you can make on pickleball courts.

23 When Naples had the U.S. Open last year, they
24 made 11.5 million for the local economy in restaurants and
25 hotels. If you were to build -- I'm just going to throw out a

1 number of 40 because Encinitas has 21 and Naples Florida has
2 65 -- if you were to have 40, you would definitely be able to
3 have some national tournaments here, which can bring in 40,000
4 people, usually about 3,000 players and 40,000 onlookers. And
5 when you're not having tournaments, you could have daily play,
6 and that could be at a cost of \$10 per player and that could
7 bring in \$11,000 per day if you did the 40 courts -- and these
8 are just rough numbers -- giving you four million total --

9 MS. O'LEARY: Ms. Rizzo --

10 ANNE RIZZO: -- per year.

11 MS. O'LEARY: -- your time is up.

12 PRESIDENT FRED SCHENK: Sorry. Your -- your time is
13 up.

14 ANNE RIZZO: Okay. Well --

15 PRESIDENT FRED SCHENK: You're welcome to come back
16 and address us again. Full disclosure, I actually watch the
17 Pickleball Channel so --

18 ANNE RIZZO: Okay. Great.

19 PRESIDENT FRED SCHENK: -- I -- I know of what you
20 speak.

21 ANNE RIZZO: Good. I'm talking --

22 PRESIDENT FRED SCHENK: And I -- and I know about
23 Naples, Florida, being sort of like --

24 ANNE RIZZO: May I leave the packet that I created?

25 MS. MOORE: Yeah.

1 PRESIDENT FRED SCHENK: You're welcome to do that.
2 Thank you for your time.

3 All right. I don't see any other members of the
4 public who wish to address us in public comment; so we're going
5 to turn to the executive report. We will put in the consent
6 calendared item for WAVE Volleyball under -- after the
7 operational announcements. Okay. Thank you.

8 MS. MOORE: So first off just -- everybody can hear
9 me okay -- just wanted to as -- as the board is aware the
10 packet was late for a variety of reasons -- as I mentioned in
11 my email to all of you -- and so I just wanted to, for the --
12 the public, to state that, you know, on behalf of all of us,
13 the board, as well, I know we take a lot of pride in the -- the
14 strides that we have taken in recent years towards transparency
15 in terms of our operations; so really sincerest apologies for
16 kind of starting off the year this way.

17 Though there is not a legal requirement in terms
18 of providing a packet in advance, it's not how any one of us
19 wants to be doing business. And so -- and we just really want
20 to continue to -- the good practices that we have been
21 developing; so hopefully everybody has had an opportunity to
22 review it. It is a pretty comprehensive packet. Excuse me.

23 So in terms of just a quick update on the
24 Del Mar National Horse Show. So it is coming back in 2024, as
25 I have previously reported, and HITS will be managing that on

1 our behalf, though, the operator at -- at our Equestrian Center
2 at Horse Park, and it's actually going to take place at
3 Horse Park this year. So the dates of the show are in your
4 packet on page 41 and of most importance is to, you know, mark
5 your calendars now for the Grand Prix that will take place on
6 Saturday, May 4. So we'll have more information on that to
7 come but just want to make sure that directors have that on --
8 on their calendar.

9 On to the volleyball premises update. So one
10 thing I do want to -- in terms of clarification -- and we
11 experience this on occasion -- is that what we work with --
12 with regard to any of the operators -- and they are operators
13 over at Surf & Turf -- is off of rental and operator
14 agreements, these are not leases. They're not tenants.
15 Leases and tenant situation actually requires approval by the
16 Department of General Services, as compared to rental and
17 operator agreements, which -- that's approval at -- here at the
18 district level.

19 So, historically, we have had two operators at
20 Surf & Turf, the WAVE Volleyball program, which we'll address
21 as well in terms of that contract, and separately -- and
22 this -- and as I mentioned earlier -- is the sport tent and
23 sand courts between tennis and the, in essence, the
24 Golf Center, and then Del Mar Volleyball Center, also known as
25 the Fairgrounds Volleyball Center, and that is the sport tent

1 that is nearest to the Hilton property.

2 So since November 1st of 2022, we had
3 transitioned to monthly contract with Del Mar Volleyball
4 Center, and it's one that has renewed on -- just on a monthly
5 basis. And in part because needing to spend more -- some more
6 time to learn and understand the differences between these two
7 groups, the two programs, why WAVE has a multiyear deal, why it
8 is that the Del Mar Volleyball Center has just been an annual
9 contract, why there are such differences in the rent being paid
10 and so on. But due to other pressing matters, such as taking
11 over tennis operations for a period of time last year and other
12 things just -- we were not able to -- to address that until
13 this past -- this past fall and winter.

14 So, historically, the Del Mar Volleyball Center
15 has been operating since 2002 on annual contracts. WAVE
16 Volleyball -- and -- and originally Ed Machado did found WAVE,
17 the club, and then sold that, I believe it was in 2012, to the
18 current owner, Brennan, with WAVE Volleyball. So Del Mar
19 Volleyball Center and WAVE Volleyball, in essence, kind of,
20 separation there in 2012.

21 So WAVE Volleyball has been operating, then,
22 since 2015 -- and that's the agreement, Revenue 15-008-41, that
23 was on the consent calendar today -- and that was done with --
24 as a multiyear deal with options that were reflective of the
25 capital investment that was made at the time. You've heard the

1 stories about, you know, discovering the -- the skate park
2 below and things when they were were constructing that. All of
3 this was, as everyone's aware, was prior to my arrival.

4 Since 2012 -- in 2012 Ed Machado sold his
5 interest in WAVE Volleyball Club to Brennan. And since that
6 time, the -- the way that it's been operating is WAVE has been
7 subletting the space at the -- the sport tent owned by Del Mar
8 Volleyball Center. That has been without our knowledge as the
9 district, without our -- our permission. And when Melinda and
10 I did meet with Don and Ed from Del Mar Volleyball Center in
11 December and we did ask the question, it was that yes, they
12 are -- they are subletting it. And it is the exclusive
13 volleyball program that is being -- that is being operated
14 there in terms of -- of club volleyball.

15 So that -- so that's been happening since --
16 since 2012. And -- and, again, as I mentioned, it's been
17 single, annual contracts that they've been operating on only
18 the contract -- to my understanding -- between Del Mar
19 Volleyball Center and WAVE was actually multiyear contracts
20 that WAVE was -- was signing with them. So we just -- there
21 are a number of things about this that are just not -- has not
22 been clean for us as the district.

23 So in our effort to just continue to clean up
24 operations, we did issue a 30-day notice of termination to
25 Del Mar Volleyball Center on December 1st, effective December

1 31st. I -- I viewed this as an operational decision and one in
2 which that I don't -- as the district, that we want a situation
3 of someone else, in essence, renting out our space who is
4 actually making money off of that arrangement, as compared to
5 the rent that the district receives.

6 In the process of that, discovered that the
7 sport tent is considered a temporary structure and so that
8 remains the property of the Del Mar Volleyball Center. It was
9 never my intention, as well as it's not the intention, I hear
10 from Don and Ed, to negatively impact the families and the
11 athletes of the volleyball program. And so Del Mar Volleyball
12 asked me to -- if I would reconsider the -- the notice of
13 termination, which would have gone into effect on -- and did go
14 into effect on December 35th -- 31st.

15 I granted that reconsideration and all of this
16 information is in your packet on pages 42 through 49. I did
17 grant that out of consideration of the athletes, not the
18 financial arrangement of the Del Mar Volleyball Center to, in
19 essence, its sublettee, WAVE Volleyball, and so offered to
20 Del Mar Volleyball Center a new contract for seven months,
21 understanding the disruption that would be caused to these
22 athletes and their families should that tent be removed. So
23 for seven months from January 1st through July 31st without
24 an -- an opportunity to extend it and that the district will
25 just enter in, directly, to relationships with those who are

1 actually utilizing our facilities and that the tent would need
2 to be removed by August 15th.

3 So that's the -- the contract that has been --
4 been put forward to them and within that that it would
5 allow/provide for Del Mar Volleyball Center to exclusively
6 sublet the space to WAVE Volleyball and only to WAVE
7 Volleyball, and that in the meantime during the term of that
8 agreement, the sport tent, the courts and things could not be
9 removed.

10 So with that I just -- so I want to clarify, in
11 terms of separate issues, separate contracts. So the amendment
12 three to the WAVE Volleyball operator agreement, as is included
13 in your packet on or around page 40 -- I don't have that -- let
14 me look for it.

15 MS. BARKETT: I think it is page 42.

16 MS. MOORE: It's on page 28, actually.

17 That -- the amendment for WAVE Volleyball is
18 simply exercising the remaining option years on that original
19 agreement for the -- for 2020 -- 2024 through 2025, through
20 August the 31st of 2025. And that is separate and apart from
21 the agreement with Del Mar Volleyball Center with regard to the
22 tent located at the Hilton.

23 WAVE Volleyball then has a contract with Del Mar
24 Volleyball Center for use of that tent that's nearest to the
25 Hilton.

1 MS. ROWLAND: (Indecipherable.)

2 MS. O'LEARY: Director --

3 MS. MOORE: Joyce --

4 MS. O'LEARY: Director Rowland, can you use your
5 microphone, please?

6 MS. ROWLAND: Sorry. It wasn't turned on. My fault.

7 So the current rent is -- is the 110,381, that's
8 a current rent amount?

9 MS. MOORE: That's the current rent -- WAVE -- from
10 WAVE Volleyball.

11 MS. ROWLAND: Oh, okay. This is WAVE. I'm sorry.

12 MS. MOORE: You're looking at that agreement but
13 yes --

14 MS. ROWLAND: Okay. So I guess -- I guess --

15 MS. MOORE: -- that agreement is for WAVE
16 Volleyball --

17 MS. ROWLAND: -- my question is, you know, you -- you
18 referred to the direct rent being paid by Del Mar Volleyball to
19 the district versus the sublet rent that they're receiving.
20 What are those two numbers?

21 MS. MOORE: The -- the rent to -- I -- I'm sorry, I
22 don't have that in front of me. The rent to us is
23 approximately \$3500 per month. It might be 39.

24 MS. ROWLAND: Okay. 3588.

25 MS. O'LEARY: 38.

1 MS. MOORE: 3800. Thank you. 3800 per month. And
2 my understanding is that WAVE is paying approximately four
3 times that amount for the space, around 15,000 a month.

4 PRESIDENT FRED SCHENK: Any other questions?

5 MS. ROWLAND: Oh, I just -- I just -- I thought I
6 heard something different when we had our public comment on the
7 consent calendar that there were other space rentals in the
8 tent --

9 PRESIDENT FRED SCHENK: For, like, private lessons
10 and things.

11 MS. ROWLAND: Right.

12 MS. MOORE: Not in terms of volleyball programs that
13 are operating in there. If there -- if there are other -- if
14 there are other users of that space during the day and things
15 like that, we're not aware of it.

16 MS. ROWLAND: Okay.

17 PRESIDENT FRED SCHENK: In other words, they're not
18 authorized.

19 MS. MOORE: Uh-huh.

20 PRESIDENT FRED SCHENK: Director Gelfand, did you
21 have a comment?

22 MR. GELFAND: Yeah. Well, I have a few questions.

23 And first of all, I'm just wondering maybe if
24 you could show us on the map what we're talking about because
25 we've got a space that is exclusively used by WAVE, then we've

1 got a space that is controlled by Del Mar Volleyball, and all
2 or a portion of it is sublet to WAVE?

3 MS. MOORE: All.

4 MR. GELFAND: All. But then from what I heard from
5 the public comments was it's not all, it's all but only certain
6 times of the day, but I want all that clarified. Let's start
7 with that.

8 MS. MOORE: So the -- the tent to the -- nearest to
9 the Hilton property --

10 MR. GELFAND: Yeah.

11 MS. MOORE: -- where Mr. Beaumont is pointing to --
12 that -- that is the tent with regard to Del Mar Volleyball
13 Center.

14 MR. GELFAND: Uh-huh.

15 MS. MOORE: Everything -- the other tent and sand
16 courts are exclusively WAVE and that's --

17 MR. GELFAND: -- and that's the contract --

18 MS. MOORE: -- the contract --

19 MR. GELFAND: -- that was on the consent agenda.

20 MS. MOORE: -- that's in front of you. Yes.

21 MR. GELFAND: Okay.

22 MS. MOORE: Yes.

23 MR. GELFAND: And the upper tent, which is Del Mar
24 Volleyball, has been on an annual --

25 MS. MOORE: It was on annual until November of 2022

1 where we went to monthly contracts on it.

2 MR. GELFAND: Okay. And -- okay. But then the tent
3 that WAVE is using is actually owned by Del Mar Volleyball?

4 MS. MOORE: Yes.

5 MR. GELFAND: And -- okay. So part of what they're
6 paying for is rent for the use of the tent?

7 MS. MOORE: Yes.

8 MR. GELFAND: So that four times rate, part of that
9 could be attributed to the tent? Okay.

10 MS. BARKETT: Question: Why did you go to a monthly
11 contract? What -- what prompted that in November of '22?

12 MS. MOORE: So that was around the same time that we
13 were -- as we've been, again, looking into our -- our
14 operations and things and discussion around, you know, just the
15 flexibility for making changes as necessary. In -- in essence,
16 it took a year before I was able to look into that contract
17 further.

18 MS. BARKETT: So it was -- it was just you were
19 just --

20 MR. GELFAND: Stopgap.

21 MS. MOORE: Right. And even with -- on the -- and
22 so -- and just to clarify with regard to the annual
23 contracts, there's not an -- there was not an automatic renewal
24 for those; each year a new contract, and had the same 30-day --
25 the same 30-day --

1 MS. BARKETT: Notice.

2 MS. MOORE: -- notice in for -- clause in it.

3 MS. BARKETT: Okay. And one question. It looks to
4 me -- I mean and this is probably not to scale, obviously, but
5 it looks like that tent that WAVE is currently using, the
6 Beaumont tent, is quite a bit larger. Is that --

7 MS. MOORE: No.

8 MS. BARKETT: -- correct?

9 MS. MOORE: The upper tent --

10 PRESIDENT FRED SCHENK: The opposite.

11 MS. MOORE: -- it's -- is actually --

12 MS. BARKETT: It's the opposite?

13 MS. MOORE: -- smaller.

14 MS. BARKETT: Okay. It's the smaller one, okay.

15 MR. GELFAND: By the way, you couldn't get more to
16 scale than that.

17 MS. BARKETT: Right.

18 PRESIDENT FRED SCHENK: Yeah, I mean --

19 MS. BARKETT: But, I mean, I don't know about if it's
20 exact. Okay.

21 And so I have a question: Could WAVE, in your
22 opinion, still operate in the fashion that they're used to
23 without the use of the Beaumont tent?

24 MS. MOORE: I think it would definitely put -- cause
25 a disruption, which is why we put forth the contract for the

1 seven months. I definitely think it could negatively impact
2 the program in that way because they would have to scramble in
3 terms of either bringing -- and we would enter into
4 negotiations with them for that -- but replacing the tent,
5 which is an option, or utilizing other district facilities in
6 the -- in the meantime as a stopgap.

7 MR. GELFAND: Fred.

8 PRESIDENT FRED SCHENK: Yes, Director Gelfand.

9 MR. GELFAND: So what would be contemplated at the
10 end of July? Would there have to be an RFP for the use of that
11 space? Or could it be rented directly from the fairgrounds,
12 the DAA, to WAVE?

13 MS. MOORE: It could be rented directly. These
14 are -- these are rental agreements. Again, these are not --
15 these are not leases and -- and it's revenue generating. So
16 no, an RFP would not have to be -- would not have to be -- WAVE
17 has already -- has expressed their interest in -- obviously,
18 they'd like to also have a stopgap in the meantime -- but has
19 expressed their interest in -- because the -- the growth of
20 their program and what that is in the community to continue to
21 operate -- to expand their operations.

22 MR. GELFAND: And so they would either buy their own
23 tent or buy the existing tent from Del Mar Volleyball?

24 MS. MOORE: Yes.

25 MS. ROWLAND: I have a follow-up question.

1 So do we get -- is there actually kind of a
2 legal opinion on the difference between what constitutes a
3 sublet versus hour-to-hour court rental?

4 MS. MOORE: This is -- this is the first that I have
5 heard of an hour-to-hour court rental. The --

6 MS. ROWLAND: Well, well go to the first -- go the
7 first part of it first. So do we have a --

8 MS. MOORE: We did not -- so did not inquire into
9 a -- a difference between the two.

10 MS. BARKETT: I know.

11 MS. ROWLAND: Okay. But let me -- let me restate it:
12 Did -- do, you know, do we have a legal opinion that the
13 situation with WAVE, with the use of the -- of the tent from
14 3:00 to 10:00, for whatever the fee is, constitutes a sublet?

15 MR. CAPLAN: The answer is yes. Question based on
16 the information provided (indiscernible) Del Mar Volleyball
17 Center (indiscernible).

18 MS. ROWLAND: Okay. So that kind of creates the --
19 that situation.

20 PRESIDENT FRED SCHENK: Well -- but you can't have it
21 both ways. As a sublet, is it a sublease or is it a sublet --
22 a sublet of a rental agreement?

23 MR. CAPLAN: It's effectively -- I mean, yes. The
24 words here are in for (indiscernible) rental agreement
25 itself -- I don't have the original --

1 MS. ROWLAND: Right.

2 MR. CAPLAN: -- rental agreement (indiscernible)
3 language in there that prevents the renter effectively from
4 renting out that space to another party without the permission
5 of (indiscernible), whether that's called a sublet or something
6 else --

7 MR. GELFAND: Okay.

8 MR. CAPLAN: -- not contemplated or (indiscernible).

9 MR. GELFAND: Okay. And in what's proposed, the
10 contract that's before us, does it allow WAVE to, for example,
11 sublet a portion of its space to an instructor who would charge
12 something for their teaching as well as pay WAVE something for
13 the use of the space?

14 MS. MOORE: So the contract that is -- all of our
15 rental and operator agreements do not provide for subletting of
16 space.

17 PRESIDENT FRED SCHENK: Without approval.

18 MS. MOORE: Correct.

19 PRESIDENT FRED SCHENK: So if WAVE wanted to do that,
20 they'd just have to ask permission.

21 MS. MOORE: Correct. If -- if that's what they were
22 going -- if that's what they were going to do.

23 MS. BARKETT: You know, I just want to state one
24 thing: Carlene, you said that, you know, you felt this was
25 done without the knowledge of the 22nd DAA. I'm not so sure

1 about that because the relationship that goes back here 20
2 years, when all this was going on under the prior CEO, I -- I
3 don't know how you wouldn't know when they -- you know, when
4 Beaumont did all the work, all the prep, and they used to --
5 basically, they had a long-term relationship. I don't know how
6 we wouldn't know or suspect, and was it our duty at that point
7 to ask those questions, knowing that subletting wasn't part of,
8 you know, what we -- what we did. But we let it go on for a
9 number of years, and I worry about grandfathering all this ord
10 because it seems like we are -- you know, we have some issues
11 here.

12 MR. GELFAND: That's for next month.

13 MS. BARKETT: Right.

14 MS. MOORE: Well, and I'm not -- and I'm not sure in
15 terms of -- of grand- -- when it was done as annual contracts;
16 so no guarantee from year to year of that continuing. And I
17 guess what I'm saying, the district being unaware of -- of the
18 staff that we currently have, there's not anything in terms of
19 the file -- that speaks to -- and, again, it was done on annual
20 contracts, not multiyear contracts that speak --

21 MS. BARKETT: But I think --

22 MS. MOORE: -- to that investment --

23 MS. BARKETT: -- even worse. Then --

24 MS. MOORE: -- so.

25 MS. BARKETT: -- we had the duty to ask every time

1 that contract was renegotiated.

2 PRESIDENT FRED SCHENK: I think they have a duty to
3 notify us, not that we have to ask them.

4 MS. BARKETT: I think it's both ways. I think if we
5 have an inkling that it's happening on the property -- just
6 like think about it. If you have a renter and you go over to
7 the house and you see, you know --

8 MS. MOORE: I'm not sure that we had an inkling.

9 MS. BARKETT: -- a pass -- yeah, but I -- I don't --
10 I don't think any of us can really answer that, unfortunately.
11 I think it has to go back to the prior --

12 PRESIDENT FRED SCHENK: The one constant is the
13 tenant, and the tenant clearly knew what its intentions were
14 and how they were using it. And I'm not sure that the
15 landlord, unless there is a reason to suspect some alternative
16 use, has any basis for suspicion of that. But the tenant,
17 certainly, when they're renewing the contract each year, I
18 think they should be telling the 22nd DAA, oh, and by the way,
19 these are our intentions. This is how we intend to use this
20 leased space.

21 So -- so with all due respect, I think, the
22 burden is maybe shared but predominantly on the part of the
23 tenant --

24 MS. BARKETT: Right.

25 PRESIDENT FRED SCHENK: -- to advise how it's being

1 used.

2 MS. BARKETT: Right. But I think it goes both ways.
3 It depends on what's going on under WAVE's tent too.

4 PRESIDENT FRED SCHENK: No question. No question
5 about that.

6 MS. BARKETT: Yeah.

7 PRESIDENT FRED SCHENK: But any tenant.

8 MS. MOORE: And -- oh, sorry. I -- there's --
9 actually is a copy of the -- the agreement, set under the
10 Review of Contracts Executed Per the CEO Delegation of
11 Authority. You can find it on page -- sorry -- starting on
12 page 84. And this actually is the agreement for Del Mar
13 Volleyball Center to continue -- for operations January 1st
14 through July 31st.

15 And what I would bring to the -- is to the
16 attention on page 86, section four, this is not new language to
17 the rental agreement from previous regarding subletting or
18 assignment. And so this -- and this is carryover language
19 consistent with previous -- "Renter expressly agrees it has no
20 real property rights under this Agreement. As a result, they
21 shall not attempt to assign, mortgage, encumber, sublet,
22 license, or sublicense the Premises, or any part thereof, or
23 any such purported transfer shall be void." And then it goes
24 on from there. That has historically been in our agreements;
25 so in terms of that --

1 MS. BARKETT: And I agree. I'm -- I'm just pointing
2 out that don't forget there was a partnership going on here.

3 PRESIDENT FRED SCHENK: Sure.

4 MS. BARKETT: Okay. So we have to be -- I -- I'm
5 sure that Tim Fennell was probably aware of that. And I just
6 think we have to be very cautious with the prior history --

7 MR. ARABO: Yeah.

8 MS. BARKETT: -- the intention, the language that was
9 used, and, you know, if we just turned our eyes, too, to what's
10 been going on under both tents. But somehow, there was a
11 partnership and an understanding back here, and I just feel
12 that it has not been divulged.

13 MS. ROWLAND: Well, I -- I have no idea what
14 Tim Fennell did or did not know and neither do you.

15 MS. BARKETT: No. That's what I'm saying. So we
16 don't know.

17 PRESIDENT FRED SCHENK: We're going to go to Richard
18 and then Mr. Arabo.

19 MR. VALDEZ: Thank you.

20 I think I just -- I think I'm a little confused
21 where we are in this meeting right now and I'm going to ask our
22 counsel.

23 It seems as though we are discussing an item
24 that has not been set on the agenda; so I'm -- I'm -- I'm
25 concerned about that. And I know that we are talking about

1 something that has been removed from consent that is a
2 different contract, which has some relevance to the other one.
3 But I want to be really careful that we're not going afield
4 from what we should be discussing because I don't think it's
5 appropriate for us to be opining on who is obligated to what
6 under a contract we're not discussing. And that, I think, is
7 a question for another day with, hopefully, counsel helping us,
8 but I think we've come afield.

9 So, Mr. Caplan, where are we on this?

10 MR. CAPLAN: The discussion here still seems directly
11 connected to the volleyball premises update under Carlene's --

12 MR. VALDEZ: Okay.

13 MR. CAPLAN: -- executive report. And I don't -- I
14 don't want to speak out of turn here, but there is also a
15 contract under standard agreements for volleyball premises,
16 contract 24-904, which is also specific to the Del Mar --
17 Del Mar Volleyball Center and the discussion that's occurring
18 now. So the -- this topic is on the agenda in two separate
19 pieces. And so I -- I don't --

20 MR. VALDEZ: Okay.

21 MR. CAPLAN: -- think that the board has skewed the
22 requirements of Bagley-Keene --

23 MR. VALDEZ: Okay.

24 MR. CAPLAN: -- during this discussion.

25 MR. VALDEZ: Thank you, sir.

1 MR. GELFAND: Well, I have a point of information
2 question.

3 The contract with WAVE is -- was -- the first --
4 the -- the thing that we're for sure talking about at the
5 moment. The separate question of Del Mar Volleyball and their
6 eviction apparently can be handled by Carlene. So I think
7 there is a separate question about whether or not the board can
8 get involved in that decision and whether somebody would make a
9 motion to bring that up at a future meeting, as requested by
10 the public or where we -- where are we on that?

11 PRESIDENT FRED SCHENK: I -- I think that's correct.
12 I think we have, basically, seven months between now and then
13 to give some direction to staff, unless we don't, then it will
14 go as the staff, you know, sees fit.

15 MR. GELFAND: Okay.

16 PRESIDENT FRED SCHENK: So that's not before us right
17 now, that particular.

18 MR. GELFAND: How about the - the question of whether
19 or not there is a presentation allowed on the agenda next
20 month; is that something the chair -- the president of the
21 board decides or is that --

22 PRESIDENT FRED SCHENK: Any board --

23 MR. GELFAND: -- something --

24 PRESIDENT FRED SCHENK: -- member can have anything
25 agendized --

1 MR. GELFAND: Okay.

2 PRESIDENT FRED SCHENK: -- if we wish to have
3 something put on for discussion.

4 MR. GELFAND: Thank you.

5 PRESIDENT FRED SCHENK: But before we vote on this
6 matter, the -- the -- the consent matter, I am going to take
7 public comment; so if we're ready for that, unless there's one
8 more --

9 MS. ROWLAND: Yeah. I just have one more question.

10 PRESIDENT FRED SCHENK: All right.

11 MS. ROWLAND: And it looks like Mark --

12 PRESIDENT FRED SCHENK: Oh, I'm sorry. I apologize.

13 MR. ARABO: It's okay.

14 MS. ROWLAND: Do you want to go first?

15 PRESIDENT FRED SCHENK: You know what, he's been
16 patient.

17 MS. ROWLAND: Yeah, I know. I -- I think --

18 PRESIDENT FRED SCHENK: Director Arabo, please.

19 MS. ROWLAND: -- we missed -- forever.

20 PRESIDENT FRED SCHENK: You've been very patient.

21 MR. ARABO: Thank you.

22 PRESIDENT FRED SCHENK: And we'll come back.

23 MR. ARABO: I want to thank really everyone for
24 coming out. I want to thank, you know, the family for coming
25 out and the packets. I want to thank staff.

1 And -- and I -- I do agree with the Director
2 Barkett in that I think history is very important. You know,
3 look at photos, November 2001, bringing truckloads of asphalt.
4 I -- I think it's under the volleyball conversation because I
5 don't -- for me, personally, I can't look at WAVE and then this
6 other volleyball program separately. I look at volleyball in
7 general. I know it's a separate contract. I know that the --
8 the words and the language is different. That's the -- for the
9 spirit of cooperation and good faith, someone's been there for
10 20 -- 22 plus years; that's a lot of equity for me, personally,
11 that they've -- they -- they showed with time, with photos,
12 with effort, that they want to be -- add value to the 22nd Ag
13 and not be, you know, contentious.

14 So I hope that we could later on find a
15 solution, in general, to make everybody happy because I think
16 history is -- that's a lot of -- a lot of time, a lot of
17 energy, a lot of -- a lot of good faith, good equity built up.

18 PRESIDENT FRED SCHENK: Thank you.

19 MS. ROWLAND: So I, you know, I -- I think that over
20 the course of time, it's not, you know, it's not our -- our
21 business model, nor do I think it's appropriate to have an
22 entity whose only business is to sublet to another entity. I
23 mean I -- I don't think that's what, you know, we're about.

24 But having said that, you know, I -- I do have a
25 question about if you are -- if there -- if there are other

1 rentals of the space, you know, does that also constitute
2 subletting and how does that differ from what happens at the
3 tennis center? And I don't know if -- if there's a parallel
4 there. I mean it was raised a little bit in -- in the public
5 comment on that, but I don't know if you have an opinion on
6 that distinction.

7 MS. MOORE: I think I'll report back on that at the
8 next --

9 MS. ROWLAND: Okay.

10 MS. MOORE: -- meeting.

11 MS. ROWLAND: That's fair.

12 PRESIDENT FRED SCHENK: And I -- and I think if -- if
13 any board member wants to have this placed on the agenda for a
14 more complete, robust discussion, we could -- we could do that
15 either February or March or -- or even later because we do --
16 the -- the current status is that this is being, essentially,
17 tabled until July.

18 MS. MOORE: So I -- I would like to clarify that as
19 of today, they have not signed the agreement in terms of even
20 for the operation as it currently is -- beginning for January
21 1 --

22 PRESIDENT FRED SCHENK: All right.

23 MS. MOORE: -- Del Mar Volleyball Center.

24 PRESIDENT FRED SCHENK: Okay.

25 MS. BARKETT: I'd like to make that motion to have --

1 PRESIDENT FRED SCHENK: What -- motion for what?

2 MS. BARKETT: To have them speak at the next meeting.

3 PRESIDENT FRED SCHENK: Okay.

4 MS. BARKETT: Agendized at the next meeting.

5 PRESIDENT FRED SCHENK: I don't know -- think you

6 need --

7 MS. BARKETT: Or the March meeting.

8 PRESIDENT FRED SCHENK: -- a motion. You just -- you

9 have to --

10 MS. BARKETT: Okay. There's no motion.

11 PRESIDENT FRED SCHENK: -- request that be put on the

12 agenda.

13 MS. BARKETT: Okay.

14 PRESIDENT FRED SCHENK: That's not a motion.

15 MS. BARKETT: Okay.

16 MR. MOSIER: Yeah.

17 MS. BARKETT: Sorry.

18 PRESIDENT FRED SCHENK: That's all right.

19 MR. MOSIER: I would like to make a motion. I want

20 to approve the contract to --

21 PRESIDENT FRED SCHENK: All right.

22 MR. MOSIER: -- WAVE Volleyball.

23 PRESIDENT FRED SCHENK: Before we do that --

24 MR. MOSIER: Okay.

25 PRESIDENT FRED SCHENK: Director Mosier, I do want to

1 have -- take public comment.

2 MR. MOSIER: Okay. Sorry.

3 PRESIDENT FRED SCHENK: Okay. That's --

4 MR. MOSIER: Yes --

5 PRESIDENT FRED SCHENK: Okay.

6 MR. MOSIER: -- you're right.

7 PRESIDENT FRED SCHENK: I'm mindful --

8 MR. MOSIER: You're right.

9 PRESIDENT FRED SCHENK: -- of -- of all of this. But
10 I want to go in the proper order.

11 And Ms. Sullivan, you've been patient here, but
12 you --

13 MS. MOORE: Would you like me to -- sorry.

14 PRESIDENT FRED SCHENK: Go ahead.

15 MS. MOORE: But would you like me to first finish the
16 executive report?

17 PRESIDENT FRED SCHENK: Oh, sure. I'm sorry. Yes.
18 Yes.

19 MS. MOORE: So there are just a couple of other
20 things that way they -- for full public comment on it.

21 Also included in your packet on page 50 is
22 information with regard to Premier Food Services and that is
23 that ASM Global, who's the kind of parent company to it, has
24 agreed to be acquired by Legends. The team that we work with
25 remains the same. You can see that information in there in

1 terms of the email.

2 This is really -- a lot of this is going on in
3 terms of consolidation and things like that in the food and
4 beverage industry.

5 For those who perhaps haven't been around as
6 long, you recall, this is probably our third iteration of it
7 from Premier Food Services to SMG, that then combined with AEG
8 to form ASM Global, and now being acquired by Legends. So,
9 again, information starting on page 50 of your packet.

10 I also just want to make the board aware that we
11 have a new website platform for DelMarFairgrounds.com. It's
12 the same platform that we use for SanDiegoCountyFair.com. And
13 so a lot more integration and ease of -- of information and --
14 and access to it on those sites. And as just kind of as a part
15 of our ongoing process with regard to technology and greater
16 communications and things, we've been doing a lot in terms of
17 our outward communications but also spent some time in terms of
18 internal, and that is that we recently launched an Internet --
19 Intranet for our employees with -- to provide for an ease of
20 access to information for them, called the HUB.

21 And then, just wrapped up -- just wrapped up and
22 coming off of the fair convention season -- and we'll have a
23 full report of that including presentations that our team
24 members were part of, awards that were won and -- and whatnot
25 at an up upcoming meeting. We'll chat about February and

1 then -- based on the agenda.

2 And then, I also, too, wanted to just point out
3 just for awareness that under the standard agreements, the very
4 first one DAA-21008-35, amendment one, for the driving range
5 and mini golf operator, that -- that contract was entered into
6 under the delegation that was granted to me by this board at
7 the November board meeting to ensure ongoing operations.

8 The -- that contract -- their contract for the
9 golf operations expired -- is expiring December 31st. And
10 though you have it on your agenda today under item 6.A.2, in
11 terms of consideration for a -- a multiyear agreement, it would
12 be slightly different. So in the meantime, this is the stopgap
13 to continue Golf Center operations and was entered into. But
14 if anybody noticed, it is a multiyear that was under that
15 delegation of authority.

16 So with that, that concludes my executive
17 report.

18 PRESIDENT FRED SCHENK: Okay. Thank you very much.
19 And I apologize for interrupting you.

20 And -- and, Ms. Sullivan, before we vote on the
21 item regarding WAVE Volleyball, would you like to offer public
22 comment? You have two minutes if you wish to do so, with
23 regard to the executive report.

24 MARTHA SULLIVAN: Yes, hello. Thank you. Can you
25 hear me all right, since we've had trouble with sound?

1 PRESIDENT FRED SCHENK: It is better. Let's hope
2 it -- it stays that way. Yes.

3 MARTHA SULLIVAN: Okay. It's been in and out for me
4 on this end; so just a reminder to folks to make sure your
5 microphone is turned on and you are using your microphone. It
6 was particularly hard for the -- to hear the Deputy Attorney
7 General.

8 I guess I just want to say I'm grateful that
9 CEO Moore and her staff have been working through what seemed
10 to be a pretty blatant violation of contractual terms over,
11 like, over ten years.

12 One question I have is -- is the -- the
13 agreement to allow this to continue until August so as to not
14 disrupt the volleyball athletes, does that specify how much the
15 leaseholder can charge to sublet? Because to me that's kind of
16 like almost the most egregious part of all this, that they've
17 been charging WAVE, at least that we know of, something like
18 four times the rent that they paid to the district. And --
19 and I get the point that was made about the district doesn't
20 own the tent and other things that make it a volleyball court,
21 but that seems pretty steep. I mean, is the tent and
22 everything worth, like, you know, three times the rent,
23 something like that?

24 Anyway, that's kind of the gist of my comments.
25 I'm -- I'm grateful that it's finally coming out in the open,

1 but I'm very concerned that this kind of malfeasance doesn't
2 seem to have greater consequences.

3 Thank you.

4 PRESIDENT FRED SCHENK: All right. Thank you very
5 much. That concludes public comment.

6 So I will entertain a motion with regard to the
7 WAVE Volleyball contract.

8 MR. MOSIER: So I move to approve the contract
9 that's --

10 PRESIDENT FRED SCHENK: Director Mosier --

11 MR. MOSIER: -- on page 28.

12 PRESIDENT FRED SCHENK: Director Mosier has made the
13 motion.

14 MS. ROWLAND: I second.

15 PRESIDENT FRED SCHENK: Director Rowland has -- Vice
16 President Rowland has seconded the motion.

17 Any additional discussion on the motion made and
18 seconded?

19 Hearing none, seeing none, we'll take a vote.

20 MS. O'LEARY: President Schenk.

21 PRESIDENT FRED SCHENK: Aye.

22 MS. O'LEARY: Vice President Gelfand.

23 MR. GELFAND: Aye.

24 MS. O'LEARY: Vice President Rowland.

25 MS. ROWLAND: Aye.

1 MS. O'LEARY: Director Arabo.

2 MR. ARABO: Aye.

3 MS. O'LEARY: Director Barkett.

4 MS. BARKETT: Aye.

5 MS. O'LEARY: Director Mosier.

6 MR. MOSIER: Aye.

7 MS. O'LEARY: Director Nejabat.

8 MR. NEJABAT: Aye.

9 MS. O'LEARY: And Director Valdez.

10 MR. VALDEZ: Aye.

11 PRESIDENT FRED SCHENK: Thank you for that robust
12 discussion, and we'll look forward to continuing the -- the
13 conversation down the next month or two.

14 All right. Moving on to general business, yes?

15 MS. MOORE: Yes.

16 PRESIDENT FRED SCHENK: All right. With that, we --
17 we do have public comment on 6.A.2.

18 Ms. Sullivan --

19 MS. MOORE: What --

20 MR. GELFAND: What about 6.A.1?

21 PRESIDENT FRED SCHENK: 6.A.1. I'm sorry.

22 MR. ARABO: There is a -- my agenda got a little
23 messed up; so the -- you're right, 6.A.1 is the --

24 PRESIDENT FRED SCHENK: Okay. You want --

25 MR. GELFAND: -- first one for --

1 PRESIDENT FRED SCHENK: -- to do the report?

2 MR. GELFAND: -- the --

3 PRESIDENT FRED SCHENK: All right.

4 Director Gelfand, why don't you give your report
5 and then -- before we take action items, we'll -- we'll take --

6 MR. GELFAND: Well, okay.

7 PRESIDENT FRED SCHENK: -- public comment.

8 MR. GELFAND: And how does this work in terms of
9 public comment? First, we give the report, then there's public
10 comment, then we take the action? Okay.

11 PRESIDENT FRED SCHENK: In that order.

12 MR. GELFAND: So I'll -- I'll allow Carlene to
13 describe what we're proposing.

14 MS. MOORE: A lot -- a lot of the -- and we -- so the
15 Finance Committee actually has six action items before it
16 today. So with each one of those, we should have -- we'll have
17 the report and then public comment and then action on it.

18 So -- but before -- before speaking to item
19 6.A.1, just in general in terms of the Finance Committee is we
20 met and had a lot of work before it this past -- this past
21 month. I wanted to point out that -- so included in your
22 packet are the November financials -- we'll work -- December
23 just ended. We'll work to get that wrapped up as well as the
24 year. But also included was the CDFA statement of operations
25 for 2022. And I just want to say, just very proud of the

1 efforts that we've all made over the past -- these past few
2 years.

3 For -- we had a positive net operating year in
4 2021 for the first time since 2015, and we did again in 2022.
5 So we are -- if you recall, we had gotten permission -- we were
6 delayed in terms of -- and with our audits and -- and things so
7 we've got permission from CDFA to submit. We did that on
8 December 8th. We're now caught up on all of our submittals
9 with regard to statement of operations. The next one for 2023
10 will be due at the end -- at the end of March. That was a -- a
11 significant accomplishment, and is then what the 2022 audit
12 report, which is currently underway, will be audited against,
13 those -- the wrap up of the 2022 year.

14 So moving on to item 6.A under Finance Committee
15 and the consideration of vote to approve the amendment for the
16 managing promoter of The Sound. There's a report in your
17 packet on pages 140 through 151.

18 So if you recall, the original operating plan
19 with regard to The Sound, and the renovation of Surfside, was
20 for the district to self-operate the venue, which would have
21 meant also the district taking the financial risk, along with
22 the reward, and the responsibility to contract the various
23 talent, produce the shows, and things of that nature. But
24 there's also -- there's -- also can be a downside to that. It
25 can be very challenging for a public entity to get the -- the

1 type of talent and things like that it might want. Not
2 necessarily every artist out there wants their contract and
3 their financial terms to be -- to -- to be publicly known.

4 So -- and as -- as written into the report, in
5 April of 2022, after a competitive bidding process, we awarded
6 the contract to the Belly Up as the managing promoter of The
7 Sound. Officially, we opened the venue in February -- February
8 3rd and 4th, 2023, and so are just now coming up truly on the
9 first year of operation of that, and that is -- so the contract
10 went into effect February 1st. And while it really has been
11 successful, I think beyond all expectations in the first year,
12 operating a -- a new venue, let alone, this new relationship
13 and kind of the nuances and things that go with that with
14 regard to not only contractual relationships, but just
15 understanding one another's business models and things, there
16 have been -- there have been some challenges along the way
17 as --- as anything new would have but not anything that has not
18 been insurmountable in working with Belly Up.

19 And so with that, I think we're joined today by
20 Chris Goldsmith, who can also just kind of give some, you know,
21 programmatic just updates and what it is that they are -- are
22 looking to, and then we'll have the recommendation in terms of
23 a -- approving the contract.

24 PRESIDENT FRED SCHENK: Mr. Goldsmith, welcome.

25 CHRIS GOLDSMITH: Well, thank you. It's great to be

1 here, and it's great to be on the back side of the first year
2 of -- of working together on this venue. It's, from our
3 perspective, been incredibly positive. It's been a lot of
4 work. It's an enormous undertaking to go from a cold start to
5 trying to do -- we did 57 events in the firsts year, you know,
6 hiring of a lot of security and ushers and getting operating
7 systems together. It was -- it's -- it's -- it's been pushing
8 a boulder.

9 But the good news is the boulder is rolling.
10 And I would like to thank the -- the district staff has been
11 incredibly supportive and helpful and hardworking in this whole
12 process. And also, our partners at Premier have been great to
13 work with. So between all of the different moving parts, from
14 parking to interacting with the Del Mar Thoroughbred Club to,
15 you know, just getting our -- all of our operational processes
16 together in a way that everyone is comfortable with, everyone's
17 been patient and -- and supportive. So from our perspective,
18 it's been a great run.

19 It also has been -- you know, we saw years ago
20 that there was a need for a venue this size in San Diego
21 County, and for whatever reason there had not been one since I
22 was, you know, a kid growing up here. And so, in a sense,
23 the -- the -- the district and fairgrounds are filling a
24 longstanding void in the San Diego music community for a -- a
25 nice venue in the two-thousand capacity range. And I think the

1 first year has shown that that need was there.

2 You know, we had, I think, 26 sold-out shows in
3 the first year; so the audience response has been great, and
4 the audience reactions and feedback that we've been getting has
5 been enormously positive. And my favorite thing to do right
6 now is to stand at the front and have people -- listen to
7 people's comments as they walk into the venue for the first
8 time and -- and how excited they are and -- and how blown away
9 they are.

10 We had, like, about 70,000 people come through
11 the venue in the first year. We expect that number to go up.
12 But that's just an -- an example of, you know, what we were --
13 what we needed to be able to deal with. And I think -- I'm --
14 I'm proud of our staff and I'm proud of everybody that we were
15 able to get those 70,000 people through the doors and back out
16 in -- in good shape for rock and roll.

17 And as we look ahead -- and we've had a nice --
18 we have a nice blend of legendary artists, like Herb Alpert.
19 We have cutting-edge artists, Coachella darlings, like Thee
20 Sacred Souls and Youngblood. We've had country music with
21 Brantley Gilbert. You know, we've had classics, like Devo and
22 Psychedelic Furs. We've also done a series of Latin shows.
23 We -- you know, we've had these large multi-act banda shows
24 come through, and we also had Cultura Profetica here from
25 Puerto Rico.

1 We're looking to expand into other communities.
2 We're -- we're in discussions with Korean, like, K-pop artists
3 and Brazilian artists. So we -- we want to -- we want this
4 venue to -- to serve the whole community. We -- we need this
5 venue to serve the whole community to -- in order to get to our
6 goal of -- of a hundred events.

7 Also, private events is another area that there
8 was a lot of learning curve and partly because of the way
9 everything is structured between different entities, like
10 Premier and ourselves being involved with different aspects,
11 it's taken a while. I think we did five or six private events
12 this year. The response from the people that used the facility
13 for private events was really strong, and we expect that to
14 build over -- over time as well.

15 So I think, you know, overall, I would just say
16 that, you know, it was a long road to -- to year one but year
17 one was -- made it all worth it, from our perspective.

18 MS. MOORE: Thank you, Chris.

19 Oh, I was -- before we have any further
20 discussion, you just reminded me that -- reminded me that not
21 only was it, you know, managing this new relationship and
22 things between the district and Belly Up, but also there's, in
23 essence, a third -- another party to that and that is Premier
24 Food Services. So they operate the food and beverage at the --
25 at The Sound as well. So coordinating all of these efforts

1 there's -- you know, have been a lot of logistic things to work
2 through and -- and it really being new. And -- and I liked the
3 term, you know, "the cold start" of it.

4 Also with that is, you know, keeping in mind the
5 moving target date of the finish of construction as that was
6 happening as well. And so quite honestly, when we talk about
7 how, really, this first year exceeding kind of all
8 expectations, that made it extremely challenging to secure the
9 talent; so to have produced more than the 50 shows that we had
10 anticipated, I think just really reflects also Belly Up's
11 reputation within the industry of -- of music pro- -- and
12 promoters and things.

13 And then just sort of lastly, you know, our --
14 our -- our goal in getting it open really was let's at least --
15 you know, let's get this open and start having a revenue that's
16 driving paying the, you know, principle and interest on the
17 loans on the building, which we did, and then some. And as we
18 look ahead to, you know, future years and for 2024 -- and I'll
19 talk about this more during the budget process -- is having
20 that, you know, net contributor to operations even above and --
21 and beyond the interest and principle payments for -- for the
22 construction. And --

23 PRESIDENT FRED SCHENK: I was going to invite the --
24 the board to address Chris.

25 MR. GELFAND: Yeah. Both Chris and Steve, I -- I

1 really want to congratulate you guys on the job you did getting
2 it opened, getting as many acts booked, the quality of the
3 acts, and the whole operation. I -- I went to many shows and I
4 was just blown away by your professionalism.

5 Just one example is I have been to I don't know
6 how many hundreds or thousands of shows in my life that, you
7 know, the opening act to the headliner, normally it takes 45
8 minutes to turn the stage around. You guys did it in, like,
9 10, 12 minutes. It's unbelievable -- and consistently. It's
10 just -- that's just one example of -- of how well you guys run
11 a show. So it's -- really, I think you've done a phenomenal
12 job.

13 Premier on the other hand, you know, it's
14 another issue that we can talk about on the food side of -- of
15 the operation. But I -- I -- I really do congratulate you guys
16 on -- on what you have accomplished, and I --

17 CHRIS GOLDSMITH: Thank you very much.

18 MR. GELFAND: -- look forward to more shows. And
19 I -- I love the diversity that you're talking about and the
20 types of shows. I -- I just think it's going great.

21 STEVE GOLDBERG: Thank you.

22 MS. ROWLAND: So I just wanted to say that I know
23 that over the course of the year that things have gotten
24 smoother and things have gotten better. The sound has gotten
25 even better.

1 CHRIS GOLDSMITH: Yes.

2 MS. ROWLAND: And I know with some of the
3 improvements that are continuing to be made, it's, you know,
4 got a really bright future.

5 I just reflect back to our -- our tortured
6 conversation about the name of the venue, and we were assured
7 that after the first few successful shows, it would not matter
8 that you -- the -- we were reminded that the Belly Up was named
9 after a failing -- you know, failed effort that -- something
10 that goes belly up -- and if that could succeed, then anything
11 could succeed with any good name as long as they've had a good
12 product. And so I think the name The Sound has -- has grown on
13 us, and it seems to have caught with -- with the customer
14 population. So I think that's what actually counts in the end;
15 so thank you for the good advice on that.

16 PRESIDENT FRED SCHENK: It was sound advice.

17 Any other comments by the board?

18 MS. BARKETT: Yes.

19 PRESIDENT FRED SCHENK: Director Barkett.

20 MS. BARKETT: Thank you.

21 Chris, I want to thank you. And I have to tell
22 you all of our kids, who are in their 30s, love it.

23 CHRIS GOLDSMITH: Yeah.

24 MS. BARKETT: And that really says volumes when you
25 get that, you know, differing age groups, and so it's a big

1 hit. If I could tell you how many times Belly Up is mentioned
2 in their conversations with us, the parents, it would put a big
3 smile on -- on your, you know, face and Steve's face.

4 So thank you from all of us.

5 Oh, Steve, you're there.

6 STEVE GOLDBERG: Yeah.

7 PRESIDENT FRED SCHENK: Hi, Steve.

8 STEVE GOLDBERG: I need to show up for the good
9 stuff.

10 MS. BARKETT: Thank you so much.

11 PRESIDENT FRED SCHENK: Any other comments from the
12 board?

13 I -- I would just like to say I saw Jason Mraz.
14 It was a great concert. It -- I would love to see something
15 between the era of Herb Alpert, who I listened to on my
16 transistor radio, and -- yeah, I did. Oh, yes. -- and the Dark
17 Star Orchestra, something maybe in the last, you know, 50
18 years, just food for thought. And it doesn't have to be
19 premier, but something to think about -- about, you know, maybe
20 something -- some talent from the '70s, the '80s, the '90s,
21 and, god forbid, the '20s, but some other eras beyond the early
22 '60s and -- and the 2020s, something in between. Just
23 something to think about.

24 MS. MOORE: Okay. And along those lines --

25 PRESIDENT FRED SCHENK: I'd love to hear your reply

1 to that.

2 CHRIS GOLDSMITH: Well, and along -- you know, I
3 appreciate the feedback. And, you know, I would say, of
4 course, you know, Devo and Psychedelic Furs and all these bands
5 that are, like, the '90s, but the -- I think the main point for
6 us is we're not curating it that much in a sense of -- like,
7 for us, our goal more than anything is to put a show in there.
8 If there's a show that we can put in there that's going to do
9 1500 or more people, we're going to do it. So sometimes, as
10 you get into certain genres or certain -- you know, the --
11 the -- the legends -- legends tend to either go to the Belly Up
12 or they kind of become like, you know, Rod Stewart's a million
13 dollars and -- and that -- that gulf is pretty wide; so it can
14 be a little hard to land some of that stuff.

15 But believe me, any -- anybody you know that
16 wants to come play that's worth 1500 tickets, we're -- we want
17 to book them.

18 PRESIDENT FRED SCHENK: We'll have a conversation.

19 Director Rowland.

20 MS. ROWLAND: I just had another question. My
21 question is how do the artist like the facility?

22 PRESIDENT FRED SCHENK: That's a good point.

23 CHRIS GOLDSMITH: Well, thank -- thank you for asking
24 that. I mean, I think one of the things that I wanted to say
25 about the -- the -- the name of The Sound, that turned out to

1 be -- you know, if I had one hesitation, it was that we were
2 throwing down the gauntlet in terms of drawing attention to the
3 actual sound of the room and that has been a good thing.

4 I mean the -- the -- the -- the bands -- when
5 The Flaming Lips played here, they skipped dinner to keep doing
6 their sound check because it sounded so good on stage that they
7 didn't want to leave. You know, everything about -- about the
8 artists' experience has been really positive.

9 If there were negatives, I would say the
10 dressing rooms are too cold, which we're working on with the
11 HVAC situation -- but that's a fairly serious concern, load-ins
12 during racing season are -- are a source of -- a little bit
13 sore for the band and the crew because we have to not use the
14 back of the facility -- which one day I'd love to find a
15 solution for. But in the meantime, that's maybe one of the
16 negative things that -- that we hear.

17 But in general, from the audience, from the
18 artists' perspective, and as important, or maybe even more
19 importantly, the agents and the managers who have come down
20 from L.A., you know, to support us and to support their artist
21 in the region, they've all been really, really, really
22 impressed.

23 MS. ROWLAND: Thank you.

24 PRESIDENT FRED SCHENK: That's good to hear. That
25 was a good question.

1 CHRIS GOLDSMITH: To -- to the extent that we have --
2 and I didn't mention this and I should have -- that the -- the
3 Pollstar Magazine, which is a sort of a national weekly
4 publication that all the agents, managers, record labels --
5 everybody reads that -- it's sort of like Billboard is for the
6 public, but we're -- it's a very industry-oriented magazine.
7 We -- we were -- The Sound was nominated for new venue of the
8 year on a national level. And we'll find out about that on
9 February 7th, I think, is the award ceremony. We always go to
10 the Pollstar awards and -- and -- and this is the first year
11 that -- that we've been nominated for anything. So it's a
12 great partnership to -- to bring us to that level.

13 PRESIDENT FRED SCHENK: Who -- who's -- who -- who
14 are the decision-makers?

15 CHRIS GOLDSMITH: Peers in the industry. And there's
16 some other good ones on the list; so I'm not -- I'm not -- I'm
17 not -- I'm not guaranteeing us a win here. But I think just to
18 be nominated and to be recognized by, you know, thousands of
19 people who have input on this as -- as -- as one of the venues
20 that's on people's radar and -- and -- and hear positive things
21 about --

22 PRESIDENT FRED SCHENK: Well, that's great to learn,
23 and thanks for sharing that with us.

24 CHRIS GOLDSMITH: Yeah.

25 PRESIDENT FRED SCHENK: Makes us proud.

1 CHRIS GOLDSMITH: Well, yeah, you -- you should be.
2 You -- you've put together a great thing.

3 And the one thing I would say that Carlene's
4 comment's about, you know, the -- the capital improvements are
5 definitely going to help us. We need a little bit more vibe in
6 the lobby. There's some things with sound and especially with
7 lights where we didn't quite get to the finish line because of
8 budget reasons and -- and whatever. You know, we weren't
9 really involved in the finalized planning of some of those
10 things. And so there are some things, I think, less from the
11 band's perspective but more from the audience perspective, that
12 can be improved in terms of lighting and sound and -- and vibe
13 in -- in the lobby, in particular, that we'll be kind of
14 pressing for and hoping for over the next year or two.

15 PRESIDENT FRED SCHENK: All right. Thank you.

16 MS. ROWLAND: I read all the one-star reviews. And
17 so --

18 CHRIS GOLDSMITH: Yeah.

19 MS. ROWLAND: -- vibe is definitely part of it. No,
20 it does not have the Belly Up vibe.

21 CHRIS GOLDSMITH: Not yet but if we did -- the Belly
22 Up didn't have the Belly Up vibe either.

23 We'll -- we'll work together.

24 MS. ROWLAND: Yeah. Yeah. Exactly.

25 PRESIDENT FRED SCHENK: Fair enough.

1 MR. GELFAND: Yeah. I -- I echo the -- the lobby,
2 for example, needs some work in terms of --

3 PRESIDENT FRED SCHENK: Character.

4 MR. GELFAND: -- atmosphere.

5 PRESIDENT FRED SCHENK: Some character.

6 MR. GELFAND: Yeah.

7 CHRIS GOLDSMITH: Yeah.

8 MS. MOORE: Which we have been -- not just to
9 clarify -- we have been working on, and there's actually a plan
10 in place. And I think things have even been ordered for it.
11 So stay tuned; continue to come and see. So, yes --

12 CHRIS GOLDSMITH: We're working on it.

13 MS. MOORE: -- something we've been working on.

14 CHRIS GOLDSMITH: Yes.

15 MS. MOORE: As well as there are some -- there are,
16 you know, some other, you know, again, kind of operational
17 issues and things like that to address for the -- that guest
18 experience, some safety components and things, too, so.

19 MR. GELFAND: Okay. Well, with that, I'd like to
20 move that we author -- oh.

21 PRESIDENT FRED SCHENK: We -- we have --

22 MR. GELFAND: -- public comment. Sorry. Sorry.

23 PRESIDENT FRED SCHENK: It's all right. I just
24 wanted to make sure that we are at that place.

25 MS. ROWLAND: I'm glad this is happening to you. It

1 happened to me all -- for two years.

2 PRESIDENT FRED SCHENK: But we're on top of it.

3 MS. ROWLAND: Exactly. You're on top --

4 PRESIDENT FRED SCHENK: We're on top of it.

5 MS. ROWLAND: -- of it. Everybody's helping out.

6 PRESIDENT FRED SCHENK: There we go.

7 Thank you. I -- it takes a -- a --

8 MS. MOORE: It takes a village.

9 PRESIDENT FRED SCHENK: -- takes a board, a district.

10 All right. Ms. Sullivan, you would like to
11 address the board with regard to 6.A.1. You have two minutes
12 to address the board, please.

13 MARTHA SULLIVAN: Thank you very much.

14 I want to echo, I mean, how happy I am that
15 The Sound has gone so well. It means a lot. I've been hopeful
16 for the future of this, and it's really great to hear how well
17 it's going.

18 And I -- I would like to say I have comments
19 about the financial statements. And I really think that there
20 should be a separate comment period allowed for those.

21 I will say regarding The Sound as a boring
22 comment, that I think that the income statement provided for
23 The Sound should include the payment of long-term debts and --
24 you know, under expenses.

25 My comments relative to other financial

1 statements: On the consolidated balance sheet, there are three
2 line items related to long-term debt in the consolidated
3 balance sheet on page 123; so this raises red flags for me.
4 Why are there three line items about long-term debt?

5 I also would like to know, I think, it's page
6 1 -- I can't quite read my writing -- it might be 135 -- is --
7 this is the food and beverage report -- is the drop in the
8 November food and beverage from the budget projection mostly
9 the winter Del Mar meet?

10 Can you hear me?

11 PRESIDENT FRED SCHENK: Yes. You're asking about --

12 MARTHA SULLIVAN: Okay.

13 PRESIDENT FRED SCHENK: -- page 135 in the drop in
14 food and beverage and querying whether it was --

15 MARTHA SULLIVAN: And then my final -- my final
16 comment is on page 129 on the CDFA's statement of operations.
17 I note that the courtesy pass admissions, apparently, per
18 regulation, are not to exceed four percent and --

19 MS. O'LEARY: Ms. Sullivan, your time is up.

20 MARTHA SULLIVAN: -- it's listed as 4.4 percent. So
21 I'd like to know what the consequence of that is.

22 Thank you.

23 PRESIDENT FRED SCHENK: Thank you for your -- your
24 inquiry.

25 Director Gelfand.

1 MR. GELFAND: (Indiscernible).

2 PRESIDENT FRED SCHENK: Not on -- not with regard to
3 The Sound.

4 MR. GELFAND: So I'd like a motion -- I'd like to
5 make a motion to authorize Carlene Moore to execute this
6 multiyear contract with amendments that she sees fit that
7 obviously, they agreed to -- regarding potential operational
8 improvements.

9 PRESIDENT FRED SCHENK: There's a motion made by
10 Director Gelfand, is there a second a second?

11 MS. ROWLAND: I'll second.

12 PRESIDENT FRED SCHENK: Director Rowland offered the
13 second.

14 Beat you to it, Director Mosier. But --

15 MS. ROWLAND: No. I didn't know he was trying.

16 PRESIDENT FRED SCHENK: That's all right.

17 MS. ROWLAND: I would've conceded.

18 PRESIDENT FRED SCHENK: You were -- you were -- were
19 quicker to the Jeopardy button than was he.

20 It's been moved, seconded. Any further
21 discussion by the board?

22 All right. Hearing none, we'll take a vote.

23 MS. O'LEARY: President Schenk.

24 PRESIDENT FRED SCHENK: Aye.

25 MS. O'LEARY: Vice President Gelfand.

1 MR. GELFAND: Aye.

2 MS. O'LEARY: Vice President Rowland.

3 MS. ROWLAND: Aye.

4 MS. O'LEARY: Director Arabo.

5 MR. ARABO: Aye.

6 MS. O'LEARY: Director Barkett.

7 MS. BARKETT: Aye.

8 MS. O'LEARY: Director Mosier.

9 MR. MOSIER: Aye.

10 MS. O'LEARY: Director Nejabat.

11 MR. NEJABAT: Aye.

12 MS. O'LEARY: And Director Valdez.

13 MR. VALDEZ: Aye.

14 PRESIDENT FRED SCHENK: Gentleman, thank you. And --

15 and we look forward to continuing our relationship.

16 CHRIS GOLDSMITH: Rock and roll.

17 PRESIDENT FRED SCHENK: Remember the '70s and the

18 '80s and the -- and the '90s.

19 All right.

20 STEVE GOLDBERG: It's my era too, you know, I'm --

21 I'm all for them.

22 PRESIDENT FRED SCHENK: There you go.

23 Thank you, Steve. All right.

24 MS. BARKETT: Thank you.

25 PRESIDENT FRED SCHENK: Moving on to item number two

1 under general business, the -- regarding the Del Mar Golf
2 Center. It's an action item.

3 MS. MOORE: Yes.

4 MR. GELFAND: And, again, Carlene will --

5 PRESIDENT FRED SCHENK: Yeah.

6 MR. GELFAND: -- start out addressing this.

7 PRESIDENT FRED SCHENK: Sounds good. Thank you.

8 MS. MOORE: So also in -- included in your board
9 packet beginning on page 52 is a report from the committee. So
10 Del Mar Golf Course -- DMGC Golf Management has been operating
11 since -- since 2002, and historically that included also
12 managing the RV Park at Surf & Turf on our behalf as well. And
13 as you recall, we, you know, separated that as of the end of
14 the year, and the district has taken -- taken over operation of
15 that. They've been a long -- they have been a longstanding
16 operator there, and they're very interested in remaining
17 operational as well as competitive.

18 As many of you may -- are probably aware that
19 Topgolf has announced coming into the San Diego market and not
20 with only one but actually two locations. And so, they've come
21 forward with a proposal that the Finance Committee considered
22 and requesting a multiyear agreement for the capital
23 investments that they will be making to approximately 500,000.
24 And we're joined today by Matt Clay.

25 Matt, if you want to come up, you are welcome to

1 a -- to address the board with regard to this. And so -- for
2 your consideration of that multiyear agreement for the driving
3 range and miniature golf operations.

4 MATT CLAY: Hi. Good afternoon, Board President
5 Schenk, board members. My name is Matthew Clay. I manage the
6 Del Mar Golf Center and I have for many years.

7 Really excited about the opportunity to bring
8 forth kind of the vision that we've had now that the golf world
9 has really kind of evolved into a new beast now with technology
10 and Toptracer technology, in particular. We were the third
11 location in the country to put the system in. We have the
12 largest system in the world. We have over twenty million golf
13 balls that are tracked a year on our system. And it really
14 allows us to bring in a different type of clientele. The fact
15 that Topgolf is now bringing two locations to San Diego is
16 pretty good evidence of that. And we would like to make sure
17 that we keep the property relevant.

18 And also, with the amount of traffic and the
19 people that we've had over the last five years during COVID, we
20 were one of the only things that were operating in the county
21 and the district. That -- that was tough on -- on the facility
22 and our staff. And so now, I think we've been able to really
23 put together a great plan. We spent the last six months
24 putting that together so that we can maintain the property,
25 also continue to grow our business and continue to be a, you

1 know, a great part of the community.

2 So I'm here to answer any questions as well, if
3 you have any.

4 PRESIDENT FRED SCHENK: Thank you. Any questions
5 from the board?

6 Matt, we -- we've -- I've known you for a long
7 time. You always sport an interesting set of shoes. What have
8 you --

9 MATT CLAY: Hey, they match. Come on.

10 PRESIDENT FRED SCHENK: They match. All right.

11 Matt -- Matt has graced us over many, many
12 years, and he always chooses to wear -- I don't know what it
13 is -- but your -- your wardrobe is always -- it -- it's
14 reflective of your personality and -- and the leadership that
15 you bring to the Golf Center.

16 MATT CLAY: Oh, thank you.

17 PRESIDENT FRED SCHENK: Thank you.

18 MATT CLAY: I've always been told the better you
19 look, the better you play, the better you play, the better you
20 can afford to look; so it's kind of a, you know, it's a
21 circular thing.

22 PRESIDENT FRED SCHENK: I better start wearing what
23 you wear.

24 MR. GELFAND: That -- that explains why I don't play
25 well.

1 PRESIDENT FRED SCHENK: Yes, Director Mosier.

2 MR. GELFAND: I'll have what he's having.

3 MR. MOSIER: There was a time a couple of years ago
4 when there were complaints about golf balls ending up on the
5 Coast to Crest Trail just -- just south of -- of the golf
6 driving range. I haven't seen any lately. But has that
7 problem been brought to your attention?

8 MATT CLAY: It -- it -- it has. Yeah. We -- we
9 worked to kind of contain our tee in certain areas, and then
10 we've also worked to take any balls that do go over -- over the
11 fence. I think there's also a Coastal Commission potential
12 contract out there to be looking at some netting in the back.

13 MR. MOSIER: Thank you.

14 PRESIDENT FRED SCHENK: Thank you. Good question.

15 Any other comments, questions, thoughts,
16 observations?

17 Well, Matt. Thank you very much. And it's
18 always a pleasure to see you, and we'll see you out on the
19 front nine; right?

20 MATT CLAY: Thank you. Any time anyone's interested
21 in coming over to see what we have, and then what we're also
22 looking to do, I'd love to -- to give you a tour and show you
23 what we do.

24 PRESIDENT FRED SCHENK: Great.

25 MATT CLAY: Thank you.

1 PRESIDENT FRED SCHENK: Thank you so much for that.

2 MR. GELFAND: So public comment?

3 PRESIDENT FRED SCHENK: We will have public comment.

4 Are you ready for that? Okay.

5 Ms. Sullivan, you -- you have indicated an
6 interest in speaking to us on the golf -- Del Mar Golf Center
7 vote. So you have two minutes to address the board.

8 MARTHA SULLIVAN: Hello, again.

9 Actually, you know, golf has been a big part of
10 my life because my dad was a huge golf player, played until he
11 was in his early to mid-90s, up in Poway. But I don't have any
12 specific comments about this contract.

13 I would like to say that there is a member of
14 the public who registered to call in to comment or Zoom in and
15 comment but did it late and has not received the link. This is
16 the former Assemblymember Lori Saldana. So she would
17 appreciate being let into the meeting so that she comment.

18 Thank you.

19 PRESIDENT FRED SCHENK: So I -- I -- I heard you
20 speak about former Assemblymember Saldana and that she wanted
21 to address us on this subject.

22 MS. MOORE: Had not gotten a link.

23 MARTHA SULLIVAN: Not to this subject, no. She wants
24 to comment in the meeting. I think she specifically wants to
25 comment -- I know she wants to comment on item 6.C.

1 PRESIDENT FRED SCHENK: All right.

2 MR. RIVERA: I do not have -- I do have a -- a number
3 that I can't identify as 097 in the queue. Other than that,
4 Saldana did not -- well, I -- I -- I haven't looked at the
5 emails since --

6 MARTHA SULLIVAN: She -- she said she registered
7 online probably just in the last hour. But she realizes it was
8 late.

9 PRESIDENT FRED SCHENK: Yeah. Well, we'll -- we'll
10 see what we could do but, you know, she -- she would be well-
11 advised, as she recalls when she sat in Sacramento, that, you
12 know, meetings start on time. And we expect others who want to
13 join us to be timely as well. So if she can join us, that'd be
14 great. If she can't, maybe next time. But we always welcome
15 former Assemblymember Saldana's voice here but -- but only if
16 she's capable of, you know, keeping -- keeping with us on -- on
17 when she needs to join us and the timeliness of that. So
18 please pass that on to her. She's welcome to join us.

19 MARTHA SULLIVAN: I -- I -- I hear you. Her -- her
20 question to me is -- is why do they restrict people being able
21 to comment? Why do you have to be registered?

22 MS. O'LEARY: Two minutes is --

23 MARTHA SULLIVAN: I mean the law doesn't even require
24 you to (indiscernible) --

25 PRESIDENT FRED SCHENK: Ms. Sullivan, your two

1 minutes are up. I'm -- I'm just inviting you to let her know
2 that she is welcome to join us if -- if she's capable of doing
3 that and to do it as you have, timely.

4 We're going to move on. Nobody else has
5 indicated an interest in speaking on this subject.

6 Director Gelfand.

7 MR. GELFAND: I move that we approve the operator
8 operator agreement with Del Mar Golf Center.

9 PRESIDENT FRED SCHENK: All right.

10 There's a -- a motion made. Is there a second
11 second?

12 MS. BARKETT: Second.

13 MR. ARABO: Second.

14 PRESIDENT FRED SCHENK: I'm going to go with Mr. --
15 Director Arabo on this one this time.

16 MS. BARKETT: Yeah, I'm good. I'm good with that.

17 PRESIDENT FRED SCHENK: All right. It's been moved,
18 seconded. Any additional discussion?

19 Hearing none, seeing none. We'll -- we'll take
20 a vote.

21 MS. O'LEARY: President Schenk.

22 PRESIDENT FRED SCHENK: Aye.

23 MS. O'LEARY: Vice President Gelfand.

24 MR. GELFAND: Aye.

25 MS. O'LEARY: Vice President Rowland.

1 MS. ROWLAND: Aye.

2 MS. O'LEARY: Director Arabo.

3 MR. ARABO: Aye.

4 MS. O'LEARY: Director Barkett.

5 MS. BARKETT: Aye.

6 MS. O'LEARY: Director Mosier.

7 MR. MOSIER: Aye.

8 MS. O'LEARY: Director Nejabat.

9 MR. NEJABAT: Aye.

10 MS. O'LEARY: And Director Valdez.

11 MR. VALDEZ: Aye.

12 PRESIDENT FRED SCHENK: Thank you. Congratulations.

13 And appreciate everybody's help on this.

14 We will now move on to number three, which is
15 the licensing for KAABOO.

16 MS. MOORE: Yes.

17 PRESIDENT FRED SCHENK: The agreement with Festival
18 Licensing and Acquisition Corporation, which is FLAC. Yeah, I
19 don't know why they chose that but.

20 MR. GELFAND: Rough name.

21 PRESIDENT FRED SCHENK: Yeah.

22 MR. GELFAND: I -- I can't imagine there's anyone on
23 the board who is more supportive of the notion of a music
24 festival than I am. But I'm also -- you know, I have concerns
25 about the nature of the relationship that we might have with

1 FLAC.

2 With that I'll turn it over to Carlene to expand
3 on where we are.

4 MS. MOORE: Sure. So if you recall, back in
5 September when the board considered this item, authority was
6 delegated to me at that time with regard to negotiating the --
7 the details of and entering and executing an agreement with
8 FLAC. And really that focused a lot in the realm of -- while
9 there were some changes to, like, policy language and things
10 like that, but really focused in the realm of protections for
11 the district, possibly for consumers, and the terminology that
12 was being discussed at the time was event cancellation
13 insurance.

14 Well, it turns out that event cancellation
15 insurance is really not the sort of the mechanism to achieve
16 that in order to give the board it -- its reassurances. So
17 just to kind of recap, in terms of -- of concerns that were
18 expressed, you know, FLAC it -- it is a new company without a
19 track record as a -- as a company for producing, you know, a
20 festival of this caliber.

21 With that in mind, that does not take into
22 consideration, of course, any of the individuals within FLAC
23 and perhaps what their -- their experience has been, including
24 even with other -- with prior years, KAABOO events taking place
25 here at -- at the fairgrounds. Another concern was the desire

1 to protect the district and -- and our reputation, you know,
2 from potentially any bad players in the sort of music festival
3 industry. And then also to, you know, financial loss of
4 revenue that the district, you know, might have expected to
5 receive should they, for whatever reason, be unable, you know,
6 to produce -- to produce it.

7 So during the course of these last few months,
8 in terms of the learning in this process, there are a number of
9 things. And yes, there are -- there are the bad players in
10 this industry. But the -- and there are some mechanisms to,
11 you know, try to isolate and distance as well as protect. But
12 ultimately, you know, those -- the -- the ones that we have --
13 have all heard of, such as the Fyre Festival and things like
14 that, it's just bad actors, you know, within that realm, and,
15 quite honestly, being fraudulent. I think he even went to --
16 to prison, to jail.

17 So -- but with that, things that we've learned,
18 third-party -- third-party ticketing companies are who hold
19 revenue in escrow, and they enter into a contractual
20 relationship with, then, with the promoters as well as, then,
21 with ticketholders who are buying from them and should be
22 releasing funds as the promoters demonstrate the production
23 elements towards being able to -- to feasibly produce that.
24 Also, again, as I mentioned, event cancellation insurance does
25 not get us to those the protections on behalf of the district

1 that we were looking for. But that cancellation insurance,
2 which FLAC would -- would have and would be providing, if the
3 show -- if the festival was canceled for kind of standard
4 reasons, then the ticketing company vendors, they're made whole
5 through that -- through that insurance. So there would be
6 the -- the protection for that.

7 And like I said, as you all know, there's really
8 not anything that fully insulates from -- from fraud.
9 Ultimately, the Fyre Festival ticketholders were made whole
10 through the bankruptcy court, who actually clawed back because
11 that case, the ticket holding company had released funds,
12 artist and things had been paid, no festival wound up
13 happening. So bankruptcy court actually clawed back those
14 funds in order to make the ticketholders whole once again.
15 Obviously, all of that -- that takes time.

16 A few other things that we learned in this
17 process is that in terms of other types of insurance, such as,
18 you know, well, what if the headliners don't show up, things of
19 that nature. The artist nonappearance coverage for headliners,
20 that's actually carried by the artist, and it becomes a
21 requirement of the contract that they have with -- with the
22 promoter. As a matter of fact, promoters -- event cancellation
23 insurance does not allow promoters to bind the -- the artist
24 cancellation because, in essence, they have no access to
25 medical records and things of that nature, which sometimes may

1 be the reasons for -- for artist cancellation. And then
2 really, when you look at festivals across the country, you
3 know, when a festival has canceled -- so majority of the time a
4 cancellation has occurred, it's really been due for -- due to
5 force majeure reasons, whether earthquake, kind of, you know,
6 more acts of God, or in some instances, artist cancellation.

7 So taking all of that in -- into consideration,
8 there are a number of things that I have considered with regard
9 to, you know, sort of mitigation and how do we protect the
10 district as well. So then, potentially, you know, consumer --
11 consumer interest and yet at the same time not inadvertently
12 wind up creating a relationship that potentially has third-
13 party beneficiaries to it.

14 Ultimately, this is a rental agreement similar
15 to the Good Guys Car Show, similar to Beyond Van Gogh that is
16 going to take place, where FLAC is renting district property --
17 district space to -- to produce a show. It's not one in which
18 we are a -- a supporter on it, where we have stake in it.
19 We're not hiring them to come in and produce this on -- on our
20 behalf.

21 So a few things to -- for the board to be aware
22 of as well, and I mentioned it recently, but again,
23 ticketholders, when they're buying those tickets, and in the --
24 in the, you know, small, finer language with regard to that,
25 that's who has the -- has a contract, then, with the -- or the

1 ticket company to the ticketholders. Then, the ticket company
2 has a contract with the promoter, and depending on the
3 promoter, their reputation, their background, and through the
4 course of that, their own due diligence, the ticketing company
5 will hold back and it can range anywhere from 50 -- to even as
6 high as 50 percent of the ticket proceeds --

7 MR. GELFAND: Five.

8 MS. MOORE: -- five, yeah, five -- five to 50 percent
9 in terms of ticket proceeds in advance of a show --- show being
10 produced. But that exists from ticket company to promoter, and
11 then the promoter has agreement, in essence, with the venue,
12 such as us. So it's very much this straight-line separation
13 with regard to risk. So concern for if we're building anything
14 into our contract that now changes that relationship and moves
15 the district into a different position within that chain --
16 again, in the event that should anything -- should anything
17 arise out of the -- the return of -- of KAABOO.

18 So with -- in addition to our own due
19 diligence -- which is not just FLAC, but, again, the individual
20 players in it, this is something that, you know, goes back a
21 couple of years since they first approached us and questions
22 that we raised at the time, which they have -- have adequately
23 addressed in this process, but in addition to our own due
24 diligence, there's also the due diligence that FLAC has when
25 selecting its ticketing company and our comfort with it, the

1 artists and -- and agents and -- and managers of -- of those
2 artists as well because they really have a responsibility to do
3 their own due diligence and to make sure that they're not
4 putting forward, you know, talent for a festival that isn't
5 going to occur, and -- and vice versa. And even, again, you
6 know, vendors with regard to -- that are providing, you know,
7 stages and sound and -- and lighting companies and so on.

8 I think one of the -- one of the biggest things
9 in consideration of that is recognizing, like we have, that
10 FLAC is a -- a new entity. It doesn't have a track record yet.
11 All of those other folks that I just mentioned are going to
12 take that into consideration as well, in terms of how their
13 contracts will -- will be structured with FLAC, what kind of
14 fees they may be charging, deposits and so on that they are --
15 that they are retaining.

16 So once -- and right now the hold-up really for
17 FLAC to be able to lock in a ticketing company, lock in, you
18 know, the talent, vendor, stages, things like that, is the
19 contract with the location. So they have put forward their
20 operating plan to all of these various parties and things
21 waiting for -- for a contract with us. But, again, it wasn't
22 that event cancellation insurance really addressed it, which is
23 why I'm bringing this back -- bringing this back to the board.

24 So looking to balance, again, our reputation
25 with any unintended consequences that could happen, if we were

1 to create a third-party beneficiary type of relationship or
2 even the perception that the district is somehow a co-sponsor,
3 I think there may be some -- some other ways in which to
4 accomplish this, such as -- and -- and Josh was -- is -- I did
5 request that Josh look further into our indemnification
6 language if there's any way to, you know, potentially bolster
7 that for us, as well as consider, like, a disclaimer language
8 with regard to their tickets or in their advertising and
9 things, that it's just very clear that the district is not
10 responsible. Because of those multi -- that sort of straight-
11 line relationship at, you know, at different places along
12 there, there could be different parties who are responsible for
13 different components. My recommendation would be it's simply
14 that it's very clear that the district is not -- is ultimately
15 not responsible.

16 And so with that, that's -- what I'm bringing
17 forward for the board's consideration would be to, in essence,
18 kind of amend or change that delegation of authority to allow
19 me to go forward with -- with executing a contract and
20 negotiate out those finer details, if the board would be
21 comfortable with that, from the standpoint of, again, it is
22 just a -- a rental relationship, we're not hiring them, but are
23 we adequately covered with that?

24 PRESIDENT FRED SCHENK: Okay.

25 MR. ARABO: One issue for me -- I don't know -- is

1 optics, especially. I mean, you could disclaimer, disclaimer,
2 disclaimer, but KAABOO, it's a very public -- it's a very
3 public thing. It's public. And it's at the -- it's in our --
4 the facilities. And what is the safeguard besides it's not us.
5 They're a tenant. It's not -- what can we do?

6 MR. CAPLAN: (Indiscernible.)

7 PRESIDENT FRED SCHENK: Yeah, this --

8 MR. ARABO: Oh, I'm sorry.

9 PRESIDENT FRED SCHENK: -- this will be -- this could
10 be --

11 MR. ARABO: After.

12 PRESIDENT FRED SCHENK: This, you know, it's all
13 right. It's all right, Mark.

14 If there's a motion, then we can have that as
15 part --

16 MR. ARABO: Oh, okay.

17 PRESIDENT FRED SCHENK: -- of discussion.

18 So with that, is there anything else, Carlene,
19 that you want to address?

20 MS. MOORE: So that kind of gives you some back --
21 with regard to where we --- where we're at with regard to FLAC
22 and KAABOO. But I do want to point out in terms of in your --
23 in the board packet on page 154. So I've also met with the
24 representatives from City of Del Mar and City of Solana Beach
25 as well, and they overwhelmingly -- the feedback in the

1 community is, you know, general excitement over the return
2 of -- of KAABOO. And -- but with that, City of Solana Beach
3 had some requests in terms of incorporating into the agreement
4 with FLAC of -- and you can find this on page 154 of your -- of
5 your packet. Many of these things not as detailed as their
6 request, but if you look at page 155, the language that's
7 already contained within it -- so I would incorporate what --
8 what I would be looking for, again, is just that delegation of
9 authority and -- and if need to with regard to the final
10 details of the contract, taking into consideration
11 Solana Beach's request.

12 PRESIDENT FRED SCHENK: Okay. Fair enough. We're
13 ready for public comment, yes? All right.

14 With that, Ms. Sullivan, you have indicated a
15 desire to speak on this action item. You may address the board
16 for two minutes, please.

17 MARTHA SULLIVAN: Thank you, again.

18 I don't have anything on this item. I --
19 because the board packet was published online so late, I
20 basically defaulted to comment on everything so that I would
21 have the opportunity to do so once I reviewed the board packet
22 and also heard the discussion.

23 So thank you for this opportunity.

24 PRESIDENT FRED SCHENK: All right. Well, thank you
25 very much.

1 There are no other names identified on this
2 subject.

3 So, Director Gelfand.

4 MR. GELFAND: Okay. To open up discussions, I'm
5 going to make a motion that we authorize Carlene to proceed
6 with a contract with FLAC with amendments that, to the extent
7 possible, take care of the concerns that we currently have and
8 that may be raised as the board discusses this further.

9 PRESIDENT FRED SCHENK: All right. There is that --
10 the motion is made.

11 Donna, did you capture that?

12 MS. O'LEARY: (Indiscernible).

13 PRESIDENT FRED SCHENK: Thank you.

14 Is there a second?

15 MR. MOSIER: Ill second it. I also have a comment.

16 PRESIDENT FRED SCHENK: All right. First -- and
17 we'll capture this.

18 MR. GELFAND: Can I begin with some comments?

19 PRESIDENT FRED SCHENK: Let's capture that there is a
20 second to the motion. And now it's open for discussion.

21 It was Director Mosier, yes.

22 MR. GELFAND: Okay. First of all, as I said before,
23 you know, I really want this to happen, and I think that the
24 people at FLAC have -- have shown, you know, good faith in a
25 lot of regards. They made a deal with the -- the Petco, you

1 know, situation. They're offering to make accommodations to
2 former ticketholders from the old situation. I don't know how
3 that'll play out, but they're offering to do something in that
4 regard.

5 On the other hand, I'm very disappointed that
6 they haven't stepped forward with anything so far to address my
7 fundamental concern, which is twofold. Primarily my concern is
8 ticketholders -- or ticket purchasers, prospective purchasers
9 of tickets, and what could happen if there was fraud because
10 FLAC is, for all intents and purposes, a single-purpose entity.
11 It's for the production of KAABOO at Del Mar, not just this
12 year but the following years, but that's all it is. It has no
13 assets or personal guarantees or anything to stand behind a
14 fraudulent situation or just a bankruptcy or just a -- a
15 collapse of their organization. And that's a concern to me
16 is -- is ticketholders who, you know, they buy tickets and the
17 event doesn't happen. When that happens, it becomes an
18 astounding mess.

19 The fairgrounds -- the second part of that is
20 the protection of the fairgrounds, the DAA, there are
21 indemnifications in the agreement, but for all intents and
22 purposes, they're worthless because if FLAC goes bankrupt, they
23 can't indemnify us for all intents and purposes.

24 So, you know, our Finance Committee meeting, we
25 actually interacted with them and tried to come up with some

1 additional solutions. I don't think we're there yet, which is
2 why I made the motion I -- the way I did. Hopefully, Carlene
3 can take it further.

4 But ultimately, I think we're taking a risk
5 here, which may be okay, particularly, if the ticket purchasers
6 are very clear of the risk that they're taking in buying
7 tickets. Now that's the case in almost any situation, you
8 know, even, you -- you buy a ticket to The Sound, maybe the,
9 you know, the event doesn't happen. But Belly Up, I'm
10 assuming, is going to stand behind it. They're an organization
11 with assets.

12 But that's the risk we're taking. I want us to
13 all understand that risk. If it comes off well, then
14 hallelujah. If it doesn't, you know, we have other issues.

15 As -- as this kind of plays out, I -- I mean,
16 I -- I look at the -- the downside, what's the worst outcome
17 from this agreement? The upside will take care of itself. And
18 so, you know, the worst is fraud or -- or bankruptcy or
19 something where ticketholders are left with a ticket that's
20 worthless, and then there are lawsuits; and one of my concerns
21 is that we get drawn into those lawsuits. And maybe a way to
22 help avoid that is disclosures on the tickets or in
23 advertisements or whatever to say, you know, the DAA is not
24 responsible.

25 But with that, you know, I'm -- I've made the

1 motion and I -- I would love to see this thing happen. I just
2 want us all to understand the risks.

3 PRESIDENT FRED SCHENK: Sure. Okay.

4 Let's go around the -- the -- the horseshoe here
5 and -- Lisa, any comment?

6 MS. BARKETT: I just have one comment based upon,
7 Michael, what you said.

8 You know, you look at the fiscal impact, right?
9 370,000. I mean that's nothing for what we'd be sued for and
10 the litigation we'll be involved in. And I -- I'm looking at
11 that net revenue, saying is it really worth it with all these
12 concerns?

13 PRESIDENT FRED SCHENK: Okay.

14 Director Mosier.

15 MR. MOSIER: You know, I want to go back to some of
16 the problems we had with the first two KAABOO concerts on -- on
17 sound and traffic.

18 The comment I wanted to make is really very
19 specific to enforcing sound ordinances because both Del Mar and
20 Solana Beach have specific sound ordinances where you can't
21 exceed a certain decibel level, but the average -- that decibel
22 level is averaged over 30 minutes. So you can have, you know,
23 60 decibels that you can barely hear for 29 minutes. And as
24 happened in the first two concerts, 110 decibels, which is
25 deafening, for one minute and it doesn't violate the sound

1 ordinance.

2 So if you're talking about concerns about sound,
3 the current ordinances really don't work. And I think if we're
4 going to try to address that, you need to put that onus on the
5 producers of KAABOO and say, you know, you cannot exceed, you
6 know, a 100 or 110 decibels in any production at any time.

7 I -- I just want to emphasize the local
8 ordinances don't help us very much, and -- and we learned that
9 the first couple of concerts.

10 MS. MOORE: If I can --

11 PRESIDENT FRED SCHENK: Sure. Please.

12 MS. MOORE: -- address that very quickly.

13 There is -- and there is actually language in
14 the agreement with regard to the sound and I think from
15 learning from those. So we, as -- as the fairgrounds, have
16 our -- have our own and -- and actually in meeting with
17 representatives from both cities, they said it got much better
18 after the first two years. So really -- so we know that
19 learning off of that experience previously, what we will intend
20 to and have articulated even in the -- the contract as it's
21 currently written, we're carrying forward to ensure that that
22 doesn't happen again like those first two years, similar to
23 traffic and things like that.

24 PRESIDENT FRED SCHENK: Director Mosier, anything
25 before we move down the -- anything --

1 MR. MOSIER: I share -- I share Director Gelfand's
2 concerns.

3 PRESIDENT FRED SCHENK: Okay.

4 Director Arabo.

5 MR. ARABO: Yeah, I -- I also share everyone's
6 concerns. I -- I'd like to see something happen. I'm a fan of
7 KAABOO, in general, though I do agree with Director Barkett,
8 though. All that is is the juice worth the squeeze? I mean,
9 some -- open up yourself with so many potential issues. And I
10 think we should go back to FLAC, my opinion, and say, bring us
11 a solution. This is a -- you know, everyone wants to see it
12 happen but how do we overcome this? And then they should come
13 back with a solution. My opinion.

14 PRESIDENT FRED SCHENK: Okay.

15 MS. ROWLAND: Have you finished --

16 PRESIDENT FRED SCHENK: Yeah, I finished that side.

17 MS. ROWLAND: So I think I -- I -- I know there are
18 products -- insurance products around tickets and ticket
19 cancellation that individuals can purchase. I'm sure there
20 must be something in the market, maybe it's too expensive, but
21 it seems that they haven't fully investigated that, that --
22 that the travel market certainly has that. They probably have,
23 but it's, you know, worth looking at. Normally it's purchased
24 by the individuals who are buying the ticket, but maybe there's
25 some alternative arrangement on that.

1 MR. GELFAND: I actually talked to my commercial
2 insurance agent and, you know, I said, look, Lloyd's of London
3 will insure me growing new hair. I mean, they'll do anything
4 for a price. What kind of insurance could we get in this
5 situation? And the first thing he said was you can't insure
6 against fraud. And the second thing he said was there really
7 isn't a way to do this through insurance. The only thing you
8 could do, really, is get a bond put up by FLAC or a line of --
9 letter of credit or something like that. It would have to be
10 some action that FLAC took to have money available for
11 potential purchasers or ticket purchasers.

12 PRESIDENT FRED SCHENK: You -- you may remember my
13 question to them when they were here on the screen was I asked
14 who their underwriters were.

15 MR. GELFAND: Right, which they don't want to talk
16 about. They didn't share that. But we asked them that also.

17 PRESIDENT FRED SCHENK: Yeah.

18 MS. MOORE: Yeah.

19 PRESIDENT FRED SCHENK: All right.

20 Any -- anything further? Are you sure -- sure?
21 Richard, nothing? Okay.

22 Director Nejabat?

23 All right. I'm sorry. Okay. So I -- I would
24 like -- I know they're not here today.

25 MS. MOORE: Actually, Mark Terry is --

1 PRESIDENT FRED SCHENK: Mark.

2 MS. MOORE: He's just not on the screen.

3 PRESIDENT FRED SCHENK: Oh, good.

4 MS. MOORE: Mark Terry from FLAC is on -- has joined
5 us via Zoom.

6 PRESIDENT FRED SCHENK: Great.

7 MARK TERRY: Hello, everyone.

8 PRESIDENT FRED SCHENK: Well, you've heard some of
9 the comments.

10 MARK TERRY: I have.

11 PRESIDENT FRED SCHENK: Would you like to join in our
12 discussion?

13 MARK TERRY: I'm happy to do so.

14 I mean, a -- a lot of what we're talking about
15 right now is trying to mitigate against long-tail situations or
16 fraud. And I, you know, I don't know how to do that, quite
17 candidly. I think at the end -- end of the day, it's got to be
18 about whether or not the track record of the festival at the
19 fairgrounds was something that was foreseen as being a positive
20 for the fairgrounds and whether or not our current plan to move
21 forward is positive for the fairgrounds.

22 In terms of the ticketholders, our contracting
23 with the ticket providers, the ticket companies, are the way in
24 which we, in essence, mitigate that risk with the ticket
25 purchasers because there's not going to be any ticket provided

1 that's going to enter into an agreement with us to advance this
2 ticket revenue without them feeling comfortable that we have
3 the ability to move forward and mount the festival
4 sufficiently.

5 What happened, quite frankly, in the past with
6 the fairgrounds -- I'm sorry, not the fairgrounds -- with --
7 with Petco, I'm not quite sure what happened there. But in
8 that case, you had a very well-capitalized, very wealthy backer
9 of that festival that fell down on those ticket purchasers that
10 we're now going to make sure we, you know, accommodate them in
11 2024. Previously at the fairgrounds, you had a very wealthy
12 backer of KAABOO that ended up leaving maybe a few of the
13 vendors that were basically, you know, left with vendor
14 payments. Once again, someone who was very wealthy and had a
15 lot of resources who fell down on it, who committed whatever
16 they committed, they breached the contract with you guys.

17 So I can't figure out a way to, essentially, put
18 myself in a place of a bad actor and tell you how I'm not going
19 to be a bad actor. I think at the end of the day you have to
20 make a decision whether or not, as a group, we've kind of met
21 certain due diligence requirements for the fairgrounds and
22 whether or not, based on this four-wall agreement, of us
23 renting the space. And actually the point that Ms. Barkett
24 made earlier, the revenue that we're looking to generate from
25 this festival going forward is superior than to what we

1 generated historically with KAABOO at the fairgrounds. So I
2 think we're doing everything we can do in good faith with a
3 four-wall agreement to satisfy everyone's -- everyone's
4 concerns. But I can't put myself in a place of trying to
5 figure out how to mitigate long-tail risks that may happen.

6 PRESIDENT FRED SCHENK: So I appreciate your -- your
7 comments. I -- I don't view this as a classic four-wall
8 agreement because you're adding our brand to it. You're not
9 just renting a building, which would be a classic four-wall.
10 What you're doing also is -- is relying on our goodwill and --
11 and our brand to help create a -- a larger sort of a -- a
12 synergy -- right? -- between the brand KAABOO and the brand
13 San Diego County Fairgrounds. So it's not a classic four-wall
14 because we do have a lot at stake, more than just renting the,
15 you know, the interior of a -- of a -- of a auditorium, which
16 would be a classic four-wall.

17 MARK TERRY: That I get. So if there's -- look, if
18 there's a situation where you would like us to actually -- as
19 Carlene had said earlier -- to within all of our third-party-
20 leaning messaging, whether it's press, whether it's
21 communication with vendors, if you'd like us to basically
22 downplay or kind of mitigate or reduce any mention of the
23 fairgrounds, its marks, logos, indicia, as part of it, and if
24 we can, you know, incorporate within our final ticketing
25 agreement that there's no way in which Del Mar Fairgrounds is

1 endorsing this festival, you're not responsible for the
2 festival, not responsible for the ticket purchasers, any of
3 that, I'm happy to do all that, too, to make that sense that it
4 does feel more like a four-wall, if that's helpful.

5 PRESIDENT FRED SCHENK: Well, yeah, I -- I'm not sure
6 that really promotes your advantage by discounting. That's the
7 problem is that, you know, KAABOO for several years has been
8 identified with the -- the fairgrounds, right? And so whether
9 you downplay it or -- or, you know, upsell it, it is what it
10 is. And -- and whatever attempts you may make at -- at trying
11 to divert that attention, it's not going to -- it's not going
12 to make much of a difference because people identify KAABOO --
13 I -- I can't tell you how many times people ask me: So when
14 are you bringing KAABOO back? You know, when is --

15 MARK TERRY: Yeah.

16 PRESIDENT FRED SCHENK: -- when is the -- when is the
17 fairgrounds -- because people identify it as our venue --

18 MARK TERRY: Yeah.

19 PRESIDENT FRED SCHENK: -- as our -- as our event.

20 And I can't do more than one person at a time to try to explain
21 it differently.

22 MARK TERRY: Understood.

23 PRESIDENT FRED SCHENK: You as -- you understand.

24 MARK TERRY: Yeah. I understand. Look, my -- my --

25 PRESIDENT FRED SCHENK: Otherwise we are identified,

1 you know, we are in -- locked arm-in-arm --

2 MARK TERRY: Yeah.

3 PRESIDENT FRED SCHENK: -- with -- with KAABOO.

4 MARK TERRY: I got you. My -- my comments on the
5 four-wall agreement was to talk to the specifics of the
6 agreement and the provisions and the equities of the agreement.
7 It wasn't to speak about kind of the broader branding and
8 goodwill around the festival. It was to make a comment on the
9 actual documentation itself. So I take --

10 PRESIDENT FRED SCHENK: How about we invite --

11 MARK TERRY: -- I take your point.

12 PRESIDENT FRED SCHENK: Yeah, I appreciate that.

13 How about if we invite you to come back, not
14 just you, but your -- your -- your team next month and -- and
15 give us some sort of status? I think it would -- it would
16 behoove you to do that, and it would give us a -- a greater
17 sense of comfort in getting status reports directly so that we
18 might be able to, you know, inquire from -- from your team
19 directly as to how things are progressing.

20 MARK TERRY: Well, look, the status right now is
21 we're ready to press go when it comes to the mounting of the
22 festival. We have half of our team, both Carl Monzo and
23 Chris Racan, who were responsible for the mounting of the
24 festival for all those years at the fairgrounds. So in terms
25 of us being able to go in, actually physically mount the

1 festival, we've got the relationship with those vendors. We've
2 worked hand-in-hand with the staffers, Paul and Katie, to make
3 that the reality. So that piece is not hard to do.

4 Right now, it's hard to do because we don't have
5 the ability to actually draw down significant amounts of
6 capital to do that or conversely to make talent buys because we
7 don't have an actual agreement with the venue. So it's a
8 little bit of a chicken and the egg.

9 So -- so we have actually provided previously
10 extensive documentation to Katie and Paul in terms of the plans
11 for the festival for 2024. One big part of that, quite
12 candidly, was the fact that previously -- I know there was a
13 comment before about sound mitigation and those kinds of
14 things -- I think over the years there's been a significant
15 amount of work that's been done to address not only the sound
16 mitigation but traffic as well as sanitation. And, I think
17 we've done a great job with that. And I think we also decided
18 that going forward, we were going to make the festival a much
19 smaller footprint than what we had done historically so that a
20 lot of those issues would be mitigated as well.

21 So we had presented a lot of that in the past to
22 Carlene's team and gone through extensive kind of back and
23 forth on that to make sure that they understood as a team how
24 we were going to bring KAABOO back and downsize it but still
25 bring all the different elements that really were wonderful

1 from a consumer facing standpoint to the festival.

2 So that's really where we are right now. And
3 quite candidly, we're getting to a place where if it's -- where
4 if we continue to -- and once again, not casting aspersions on
5 anything in the process, I'm just simply talking about the
6 timeline -- if we're not able to get out and start making
7 offers to headliners on talent, it's going to be difficult for
8 us to do a mid- to late March on sale and for us to get moving
9 going forward because as we continue to go through this
10 process, we're losing access to more and more talent, more
11 acts, you know, in terms of us being able to secure the right
12 stages, the right sound, lighting packages and sound packages,
13 you know, those -- those bids and quotes might need to be
14 rebid. So we're ready to -- we're ready to go right now. But
15 this is the piece that's actually preventing us from moving
16 forward.

17 PRESIDENT FRED SCHENK: All right.

18 Director Arabo.

19 MR. ARABO: One quick question are -- is -- and are
20 they personally guaranteeing all the organizers and the
21 investors on FLAC side?

22 MS. MOORE: No.

23 MR. ARABO: Are they even doing a personal guarantee
24 if something doesn't -- nothing at all.

25 MR. GELFAND: There's no guarantees of any kind.

1 MARK TERRY: Yeah. I mean, I think -- look, what is
2 going to happen -- done at every festival -- but I've been
3 around the business for a while and we had our attorney also
4 speak to this -- it's not pattern and practice for a promoter
5 to enter into personal guarantees or -- or the like when it
6 comes to putting on these kinds of festivals. I think at the
7 end of day, what Carlene said earlier on was that the various
8 parties who are involved in the mix perform their own diligence
9 as it relates to whether or not and in what way they're going
10 to do business with us as the promoting partner. It's also
11 not -- it's -- it's typical to market where you do put together
12 a special purpose vehicle to actually mount these festivals.
13 So that's not -- that's not anything that's actually novel as
14 well.

15 So I -- I -- I would suggest that if there's a
16 lot of promoters who you work with at the fairgrounds who bring
17 their shows, I'd be highly surprised and shocked that there's
18 anything different in terms of how they're conducting their
19 business as promoters of live entertainment. Everything we're
20 doing is -- we're doing it in very much in the pattern and
21 practice of how things are done. There's nothing we're doing
22 that's novel or different from how the business is -- is
23 conducted. And I think our attorney had spoken with Josh and
24 communicated a lot of -- a lot of what I'm communicating right
25 now but much more of a legal way.

1 PRESIDENT FRED SCHENK: Carlene.

2 MS. MOORE: I was just going to -- kind of along
3 those lines in terms of practices within the industry and --
4 and what's been seen, is one of the other things is that with
5 probably extremely rare exception to it in that -- and nothing
6 that any of us that -- that could recall and including the
7 attorney who is in this -- in this field across North
8 America -- where a venue has become part of the lawsuit or --
9 you know -- and, again, you know, people can name anybody, as
10 we know, in a lawsuit and things like that. But this -- the
11 concern in terms of the exposure to the fairgrounds with regard
12 to the lawsuit has also just not previously before been seen
13 with -- even with -- even with the bad actor type of situations
14 that we can point to. So I just want to put that out there as
15 we're expressing, you know, this concern from a venue
16 standpoint.

17 PRESIDENT FRED SCHENK: Thank you.

18 MS. MOORE: And -- and -- and, again, I -- I go back
19 to when I think about, you know, the risk, there is that -- the
20 financial risk. And yes, in -- in the packet it's listed as,
21 you know, an estimated 370,000. That's on the the conservative
22 end of what we expect. This -- and for this agreement is a
23 different relationship than what previously would have been
24 done for KAABOO. And the previous ones, don't know the -- what
25 we actually netted because it was so intertwined with regard to

1 our operations. This contract is built for anything that we
2 are expending, in terms of staff time and things like that, use
3 of equip- -- they are reimbursing for it; whereas, under the
4 previous agreement, there was so much that was included,
5 including employees, in essence, kind of work -- almost feeling
6 like they were working for KAABOO day of the event and -- and
7 things like that. And that's -- so we really have worked hard
8 to clean up and separate that out to ensure that we're
9 providing, you know, the facility and these particular services
10 that go with it, and then, otherwise, it is the operators of
11 KAABOO for that.

12 MS. BARKETT: Well, I -- I thought we made a lot more
13 with KAABOO than -- than what's down here.

14 PRESIDENT FRED SCHENK: First year?

15 MS. MOORE: The rent -- what we received from KAABOO
16 was \$750,000 --

17 MS. BARKETT: Right.

18 MS. MOORE: -- and then we took care of all of the
19 expenses.

20 MS. BARKETT: Okay. So that's -- that's, right.
21 Yeah. Okay. That's the contractual difference.

22 MS. MOORE: Yeah.

23 MS. BARKETT: I can't remember because we -- it's
24 been a while.

25 MS. MOORE: Yeah.

1 PRESIDENT FRED SCHENK: But -- but also remember
2 there was an escalation from year one to year three.

3 MS. BARKETT: Yeah, there was an escalation. Yeah.

4 PRESIDENT FRED SCHENK: Yeah. In revenue and
5 attendance.

6 MS. BARKETT: A big one.

7 MS. ROWLAND: So it seems to me that from the
8 perspective of having done what, you know, other venues would
9 do relative to the risk being offloaded on other partners and
10 the due diligence being done by those partners, it seems like
11 we've done a lot of that and that there's some more to do. So
12 I -- I think we either get comfortable with being ordinary in
13 this space or not. And I think that the additional work that
14 you had to do could push that over the finish line.

15 I would just add that please have a professional
16 parking study done and -- and make sure we get people off the
17 streets because that's the one thing that will -- you know, you
18 talk about reputation, that does more to harm our reputation as
19 a venue than, you know, virtually anything else, creating havoc
20 on the freeway and havoc on the roads here.

21 PRESIDENT FRED SCHENK: When --

22 MS. ROWLAND: I think -- and I think it can be
23 avoided with a professional design.

24 (Multiple speakers)

25 MARK TERRY: I can tell you --

1 PRESIDENT FRED SCHENK: Excuse me.

2 How many days and what's the turnstile count per
3 day that you're expecting?

4 MARK TERRY: We're expecting an overall attendee
5 count of right around 25,000. That's what we're looking at
6 over this -- in terms of ticketing and as well as accommodating
7 some of those folks who we expect to come over from Petco Park.
8 So that's over the three days in the third week in September.

9 PRESIDENT FRED SCHENK: That's why I don't -- I don't
10 really expect that to be --

11 MS. ROWLAND: Okay.

12 PRESIDENT FRED SCHENK: -- the traffic is going to be
13 an issue.

14 MS. ROWLAND: Yeah.

15 MR. GELFAND: And we're going to have --

16 MARK TERRY: And -- and one other point, too, about
17 that point -- and I know Carlene hasn't brought it up -- but we
18 actually had, I think, probably half a morning meeting with
19 Paul Blaney back a number of -- oh, my gosh, I can't even think
20 about how many weeks ago we did work -- but we actually talked
21 more about that parking plan and in great specifics, and in
22 terms of the traffic mitigation, and building on what both
23 Carl Monzo and Chris Racan had done over the last two years of
24 the festival that was done at Del Mar. And one of the ways in
25 which, I think, we actually helped solve that -- I don't have

1 it in front of you right now -- but I think we're actually
2 reducing our footprint at the fairgrounds such that there is a
3 much larger space that's available to mitigate some of those
4 parking pressures but still allow us to have room for staffers
5 and also make it so that the folks who are going to be working
6 at the fairgrounds on Friday have kind of clear and
7 uninterrupted ability to have egress and ingress to get to
8 work.

9 PRESIDENT FRED SCHENK: Thanks, Mr. Terry.

10 MR. GELFAND: And KAABOO in the past, the parking
11 lot, the main parking lot of the fairgrounds was as a stage.

12 PRESIDENT FRED SCHENK: It was. One year it was.

13 MR. GELFAND: This kind contract, that parking lot is
14 available for parking. So it's -- it's more like the fair,
15 which doesn't have 25,000, people over three days, it's got way
16 more. So I -- I'm pretty comfortable with the direction --

17 MR. GELFAND: I -- I think it's --

18 MR. GELFAND: -- the parking is going.

19 MS. ROWLAND: -- I think it's a really good thing for
20 us to be seen as a venue who can have events like this, of this
21 size, and manage it. So to me, this goes beyond just producing
22 KAABOO. It's a great thing by itself. But, you know, I think
23 we have a -- a proof point here, and I think it's, you know,
24 important to be able to do that.

25 PRESIDENT FRED SCHENK: Any other questions before we

1 put to a vote? Or any other comments?

2 All right. Seeing, hearing none, Donna.

3 MS. O'LEARY: President Schenk.

4 PRESIDENT FRED SCHENK: Aye.

5 MS. O'LEARY: Vice President Gelfand.

6 MR. GELFAND: Aye.

7 MS. O'LEARY: Vice President Rowland.

8 MS. ROWLAND: Aye.

9 MS. O'LEARY: Director Arabo.

10 MR. ARABO: Aye.

11 MS. O'LEARY: Director Barkett.

12 MS. BARKETT: Aye.

13 MS. O'LEARY: Director Mosier.

14 MR. MOSIER: Aye.

15 MS. O'LEARY: Director Nejabat.

16 MR. NEJABAT: Aye.

17 MS. O'LEARY: And Director Valdez.

18 MR. VALDEZ: Aye.

19 PRESIDENT FRED SCHENK: All right, Mr. Terry, you
20 have your marching orders.

21 MARK TERRY: I -- I -- I do.

22 PRESIDENT FRED SCHENK: Go produce -- go produce a --
23 a quality product of which we're all going to be proud, please.

24 MARK TERRY: Absolutely will. And I really

25 appreciate all of your confidence in us on this. We do have a

1 truncated timeframe but we'll get moving.

2 PRESIDENT FRED SCHENK: Yeah. I know that. I know
3 it is truncated, but --

4 MS. MOORE: Thank you, Mark, and I'll be in touch
5 before the end of the week so we can get this wrapped up.

6 MARK TERRY: Okay. Thank you, all.

7 MR. GELFAND: I -- I -- I'd just like to say it's --
8 it's not a done deal until Carlene is satisfied.

9 MARK TERRY: Well, I know that too.

10 PRESIDENT FRED SCHENK: Okay.

11 MARK TERRY: Take care.

12 PRESIDENT FRED SCHENK: All right. Thank you.

13 Moving on to number four under general business.

14 Mr. Gelfand, do you want Carlene to begin the conversation?

15 MR. GELFAND: Yes.

16 MS. MOORE: Oh, budget, sorry.

17 PRESIDENT FRED SCHENK: Yes.

18 MR. GELFAND: Yes. Yes.

19 MS. MOORE: All right. And in the interest of -- of
20 everyone's time --

21 PRESIDENT FRED SCHENK: Thank you.

22 MS. MOORE: -- do we have that -- if you can pull up
23 the -- yes. Please share the screen. We'll pull up -- we do
24 have a presentation with regard to the budget.

25 I sent out kind of a supplemental to this

1 month's yesterday morning. It's also posted online as a
2 supplement. The narrative was left out of the packet, and then
3 otherwise, the fine print of things is -- are -- is found on
4 page 156 -- which you can barely read -- and 157, but we'll
5 have -- we'll be showing that here on -- on the screen.

6 So the process continues to really be an
7 extension of the work and approach that we began with the 2021
8 operating budget in that it's a zero-based budget with a
9 programmatic approach to it. And this really has been and
10 continues to be a collaborative effort across all levels of our
11 organization, including the Finance Committee, as well as in
12 the presentation today.

13 As I -- as we move into this, listed on -- it
14 was listed on the agenda originally as the operating budget and
15 the capital expenditure budget, but in conversation with the
16 Finance Committee, we're going to bring the expense -- the
17 capital expenditure budget next month. We know better how 2023
18 ends so that we know, you know, really what's the revenue
19 that's going to -- we will be driving to be able to then fund
20 those improvements that we're proposing. So today's focus is
21 simply on -- on the operating budget.

22 But very -- I do want to say with that, there's
23 one thing with regard -- as we're looking to that of a project
24 that I'm very excited about, touched on it previously that
25 we'll be bringing forward next month, and that is really making

1 an investment into our employees' workspace to really try to
2 bring all of our -- nearly all, of our employees together.
3 You'll hear it called, in terms of -- of the Connection Center,
4 which will drive I think even further collaboration beyond, you
5 know, things like the operating budget, you know, the fair, and
6 so on as we look to -- to move all into the same space.

7 And so with that, I think we have, hopefully,
8 still on -- on the call here -- it's not advancing. Oh, there
9 it goes.

10 Okay. And I think Mike -- our Director of
11 Finance, Michael Sadegh, is on -- on the line. And so, he's
12 going to just talk a little bit at a -- just a high level of --
13 before we drill down into the budget -- sort of economic
14 outlook, you know, globally, what is -- what's going on, things
15 that we are mindful of as we prepared the budget.

16 MR. SADEGH: Thank you, Carlene. Good job.

17 MS. MOORE: Okay. Great.

18 MR. SADEGH: Good afternoon. Michael Sadegh,
19 Director of Finance.

20 I'm just going to briefly, as Carlene indicated,
21 talk about the outlook of the U.S. economy and -- and where we
22 think it's going to go and how it's going to affect our fair
23 and our business for 2024. Please keep in mind that these are
24 fluid situations. It can change on a dime based on any
25 geopolitical environment or domestic issues that may happen

1 within 2024. But as we stand, we feel kind of comfortable with
2 our budget, and we think the U.S. economy, or more locally, San
3 Diego's economy is going to stand strong, and we'll be able to
4 put on a good show for 2024.

5 For that purpose, we looked at the -- the
6 business confidence index, which is -- it's a leading indicator
7 of -- that provides information about the future development
8 based on surveys that companies produce, inventories, or
9 produce goods and services. And -- and with that, comparing to
10 what we were last year, in 2022, last year at this time --
11 which, you know, the timeframe of these reports from October to
12 October, that's the latest information I have -- it somewhat
13 the confidence level has -- has waned a bit, but it's not
14 totally negative. Part of that is because of the interest
15 rates, the inflation story has gone away but now it's the
16 interest rate and how that would affect consumers and
17 businesses in -- in the near future. But, you know, we think
18 we are going to be faring well and we're going to be okay for
19 2024.

20 Advancing to the next slide.

21 This is the Consumer Confidence Index, which the
22 survey, as it says, is trying to find out how the consumers
23 feel about the future and how much -- or how they feel about
24 spending their discretionary income on things that they
25 would -- would like to spend on.

1 The -- the confidence index has kind of gone up
2 and down. Comparing to last year, it's lower. But again, we
3 think our product is -- is a good product. It's a
4 substitute -- substitutable product. It -- comparing to our
5 friends in Carlsbad or in Anaheim, we think that if we lose a
6 few of our guests at the lower end of the economic spectrum, we
7 may be able to gain a few from the other side, which will come
8 back from maybe Carlsbad or -- or Anaheim. And I'm sure we
9 will do our best to accom- -- accommodate those folks that are
10 at the lower end of the spectrum, in terms of providing
11 affordable tickets so everybody can have an enjoyable
12 experience at the fair.

13 If we can advance to the next slide.

14 In terms of real GDP -- which is, you know, this
15 is a looking back approach -- you know, taking out the
16 inflation itself, we are comparing to '21 and 2022, we are at a
17 lower percentage. But the -- the good news is that the --
18 we're trending upward. So we may have, as the economists have
19 pointed out, have a soft landing without having a recession or
20 a severe recession in the next 12 months to 16 months. So,
21 again, we feel comfortable about our product and the budget
22 that we propose.

23 Having said all that, if you can advance to the
24 next slide.

25 There are always risks with -- with what we

1 do -- like I said at the onset with the geopolitical or U.S. or
2 even San Diego and California economy, the -- the interest rate
3 factor is affecting everybody in terms of affecting
4 discretionary income. Interest costs have gone up in terms of
5 auto loans, credit card debt, or mortgages and even rents. So
6 to what extent that would affect our -- our guests, it's hard
7 to say. But the consumer in the U.S. and California have been
8 resilient. They have been spending money in the past 16 months
9 or so, and we think that trend will continue. And hopefully
10 the rates will go down as the FHLMC and -- and the fed --
11 Federal Reserve has indicated, they may reduce the rates in the
12 next six months or so. We don't know how much, but it seems
13 like the rates will go down, which will affect -- affect
14 consumers' discretionary income to the positive side for us.

15 There is a concern about, you know, COVID that
16 may come back. We don't think it's going to be a huge one or
17 anything that would affect our business, but the concern is out
18 there. Also there may be some sort of a change in consumer
19 preference to go buy something else. These are just, you know,
20 a lot of things that may affect it. I'm not saying that it
21 will. But, you know, there's always changing consumer
22 preference to buy something else.

23 One -- another factor that may us (sic)
24 negatively is natural disasters or weather conditions. Last
25 year during the fair, one day we had a rainy day on a Sunday,

1 which was not a really huge one, but it did lower attendance.
2 But it was just a one-day thing and it just went away. It's
3 kind of hard to forecast that during the month of June and July
4 in San Diego, especially in Del Mar. But it -- it happened,
5 you know, we have a 20-day fair, and any one day that kind of
6 has a lower-than-unexpected attendance will affect our business
7 model. The other one is natural disasters. Again, this is out
8 of our control. And as you may recall, about a few months ago
9 we had Hurricane Hilary coming to San Diego and it actually
10 affected our business partner at the DMTC for one day. So
11 these are things to keep in mind.

12 Also labor market, there may be shift in the
13 labor market. A lot of the folks that may come to work for us
14 may just choose to work as -- on their own. You know, there
15 are other alternatives, such as the Uber deliveries or DoorDash
16 deliveries that may be more amenable for those folks, which
17 would also affect the availability of suitable talent for us to
18 bring inside the fairgrounds to provide a positive experience
19 for our guests during the fair and throughout the year.

20 Basically, those are the -- the natural and, you
21 know, some of the mitigating factors that may affect our
22 business and also some risk that may go on during the 2024
23 season. And I just wanted to bring that out to -- to your
24 attention.

25 I think that's it for my part, Carlene.

1 PRESIDENT FRED SCHENK: Thank you.

2 MS. MOORE: Thank you, Michael.

3 MR. SADEGH: You're welcome.

4 MS. MOORE: So with that and before we dive into some
5 key points and really what our -- our process has been to -- to
6 get to this point.

7 So, Melinda, if you'll advance it.

8 So the budget before you, as it has been these
9 last few years, is really something that's aligned with the
10 strategic direction that's been set by this board. So taking
11 into account, you know, that lens of our purpose, our mission,
12 our vision, and our -- and our values, you know, assessing not
13 only, you know, current but also new, you know, new programs
14 and opportunities for -- and -- and whatever opportunities
15 there may be -- some best management practices and things like
16 that.

17 As we look to continue to just build in 2024,
18 there are also some components to assist us with our ongoing
19 kind of comprehensive planning, strategic planning potential,
20 you know, that we believe will lead into a new master site plan
21 at some point, and, of course, community engagement in that.
22 So -- but it is something that starts with that zero-based
23 budget; so nothing is automatically included. And this
24 really -- so it encourages also creativity as well as that, you
25 know, looking at not just what historically has been done, but,

1 again, to the future of -- and what are we -- when are we going
2 to be doing this; how are we allocating our resources versus
3 just, you know, automatically, oh, we'll just add five percent
4 onto everything, but not knowing truly, you know, how that
5 money is either being earned or it's being spent. So -- and
6 really believe that providing it in the format that we do,
7 which we also do on our financials that you, as the board, you
8 know, receive and -- and look at each month in terms of it
9 being a program format. So how are we doing with regard to the
10 fair program, you know, versus The Sound, horse racing as
11 compared to our other events and activities that take place?
12 So it really distinguishes each of those -- those programs and
13 those operations and for a better sense of understanding of our
14 overall net operations. And so that's how we -- the
15 information is organized.

16 And so with that, I'll turn it over to Melinda
17 to talk about our -- what our process has been.

18 MS. CARMICHAEL: All right. Thank you.

19 So as Carlene mentioned, we continue to use a
20 collaborative and iterative process for our budget by bringing
21 together all of our department heads to walk through and
22 present their -- their budgets and really in a group dynamic be
23 able to discuss all those different parts and pieces of their
24 budget and whys and how they tie together for all of our
25 overall budget.

1 So we've done a few things this year -- and
2 thanks to -- special thanks to Michael in finance -- he has
3 retooled a couple of our tools that we utilize, which is our
4 budget format and our -- our temp labor budget.

5 And with that, we -- once the -- the groups have
6 met and the budget is presented to the colleagues and the
7 executive team, they make adjustments, and they go back and
8 they work on those pieces. And they came back to us again with
9 those -- that incorporated feedback, which, then, we roll up to
10 our Finance Committee, who has given given us a few asks. And
11 we took that feedback and moved forward with that. And now
12 we're at today with our final presentation to our board. So
13 that's our process.

14 MS. MOORE: And so -- so building off -- building off
15 of that, obviously, you know, going into a budget, we've got to
16 have some assumptions that are in place as you proceed and to
17 be able to provide, you know, some guidance to that staff.

18 So for this next time, little section, we're
19 going to talk about -- Melinda will talk about what those
20 assumptions were that, in essence, guidance that we provided
21 to -- to the rest of the team.

22 Katie will also talk about, you know, the rates,
23 then, that those assumptions are built on, which were
24 previously approved by this board with regard to the fair
25 parking, our facility rates, and so on.

1 MS. CARMICHAEL: So as we all know, the 22nd DAA is a
2 self-sustaining state institution so we're responsible for
3 generating our own revenues to pay for our programs, operating
4 expenses, payroll, et cetera, to make sure that we take care of
5 this 324-acre public venue. And -- and so some of those
6 assumptions that we used are that the San Diego County Fair --
7 we used, of course, that it's going to be the "Let's Go Retro"
8 theme, utilizing the dates of June 12 through the 7th and, of
9 course, closed Mondays and Tuesdays. And then our fair
10 attendance goals we had mapped out as 60,000, per day with
11 45,000, paid attendance.

12 And then, we also incorporated rates, which
13 included admissions, concessions, commercial, and parking. We
14 also budgeted for 80 shows at The Sound this coming year,
15 utilizing our third-party promotor Belly Up. This year will
16 have full operation of -- full one-year operation at our
17 Equestrian Center. And as you know, HITS Del Mar operates that
18 on our behalf.

19 And in addition, the Del Mar National Horse Show
20 will go on produced by HITS, and it will be operated and
21 conducted over at the Equestrian Center. So they should -- our
22 guests should have a world class experience.

23 We incorporated revenue rate changes, non-fair
24 facility rentals, parking admissions, nonoperating revenue from
25 2023 to fund the 2024 capital investments, as Carlene

1 mentioned, so we're waiting to get that. So we'll have that
2 capital expenditure budget for you next month. And then
3 Premier Food Services pursuing -- having private events and
4 group sales.

5 And you know what, I think I'm missing a --
6 there you go. It's on my screen but not yours. Sorry about
7 that.

8 And then lastly, RV Park operations are managed
9 by the district now, one hundred percent, as of January 1.
10 We're a private -- prior, it was operated by our Del Mar Golf
11 Group partner.

12 And so I will now turn that over to Katie to
13 talk about the fair component.

14 Way to make an entrance, Katie.

15 PRESIDENT FRED SCHENK: Very.

16 MS. MOORE: And now we've lost her sound.

17 MS. MUELLER: It's off. There we go.

18 Okay. Nobody touch it. Okay.

19 So we worked really hard through this budget to
20 not increase rates of the fair. Of course, that's one of
21 the -- the feedback that we get a lot is, you know, the fair is
22 so expensive and the food is so expensive and the rides and
23 everything. So we worked really hard to maintain our ticket
24 prices.

25 And so, you'll see, again, if you -- you will

1 get a discounted price if you purchase in advance. So we're
2 really driving that advanced sales for both admission and for
3 parking this year. We did not increase our advanced sales for
4 admission, except on Wednesdays and Thursdays, we did increase
5 it by \$1. So if you buy your admission in advance, on
6 weekdays, it will be \$16 for adults. And then also on
7 Fridays -- but on Fridays to Sundays, we did not increase our
8 admission prices. So it's \$20 in advance, \$25 the day of.

9 Same thing with parking, \$15 if you purchase it
10 in advance online, and \$50 for preferred, \$10 at Horse Park.
11 And then it will be \$20 the day of if you don't purchase in --
12 in -- 24 hours in advance. Kids days are going -- are every
13 Friday again, kids 12 and under are free. Kids five and
14 younger are free every single day. And then, our Midway rides
15 and games have not changed at all. The price of one ticket is
16 \$1.25, and the ride wristband days will be \$49. And then, of
17 course, we'll have our specials through Costco again and things
18 like that.

19 We will offer free parking and shuttle service.
20 Torrey Pines High School's undergoing a solar project in their
21 parking lot; so parking this year will be at Canyon Crest
22 Academy, which we've used for overflow parking over the years.

23 PRESIDENT FRED SCHENK: Will that parking be similar
24 to what was previously available at Torrey Pines?

25 MS. MUELLER: Yes.

1 PRESIDENT FRED SCHENK: Because in -- in some years
2 we -- we had both.

3 MS. MUELLER: Yes. Yes. My understanding is
4 Canyon Crest actually has more parking spaces than Torrey Pines
5 does. So we don't anticipate that being an issue.

6 And then also, these rates were previously
7 approved at -- at our prior board meeting. So once again, the
8 ride operators, we'll have a 52/48 split with them. The game
9 operators, we have a 70/30 split. Concessions are 25 percent
10 of the gross after sales tax. Commercial vendors are the same
11 as 2022 and 2023 because if you recall, our rates were set in
12 2020 for the fair that never happened. But that contemplated a
13 27-day fair. So we do anticipate that we will probably raise
14 our rates again in 2025. And then, our facility and event
15 rental rates increased 10 percent. That was approved last
16 year. That was implemented for 2024 because we had not had an
17 increase in our rental rates in quite some time.

18 So -- and then, our non-fair event parking we're
19 also able to -- now that we've switched over to a digital
20 parking system -- we're able to offer an advanced purchase
21 price for parking as well. So if you go online to
22 DelMarFairgrounds.com, you can click on any of our events and
23 you can purchase your parking in advance rather than having
24 to -- to come to the event itself. And if you do that 24 hours
25 in advance, there's a \$5 discount. So we hope people will take

1 advantage of that. We've had a lot of press releases and
2 social media posts and other things like that, letting people
3 know that that's available. So parking, if you buy in advance,
4 has not increased this year as well. So just really, really
5 trying to keep events and activities at the -- at the
6 fairgrounds affordable for the public.

7 MS. MOORE: All right. I think this is back to me.

8 So one thing I wanted to point out, and just as
9 a reminder in terms of the fair dates, is that we're a little
10 bit later because we are pushing further in to July. So we
11 took that into account as well with regard to, you know, how
12 we, you know, sort of allocated those variable revenues that we
13 expect on admissions, parking, concessions, and following that
14 historical trend that we see where the fair -- we start off and
15 we build and we build, and that continuing through, in essence,
16 not only the Fourth of July, which is on a Thursday, but all
17 the way we -- ending on a Sunday, having that, you know, that
18 additional event as well and really going out with a bang in
19 that way.

20 So in terms of, then, like, our people and for
21 the human resources aspect of making all of this happen,
22 currently, in terms of the budget, this is not allocated across
23 the program area. So when you're looking at those bottom-line
24 numbers, we -- we just -- we've worked -- some of it is
25 temporary employees, things like that. We're fine tuning it.

1 But allocating the -- the kind of full-time staff levels as
2 well is something that takes a -- a bit more. So we just have
3 it as a -- a line item about -- in the blue or in the gray
4 section three quarters of the way down on page 156. And again,
5 we'll show it to where you can actually read it here on the
6 screen.

7 We -- also in 2023, we implemented a number of
8 new things to really be able to enhance, you know, that
9 experience for our employees, especially our temporary
10 employees. But also, we did some engagement surveys with all
11 of our employees, both temporary as well as our regular kind of
12 full-time employees, you know, in terms of how we're doing, you
13 know, how we can enhance and better communications and things.
14 One of the things coming out of that is our Intranet for the
15 employees that I mentioned earlier. And then we started up an
16 online applicant tracking system and -- and hiring process for
17 our temporary employees for that ease of access. You know,
18 people can apply at any time, not just during -- during the
19 operating or open hours of our -- of our human resources.

20 So, you know, Michael had mentioned earlier that
21 there are costs that are, you know, beyond our control, and
22 part of -- much of that is also -- not just, you know, labor,
23 and we all recognize that labor is a huge expense -- but just
24 as a reminder, salaries and benefits for us, for the civil
25 service, as well as the seasonal, which I'll speak to in a

1 moment, those are set by the department of human resources for
2 the state, which we refer -- you know, CalHR, as we refer to
3 it. So we don't have any control over those, over benefit
4 increases, over wage increases or not. It took almost six
5 months this last calendar year to finally receive the pay
6 letters and, in essence, then back pay employees back to July 1
7 when the raises they should have received would have gone --
8 gone into effect (indiscernible). We got the pay letters in
9 December, which that --

10 MS. ROWLAND: (Indiscernible comment).

11 MS. MOORE: -- that was across State of California.

12 MS. ROWLAND: That's ridiculous.

13 MS. MOORE: Yes.

14 So with -- with that, yes, it was really leading
15 to -- to some challenges and things. We are caught up.
16 Everybody was paid and all those adjustments being made
17 before -- before the end of the year.

18 In terms of the -- the seasonal classification,
19 so this is something we had used previously in our -- in our
20 history, and we're looking to bring it back in 2024. These are
21 for -- there are very limited seasonal classifications within
22 the CalHR system -- be -- because for all intents and purposes,
23 therefore, seasonality of things. And so, they're in the realm
24 of -- there's -- there are several that are for kind of
25 agricultural support positions because of inspections and

1 things like that that need to be done. But then, for us, there
2 are also some categories that really help, and they work well
3 with how -- with our operation. When we think of parking and
4 traffic and some of the -- the customer engagement aspects that
5 we have, not everything is necessarily full-time. We've got,
6 you know, periods of time where we aren't operating because
7 horse racing is taking place. So the seasonal positions really
8 allow for us to have employees for longer than otherwise. The
9 only other option we have is temporary employees.

10 So the big difference between them is the
11 seasonal, as we talk about them, are non-testing civil service
12 classifications. So they don't receive all of the same
13 benefits as civil service employees do, but it's kind of
14 somewhere in between. They can work -- these employees can
15 work for us up to 1500 hours a year, so approximately three
16 quarters of the year, which, again, factoring out horse racing,
17 kind of gets us -- gets us to that -- that mark; whereas,
18 temporary employees, these are the employees that we think of
19 in that peak period of the fair operations, you know, that
20 we're needing for short periods of time, and statutorily that
21 is limited to a 125 days in a calendar year. Separate from
22 that is also that they are limited to a thousand hours in a
23 fiscal year of July -- July to June. But these are employees
24 that are -- that don't have any of the civil service status
25 benefits and protections, and it's the one area where the wages

1 are determined by us as -- as the district.

2 So our goal in terms of 2024 is to have a total
3 of a 111 benefited positions between the civil service and the
4 seasonal positions that we have proposed. And I wanted to just
5 share with the board that, while it may not look -- you know,
6 okay, we -- we're shooting to have -- aiming to have 94, and
7 we're -- we're only at 77. We're -- and I'm sure there may be
8 questions of, you know, how have we been doing in this
9 responsible regrowth plan. I wanted to share some interesting
10 numbers with regard to that because it's not for lack of
11 filling positions.

12 So if you recall, on October 16th, 2020, we were
13 left with 62 employees as an organization. So it looks like
14 we, over, you know, the last three years, it's kind of like
15 what have you been doing? We only have -- you only added 17
16 more? But of those 62, 37 of them still remain today. Many
17 have gone to -- have retired or have also gone on to other
18 things but mostly it's -- it's retirement. So about a 40
19 percent change just in -- in that category. So we have
20 actually filled 40 positions, you know, when we started really
21 the hiring process in May of -- of 2021. And of the 40 that we
22 have hired, 15 of those are former employees that have returned
23 to us so -- which is about 38 percent of that group. And then
24 the additional 25 are new and -- truly new employees to the
25 organization.

1 So when I look at -- look up there and go, okay,
2 we're trying to, you know, get approximately another 17, oh
3 hey, we've gotten 40 in in this time period. And I think that
4 just also shows the, you know, the ongoing changes that we are
5 in as we still, you know, work toward and -- and can -- now
6 that we're on sort of somewhat stable ground, but really to
7 just build upon that. We have a number of positions that are
8 already open that are carryover from -- from the '23 budget,
9 have interviews later this week for some of those. So unlike
10 previous years, we've actually got some things in motion, I
11 believe, to really be able to -- to achieve these numbers.

12 With regard to the seasonal employees, again,
13 these are non-testing so there's -- there are levels that they
14 don't have to go through in order to be hired. And what we
15 anticipate is that actually some of our temporary employees
16 that currently work for us will be the candidates for that.
17 And through these seasonal positions, it's actually going to
18 provide them the opportunity to gain the experience for
19 potentially becoming candidates in the future for some of the
20 civil service positions; so, in essence, helping to create a
21 pipeline of candidates for us as well internally within the
22 organization.

23 Next slide.

24 So along those lines, you know, I mentioned in
25 terms of our employee engagement survey, and some of that

1 feedback was, you know, type -- you know, recognition and --
2 and what as -- as employees and separately for our civil
3 service employees from our temporary employees, you know, what
4 does that mean to you, what things do you enjoy, and -- and how
5 can we do better in this area.

6 And so with that, we have budgeted for the
7 quarterly safety awards with our -- for our facilities
8 department. This is actually something that's in the
9 bargaining unit memo specific to us here at -- at the district
10 fairgrounds, where we provide them with gift card awards on a
11 quarterly basis for not having any safety incidents and things
12 like that. And then, at the end of the annual basis, which is
13 in the summer months, in terms, you know, if they have
14 collectively or -- or cumulatively not had any safety
15 incidents. In addition to that, we've also planned for the
16 superior accomplishment awards. And so we'll be bringing back
17 what that program may look like for this -- to this board for
18 approval.

19 And the State of California also has an employee
20 suggestion program where, depending on the type of suggestions
21 being made, there can be opportunity for some small monetary
22 type of awards and recognition. And then, of course, with the
23 San Diego County Fair, we do a number of things in terms of
24 appreciation with our employees, starting off with we kick off
25 with our orientation for all of -- all employees for that with

1 a luncheon. We have an ice cream social during it and -- and
2 things of that nature, and -- and that's all inclusive of
3 temporary as well as the -- the civil service and seasonal;
4 whereas, the three top programs are just for civil service and
5 seasonal employees.

6 Next slide.

7 All right. So in your packet -- and this
8 actually is kind of the next two -- two slides or this slide
9 plus the next two -- so these three slides represent the
10 professional development opportunities. This is for in-state
11 and out-of-state. In your board packet and as the item
12 immediately following this will be the approval of the out-of-
13 state travel for employees, which is a number of conferences,
14 conventions, and even some -- some fair visits. So those items
15 are marked here that would require board approval with an
16 asterisk before them. So programs through the Western Affairs
17 Association, International Association of Venue Managers -- if
18 you'll advance -- International Association of Fairs and
19 Expositions.

20 One new item that was not included in the board
21 packet in terms of out-of-state travel is actually an
22 association, the International Facility Management Association,
23 which we recently came to learn of last year, and that is their
24 conference and expo; so we've added that item in. So -- and
25 when we consider that item in terms of action for the board,

1 that can perhaps be included in it as well. We also have --
2 there's conferences; so not just for fair but then this is
3 specific to, like, our manage -- our -- our maintenance team.
4 We have a conference at AccountingWare, and this is for our
5 accounting department. The, you know, National Independent
6 Concessionaires Association for our concessions and commercial.
7 So really trying to find opportunities that are specific as
8 well as broad for the organization so that we just really are
9 investing in our people, in their talents and in their
10 professional development for opportunities in the future and to
11 the benefit of of the organization.

12 We got a couple of fair visits on here in -- in
13 addition to the -- the Western Fairs Association feature fair
14 tour, which is to the North Idaho State Fair, but also staff
15 wanting to visit both the Washington State Fair as well as the
16 Texas State Fair, and Texas State Fair being another
17 independent Midway operation.

18 And so overall in terms of -- of this investment
19 in people, it really is beyond just, you know, salaries and
20 wages, but those -- those opportunities to enhance their
21 knowledge, their skill, as well as share theirs with others in
22 the industry.

23 And so with that, another area that we really
24 invest in, as we know, is our environmental stewardship. So
25 I'll turn it back over to Melinda.

1 MS. CARMICHAEL: All right. So we are very proud of
2 our environmental stewardship efforts. And as you can see, we
3 invest approximately two million annually to preserve and care
4 for this iconic property, maintaining Least Nest Terns,
5 mitigating parking and traffic, taking appropriate care of the
6 stormwater and wetland management and restoration, and looking
7 to the future for master planning, and lastly, legal fees
8 associated with these programs. So, again, we put our money
9 where our mouth is for this to make sure that we're reinvesting
10 in this and being good environmental stewards.

11 MS. MOORE: Okay. Do you want us to go --

12 MS. CARMICHAEL: Did you want me to go back?

13 MS. MOORE: Okay. So one thing about the Least Terns
14 is among staff, we just kind of play that perhaps just for, you
15 know, consideration for the future, perhaps that should be our
16 mascot. And you, too, can sport a Least Tern, not the most
17 tern, but the Least one tattooed on your arm or something.

18 MS. ROWLAND: So you're saying you're for the birds?

19 MS. MOORE: Yeah. Exactly.

20 MS. ROWLAND: Awesome.

21 MS. MOORE: And with that, if you'll go back to that
22 slide.

23 So, again, this budget, taking into
24 consideration, for example, in terms of master site planning
25 consultants, that we have allocated some resources depending on

1 where and -- and what we're doing next and whether that's
2 actual master site plan or just the strategic plan developments
3 and things like that over the course of this year and some of
4 the research and study work that may need to be embarked upon.
5 That's kind of a -- a new item. Last year we had -- had it
6 kind of listed as, like, you know, Coastal Commission potential
7 reviews, but really as we are talking about that in pursuit of
8 the board's, you know, strategic initiatives around that.

9 So -- and now, one of my favorite topics and
10 mostly because of the next slide, and that is explaining the
11 spaghetti bowl of the relationships between the district, the
12 Del Mar Thoroughbred Club, the Race Track Leasing Commission,
13 and, of course, the Race Track Authority with regard to -- with
14 regard to the bond so it really is -- it actually makes sense,
15 doesn't it?

16 UNIDENTIFIED SPEAKER: (Indiscernible.)

17 MS. MOORE: That we can do.

18 So just as -- as a reminder with regard to horse
19 racing operations, that really is the Del Mar Thoroughbred
20 Club, and that's through a contract with the State Race Track
21 Leasing Commission, who -- and we have that -- there'll be more
22 of a report during the DMTC liaison committee meeting -- but
23 out of the generation, we receive a direct rent payment as the
24 district and that's reflected in our operating budget. In
25 2024, it will be 1,825,000 with the return of the Breeders'

1 Cup.

2 In addition to that, any of the net proceeds or
3 the net horse racing revenues are then pledged towards the --
4 to the bond payment, only it takes a circuitous route going to
5 the commission and then to the RTA to, in essence, pay toward
6 that bond obligation. And otherwise, in the event that the net
7 proceeds from horse racing do not satisfy the annual bond
8 obligation, the -- the district, the 22nd DAA, has pledged net
9 food and beverage monies up to \$4 million. So, in essence, up
10 to the full amount of the -- the annual year's obligation. And
11 this really is what's derived from our food and beverage
12 contract with Premier.

13 Any questions on that one?

14 MR. GELFAND: (Indiscernible.)

15 MR. RIVERA: Your microphone's not on.

16 MR. GELFAND: Oh, sorry. Other than the direct
17 payment of rent from the Thoroughbred Club to the DAA, is there
18 any other way that money flows direct to the DAA, or is it just
19 the lack of money that would outflow to the state Race Track
20 Leasing Commission?

21 MS. MOORE: In essence, there is -- and -- and if you
22 remind me of that when we show the budget -- and that is we
23 receive reimburse -- we get reimbursement for expenses. So,
24 for example, the Thoroughbred Club, during their months of
25 operation, reimburse the district for utility expenses because

1 they are the operation at that time. But it's -- it -- and as
2 well as for staff time that maybe outlaid for our production
3 team assisting with, you know, the -- the feeds --

4 MR. GELFAND: But if they have a --

5 MS. MOORE: -- the visuals.

6 MR. GELFAND: -- particularly lucrative year --

7 MS. MOORE: Correct.

8 MR. GELFAND: -- it doesn't really matter to us.

9 MS. MOORE: There's nothing that -- that comes back.

10 MR. GELFAND: Yeah.

11 MS. MOORE: There's nothing that -- it does not come
12 to the district in that way. Again, it's a circuitous route,
13 goes to the commission, which then goes to -- to the trustee,
14 who then does the calculations to determine -- so if it's a
15 really profitable year -- whether or not a turbo payment will
16 be necessitated. They do the calculations on that, retain the
17 turbo payment, and then any surplus funds make their way, then,
18 back to the district for capital investment. And so next
19 month, when we present the capital expenditures budget, we'll
20 actually be bringing part of that forward because from the
21 2021, their live meet season, there is money that is making
22 it -- has made its way back to us in the -- in the form of
23 surplus.

24 MS. ROWLAND: Well, there's also the food and
25 beverage.

1 MS. MOORE: And then the -- the district retains all
2 of the --

3 MS. ROWLAND: I mean, there's no line on here --

4 MS. MOORE: -- of the food and beverage.

5 PRESIDENT FRED SCHENK: Right.

6 MS. ROWLAND: -- because it's assumed.

7 MS. MOORE: We should add that to this slide because
8 in terms of -- for the district -- for the district because
9 that's where that -- that ability to then pledge those revenues
10 from the district --

11 MS. ROWLAND: It -- it doesn't technically come from
12 DMTC, though.

13 MS. MOORE: Right.

14 MS. ROWLAND: That's why it's not here.

15 (Multiple speakers).

16 MR. GELFAND: But you were asking some --

17 PRESIDENT FRED SCHENK: You were asking when they --

18 MS. MOORE: Yes.

19 PRESIDENT FRED SCHENK: -- when they do very well,
20 that's the very well part, benefits.

21 MS. MOORE: And -- and you'll see on the slides with
22 regard to the budget, we do reflect that under the horse -- and
23 this is where that change to a program-based budget -- it does
24 show the food and beverage that we expect to receive through
25 horse racing as compared to from the fair, from The Sound or

1 other operations. So it really gives a -- a more true picture
2 of kind of net operations to us as the district.

3 The other thing worth noting is when it comes to
4 these pledged revenues -- so for -- they are actually based on
5 the prior year activity. So, in essence, with the 2024 budget,
6 we know that that contribution is from horse racing toward it,
7 and then what, if anything, the district will have -- will be
8 providing as well from net food and beverage operations
9 because, in essence, that money is prepaid toward the year --
10 the -- the current -- considered the current year's bond debt.
11 It has to be paid by -- it has to be to the trustee by Jan- --
12 February 15th.

13 PRESIDENT FRED SCHENK: Very good.

14 MS. MOORE: Next slide.

15 All right. So -- so now we'll go into -- to the
16 operating budget, and, you know, as Melinda mentioned earlier,
17 and I've -- I've touched on it as well -- just we continue to
18 make some improvements into our formatting and -- and this
19 process to really continue to just build upon this transparency
20 and understanding of our -- of our operations.

21 So with that, if you go to the next slide,
22 Melinda.

23 We have the -- this is how our revenues -- so as
24 you can see in the center column there, under horse racing, you
25 know, the food and beverage contract and especially with the

1 return of Breeders' Cup in 2024, you know, we're -- we are
2 into, you know, gross revenues of approximately 18 -- almost
3 \$18-and-a-half million from the food and beverage portion. The
4 next slide is going to show, then, the expenses, and then
5 we'll -- we'll show the net overall for each of the programs.

6 If you'll go back, though, Melinda.

7 So in the -- in the supplement that you received
8 with the board packet -- do you have one?

9 With regard -- yeah, that was the three or four
10 pages.

11 Oh, it's in the pocket -- in the pocket of your
12 book. Great.

13 So in terms of -- of overall operations, and,
14 again, you know, we talked about the assumptions that were made
15 based on, you know, rates that have already been established by
16 the -- by the board, changes with regard to some of our
17 operations, such as the RV Park and so on. All of that is
18 incorp- -- culminates into the budget before you.

19 And so, with the fair, we are, you know, the
20 revenues -- so everything from admission -- some of the big
21 categories we have are admissions, the Midway. This is, you
22 know, operating as an independent ride -- an independent
23 operation with regard to our rides and games; so this is gross
24 revenue from the Midway. And then, again, on the expense
25 portion, we'll have the offsetting expense to it with -- with a

1 net to the district.

2 Other big categories for us are commercial
3 exhibit space, concessions, as well as the food and beverage
4 contract. And for the fair, the relationship with Premier
5 is -- is different than for the rest of the year's activity in
6 that they primarily operate the -- all of the bars and alcohol
7 points throughout the fair activity with some smaller food
8 stands. But they're not responsible for all of the food and
9 concession operations of the fair. That's what falls into
10 concessions, which our team does, and then the food and
11 beverage contract there; whereas, with regard to the, you know,
12 rentals and events, which are the kind of the year-round
13 activities, horse racing and The Sound, they're operating
14 everything with respect to food and beverage operations.

15 MS. ROWLAND: I have a question on that.

16 When they're operating at the fair, do they
17 operate like the other fair vendors? Are they operating under
18 our existing contract?

19 MS. MOORE: They operate under the existing contract.

20 MS. ROWLAND: Okay.

21 MS. MOORE: So it's still a revenue share contract.

22 And then, we of course we have sponsorships.
23 The negative that you see in terms of horse racing is with
24 regard to sponsorship, there -- we have some shared
25 sponsorships between us and -- and the Thoroughbred Club, and

1 in some instances, we take in the money as the district and in
2 some instances, the Thoroughbred Club does. So what this is
3 reflecting is that there winds up being a transfer of -- of --
4 transfer funds estimated at about a half a million dollars.

5 Wagering is our satellite wagering operation; so,
6 in essence, the non-live meet time period where we're operating
7 the satellite wagering here -- here on the fairgrounds. And
8 then, the Race Track Operator agreement line, that is the --
9 that's that direct rent payment that we receive. And, again,
10 it's 600,000 more than usual because the Breeders' Cup is
11 returning, and so we'll receive an additional \$600,000 rent for
12 that two-day event in 2024.

13 And then, parking and, you know, Katie went
14 over, you know, the various rates and that being factored in
15 based on historic buying, and that -- that was one new approach
16 with -- while it's zero-based budgeting, it isn't just, you
17 know, from a vacuum and what we assume going forward. But we
18 also did comparisons to -- okay, based on what we're budgeting
19 here, how is this comparing to what we actually did in 2023 as
20 well? And with the changes that we're making, does -- you
21 know, do these various line items -- does this make sense and
22 is it supported by -- by activity?

23 And then, again, just broken down between kind
24 of the -- the five program areas. For the purposes of getting
25 on here to where you could hopefully read it because the

1 Resiliency Center really does not have any -- any revenues to
2 it and -- and hardly any expenses, I just combine that into the
3 admin and overhead, which is only in expenses with -- about
4 \$12,000 worth of expenses, when we get to the next slide.

5 So if there -- I'll -- well, go back just --
6 I'll pause here to see if there's any questions specifically
7 with regard to revenues.

8 MR. GELFAND: Well, not revenues but in terms of the
9 presentation, next year, it might be helpful to have the prior
10 year's actual to compare to -- or budget or actual, whatever,
11 you know, whatever makes the most sense.

12 MS. MOORE: Uh-huh.

13 MR. GELFAND: Okay.

14 MS. MOORE: That we can do. And for -- income --
15 just as a comparison from where we were at this year to what
16 we're forecasting, the largest increases are in the area of
17 The Sound as we go from, you know, 50 to 80 events, and now
18 basing that on actual working knowledge versus just, you know,
19 kind of doing our best to -- to guesstimate last year in that
20 area --

21 MR. GELFAND: We were down about, what, three million
22 on our estimates, wasn't it? We -- we underestimated on The
23 Sound significantly, as I recall.

24 MS. MOORE: Yes.

25 MR. GELFAND: Two million. It was several -- it was

1 a large number. I recall that.

2 MS. MOORE: Yes.

3 MR. GELFAND: Okay.

4 MS. MOORE: And then, that -- and then in the area of
5 horse racing, because, again, we have the Breeders' Cup
6 returning in 2024, which we didn't have in '23; so being able
7 to go back and pull some historic information from 2021 and
8 what could be anticipated there, especially in the realm of --
9 of food and beverage operations as well.

10 And so with that, we'll move to the next side.

11 So these are operating expenses outside of
12 personnel and, again, broken down by the -- the various program
13 components. The -- so much as you can see, you know, nearly
14 every row is filled in for the San Diego County Fair, outs- --
15 outside of insurance because really insurance is something
16 that, you know, we purchased sort of globally. And that's
17 where, you know, administration and overhead is -- you know,
18 those things to just -- those expenses as well as revenues that
19 are just more like generalized for operating, you know, the
20 business of -- of the district and that have potential, you
21 know, benefit even to some of the other program areas. But
22 there's not a way to specifically call out the direct
23 allocation of it to any one of those -- those program areas.

24 Yes.

25 MR. GELFAND: I just want to point out the column

1 with The Sound, the second from the -- or, the last item is
2 interest expense. And Martha Sullivan asked earlier today
3 about the debt related to The Sound. Interest expense is one
4 portion of it. When you get to the next slide, there's debt
5 service, and so I was a little confused by her question because
6 it is addressed.

7 MS. MOORE: But -- and I realized what she was
8 asking. In terms of the financial report that accompanied
9 The Sound, it -- it's actually not. So -- so in -- in 2023's
10 budgets and financials, interest as well was allocated to admin
11 and overhead; so it's only showing \$100,000; whereas, we've
12 corrected that for 2024 so that -- that interest, as well as
13 when we get to the principle portions of things, will be there.

14 And this -- this is -- the interest on The Sound
15 is a combination of the iBank loan, as well as what is
16 anticipated to payback to Premier, which is a zero percent
17 interest loan, the \$2 million that they provided for the
18 additional renovations to the space. So this is a combination
19 of both of those loans and the interest expense on it. Under
20 the -- though it says loan interest expense for -- under horse
21 racing, that's the bonds, which were offset -- if you go back
22 one slide, Melinda -- the very first line under horse racing is
23 that pledged revenue; so the pledged revenue from DMTC from
24 2023 is 2,500,008. The -- and then go to the next slide -- the
25 interest portion on the bonds is approximately a \$1,696,800,

1 and then you'll see principle below.

2 MR. ARABO: I have a question. Sorry.

3 Hi, everyone. Sorry had to leave.

4 MS. MOORE: There's Mark.

5 MR. ARABO: Hi, sorry, everyone. I had to leave,
6 everyone, but I'm here.

7 On the credit card charges, if there's a way --
8 that's a \$2 million expense. If there's a way we could either
9 pass that on to the vendors who sell food at the fair or even
10 to the customers. I know a lot of credit card companies and
11 the county governments do this, the state governments do that,
12 and a lot of private companies do it now, where we could pass
13 on the 20 or 30 or 50 cent credit card charge. They might not
14 feel it, but for us, the \$2 million expense, we could get it
15 wiped off our books.

16 Just a thought for the board and the staff to at
17 least study because I think it's an immediate thing we could do
18 to make the -- the 22nd DAA \$2 million more in the black. I
19 wanted to bring that to everyone's attention.

20 MS. MOORE: It's -- it's absolutely something we can
21 take under consideration and look into further with the Finance
22 Committee. I do just want to clarify that this is not -- this
23 is bank and credit card and other service service fees, not
24 just credit card service fees that -- that we have here. So
25 our bank charges are -- are a significant portion as well, and

1 it does not cover the food vendors. This is the district's
2 portion of any credit card fees. And with regard to our online
3 ticket sales, you know, the ability to purchase online and any
4 credit card transactions, you know, that we're taking in.

5 MR. ARABO: Right.

6 MS. MOORE: So we're not paying on behalf of any of
7 our other vendors. So it's truly a reflection of the expense
8 of the district. But we can look into that further in terms of
9 if that right --

10 MR. ARABO: Right.

11 MS. MOORE: -- as to you to incur or perhaps to pass
12 on to others.

13 MR. ARABO: Sure. There's a way even like if you pay
14 your water bill, for example, the City of San Diego, and you
15 pay credit card directly to the city, they charge you the
16 surcharge fee, the credit card fee. So there's ways. And even
17 the banks, there's ways you can even have the banks waive the
18 fees or the bank should absorb the fees. An idea because it's
19 it's -- we're a big big customer for a lot of these
20 institutions. And I'm sure that if we could ask that, I'm sure
21 they could find some way to accommodate somehow for
22 consideration for the -- the staff and the board. And it's
23 done. It's standard practice right now for organizations, for
24 government entities and private organizations, of passing on
25 the surcharge.

1 MS. MOORE: And, again, I'm happy to look at that.
2 And so, we'll look to bring a recommendation back through the
3 Finance Committee in the future.

4 MR. ARABO: Thank you.

5 MS. MOORE: Thank you.

6 So you can also -- sorry, I'm just kind of, you
7 know, figuring out things to point out.

8 So you can see in terms of expense, as I
9 mentioned before, because it is a significant part of our
10 operations, fair and that is our Midway. So we do have the,
11 you know, Midway operations. We have a revenue, we have an
12 expense, and then we have a net that we make off of that.

13 Professional services is larger in -- in all of our
14 areas. And this is everything from, you know, the
15 complementary shuttle services that we have from our offsite
16 parking lots and whether that's Horse Park or Torrey Pines or
17 this year, Canyon Crest Academy, to janitorial service
18 contracts. Those professional services that we talked about in
19 terms of, you know, nearly 2 million, about 1.7 with regard to
20 our environmental stewardship work that we've done. Those are
21 the legal expenses. Those are the things that you find within
22 the professional services line here.

23 And then -- and then, food and beverage contract
24 down near the bottom, as I was saying, with the fair, it's
25 primarily the operation of our -- our alcohol, you know, the

1 various bars and things that like that that we have, the
2 speakeasies, which have been very popular, and a portion --
3 it's one or two -- I think, a couple of -- of food stands or
4 food operations during the fair itself. And then otherwise
5 with the -- the year-round rentals kind of events and
6 activities, horse racing and The Sound, it is all of that
7 operation.

8 Are there any questions with regard to the
9 expenses?

10 So if you go to the next side, Melinda.

11 So that brings us to, okay, so how are we doing
12 with regard to the net operations of our programs? And so,
13 again, before allocating the personnel expense, the fair itself
14 is, as we have -- have known and -- and continue to, is our
15 largest net contributor. It's really -- it's fundamentally why
16 we exist as an organization, and it is really what -- what
17 carries us throughout the -- the year.

18 With that being said, the second largest net
19 contributor is horse racing and -- from the -- the direct
20 payment and then that food and beverage operation. So as we
21 talk about, you know, Premier and the food services that they
22 bring, that's a very key portion of it to us with regard to
23 horse racing.

24 And then our non-fair time activities, the
25 various events and activities that take place outside of horse

1 racing and outside of the fair, this is the area where, for
2 example, KAABOO is a part of that, fall into this category.
3 And then -- and then, we have The Sound, which we are
4 forecasting with 80 shows this next year to have it be -- you
5 know, we're headed down that path of it becoming a profitable
6 and a new revenue source to us having started in 2023.

7 And then, of course, there's administration and
8 overhead, which just never pencils.

9 So that brings us to -- oh, missing the comma in
10 there. Yeah. Oh, yeah. I think it's missing missing a comma
11 there on the net operations line.

12 So before personnel and everything with that,
13 for the year, we would be in terms of our operations, \$22
14 million net operation. After paying for the people to help to
15 support that, what we're looking at, bottom line, from our
16 operation, is a contribution of of 2.8 million, 2.85.

17 And what we -- one of the things that we really
18 wanted to be able to to demonstrate -- and with the Finance
19 Committee and through our discussion -- is, yeah, that's --
20 like, it's good. And even, you know, net operation of zero,
21 great. We're not losing any money. But what about paying
22 principle as well? What's that balance sheet impact? You
23 know, cash flow impact.

24 So that's where we have now added and show and
25 with the goal of being able to cover -- pay for the annual debt

1 service as well so that we, at a minimum, continue to maintain
2 the reserves that we have have been building. So with horse
3 racing, that annual debt service, that's the principle portion
4 of the bonds. So taken in -- calculated with the interest from
5 above, it's approximately \$3.3 million a year.

6 The Sound, that is the the principle portion of
7 the iBank payment and as well as the payment to Premier. So --
8 I'm sorry, the 500- -- the 500,000 or so that it was on the
9 previous slide, the 529,200, is just the interest on the iBank
10 loan because there is no interest on Premier. Premier is
11 included in the principle paydown of the 673,000, and the
12 payback to Premier is a minimum of a \$100,000 per year or 30
13 percent of the net -- of the net profits of the food and
14 beverage operation, specifically at The Sound.

15 And then finally, in terms of of admin and
16 overhead, the annual debt service there is on our Water Quality
17 Improvement Project principle payment, as well as the
18 Department of General Services energy efficiency loan that we
19 have.

20 And so with that, you might not be able to see
21 the fine line on page 156, but it would bring us to an overall
22 cash flow net of \$7,400 for the year.

23 PRESIDENT FRED SCHENK: Right.

24 MS. MOORE: But we have paid principle, and in the
25 past, that was not included as part of our -- as we look to

1 you, what are our operations really covering?

2 PRESIDENT FRED SCHENK: Net, net.

3 MS. MOORE: Uh-huh. So if we -- oh, it's just going
4 to show -- on the next slide just shows in terms of cash flow.
5 We showed this -- presented this information last year. Just
6 the understanding of -- and this is why, you know, as we're
7 looking at high net numbers in -- coming out of the fair, that
8 we then are -- you know, pay out that -- start paying out that
9 money as we build to the next fair.

10 So really, I mean, about eight months of our
11 operating year, we are operating in the red. So -- and between
12 the fair and, as well as, then, horse racing, because, again,
13 that second largest net contributor, that's where that
14 fluctuation -- over time, this is where I think The Sound, and
15 as we, you know, continue to build shows in there and have
16 more, may help to stabilize, you know, some of those -- those
17 months where it's a little bit closer to, but we're working
18 towards, you know, how can we really stabilize our operation
19 throughout the year and not be so dependent on a really great
20 San Diego County Fair.

21 PRESIDENT FRED SCHENK: So how are the negatives
22 handled in a sense? Are they covered by our operating
23 reserves, or is there any, like, short-term borrowing involved?

24 MS. MOORE: We have not had to do any short-term
25 borrowing. It's cash flow in the bank.

1 PRESIDENT FRED SCHENK: So the reserves are liquid --

2 MS. MOORE: Uh-huh.

3 PRESIDENT FRED SCHENK: -- so you can draw down?

4 MS. MOORE: Yes. And so we invest our funds with the
5 Local Agency Investment Fund, or L-A-I-F, LAIF, as it's
6 referred to. And accessing those -- and we try to keep the
7 money in there because it's earning really good interest, which
8 is why back on the revenues page, that was another big increase
9 because there's good interest on it. So we earned over a
10 \$1 million this year on interest with our -- our money in the
11 bank. So we work to do that, and we can transfer funds same
12 day or next day at the very latest.

13 PRESIDENT FRED SCHENK: That's nice to be able to get
14 interest out of the same account you're -- you're drawing --
15 able to draw down. I mean, works well.

16 MS. MOORE: All right.

17 PRESIDENT FRED SCHENK: Anything further?

18 MS. MOORE: That really -- well, just these are just
19 some pieces, you know, some final just touch points with regard
20 to it. It really takes all of that and doing well in all of,
21 you know, in all those areas to just sort of, you know, all
22 ships, you know, will rise type of moment. It's the fair, it's
23 The Sound, it's horse racing, it's the events and activities,
24 you know, outside of those. And then, there's those cost
25 areas. But those things help to support, whether it's the

1 capital expenditures that we'll be bringing forward or, again,
2 the administration of this -- you know, of this business and
3 and of this entity, you know, because as Melinda pointed out
4 earlier, we are a self-sustaining state institution, and so we
5 really do drive our -- drive our own revenues.

6 And so with that, like I said, next month, we
7 will bring -- because we'll have more information wrapping up
8 2023 to be able to bring forward the capital expenditure
9 budget.

10 And then, just one more side, because I really
11 do want to give a shout out to our entire team, including the
12 Finance Committee, including everybody and all of our
13 employees. Not just for this budget, but really for taking to
14 heart over these last few years, the -- I think the financial
15 knowledge and understanding that they've gained with regard to
16 our operations and how they approach, you know, any type of --
17 of purchase or even the opportunity for -- for revenues and
18 things.

19 At this point, though, we are really looking
20 to -- to identify, you know, additional revenue sources. The
21 Sound coming online last year is one of those because, I mean,
22 we've, you know, cut, cut, cut, and you don't want to -- we
23 went through cutting into the muscle and the bone, and we don't
24 ever want to be doing that again. And so how do we just
25 continue to -- to responsibly plan for this organization and

1 future growth for it as well. And so -- and that's why, you
2 know, between strategic planning, some of our studies and
3 things that we're having done, continuing to provide us with
4 with even more information.

5 PRESIDENT FRED SCHENK: Well, Carlene, thank you for
6 that. But, you know, as I'm watching all of this and I look at
7 That's a Wrap, I can't help but also want to include our two
8 prior presidents because they saw a lot of red, not a lot of
9 green; and so to the two of you, thank you very much for what
10 you did to lay the foundation for this.

11 MS. ROWLAND: And -- and I'm sure you'll beat your
12 revenue kind of projections, you'll beat those, and your
13 expenses will be the same or lower as your budget -- right? --

14 MS. MOORE: Well --

15 MS. ROWLAND: -- and find that \$5 million for capital
16 improvement.

17 MS. MOORE: I'm sure that we will. And we -- 2023
18 will be a good example of that. I think we're very excited to
19 bring that forward because we did -- we realize those things.
20 But we really -- you know, because this board challenged us,
21 like, be realistic, and we were. I mean, we went: Are we sure
22 this is what, you know, what we're going to need, what we're
23 going to spend, what we can -- can anticipate?

24 I think very comfortably being able to -- to put
25 forward a, you know, \$2.8 million net operation to say, we can

1 cover -- we're going to cover debt because unlike our
2 colleagues in the industry, we, in essence, start in that hole
3 when it comes to budgeting to cover not only the principle but
4 also the the interest portion of debt. So we're about \$4- to
5 \$5 million in the hole, just to start off with because of how
6 we have have financed ourselves in the past, good, bad, or
7 otherwise.

8 MS. ROWLAND: Good.

9 MS. MOORE: So it was -- it was a good challenge to
10 get there. But, yes, I would --

11 MS. ROWLAND: I mean, you wouldn't have those revenue
12 sources without having done it.

13 MS. MOORE: Exactly.

14 MS. ROWLAND: I mean --

15 MS. MOORE: That's why it's not a -- it's not a
16 reflection on that that's a bad thing. We just -- it's a
17 reality of what we have. And it's also why people find our
18 facilities to be so incredibly gorgeous, beautiful from the
19 outside. You know, if they look in and say, wow, look at
20 what -- what you have.

21 MR. MOSIER: Carlene, I really appreciate the
22 presentation. And, you know, over the years, it's gotten
23 better and better.

24 PRESIDENT FRED SCHENK: It has.

25 MR. MOSIER: Congratulations on that.

1 There's one thing that's really a sore thumb for
2 me, and that's that \$4 million utility charges. And I want to
3 point out that in -- next year, Clean Energy Alliance, the
4 local CCA serving North Coast, will extend their Solar Plus
5 Program from residential only, where it is now, to commercial.
6 And that program is an alliance with Tesla and a finance
7 organization where they pay for solar or all the installation.
8 And you rent Tesla power packs. The residential rate is a \$115
9 a month. We'd need a lot of them here, the fairground. But,
10 again, because of our energy use profile, we could sell energy
11 to CEA at 6 cents per kilowatt hour eight to 10 months a year.

12 PRESIDENT FRED SCHENK: So you could sell your --
13 what you store in your own batteries?

14 MR. MOSIER: Yeah. What you're not using, you sell
15 back to them. And then in June and July, we would have that
16 credit to draw down. So if we have a \$2 million credit, and we
17 use \$1 million during the fair, we still come out ahead. And
18 so this is just the heads up next year, next year's budget.
19 Let's think about our options --

20 MS. MOORE: We should get to work on that this year
21 in terms of also understanding, you know, space and size and
22 things like that that are needed and necessary to it so we can
23 engage in those conversations with them.

24 MR. MOSIER: Right. And the new CEO at Clear Energy
25 Alliance is our old friend Greg Wade from Solana Beach. So --

1 MS. MOORE: Yes, starting next month.

2 MR. MOSIER: -- a well-known entity that we can
3 negotiate with.

4 MS. MOORE: Yes. So thank you.

5 PRESIDENT FRED SCHENK: I have a question related to
6 the fair. And, you know, part of the -- the -- the --
7 sponsorship component of the fair is, like five percent of the
8 income. Having been to many fairs, one of the experiences I
9 have is there's so much to see and do, after a few hours, I
10 want somewhere to sit down and rest in ideally air conditioned
11 or whatever, put my feed up.

12 If you've been to KAABOO, there are all these
13 sponsorship arrangements where they have these, like, sky boxes
14 with food and beverage and with air conditioning, in some
15 cases, and whatever. Have we ever considered that sort of
16 thing at the fair where outside sponsors, law firms, whatever,
17 could buy or, you know, rent an RV or something, you know,
18 where people can sit and relax, that sort of thing?

19 MS. CARMICHAEL: Yeah. Yeah. Yeah. Yeah. Yeah,
20 love that opportunity.

21 So, you know, KAABOO -- what they've had in the
22 past is they are positioned a little bit differently. But I'm
23 certainly there's opportu- -- you know, boundless opportunities
24 for --

25 PRESIDENT FRED SCHENK: But a lot of that, they would

1 charge a premium for you to --

2 MR. GELFAND: Oh, yeah.

3 PRESIDENT FRED SCHENK: -- you know, hang 10 or hang
4 five or you just had to hang a few thousand to be a --

5 MS. CARMICHAEL: Right.

6 PRESIDENT FRED SCHENK: All right. The other thing I
7 want to say is -- just as a member of the Finance Committee --
8 I'm really impressed with the work that staff did on this
9 budget. This is not what we were presented with. We pushed
10 them further. I want you-all to know that. And I appreciate
11 the fact that staff responded. So thank you. Very well done,
12 really. Thank you.

13 MS. MOORE: Uh-huh. Thank you.

14 MR. GELFAND: All right. Are we going to be ready to
15 motion -- make a motion?

16 PRESIDENT FRED SCHENK: Before we do that for that,
17 I'm going to take public comment. Getting into the groove
18 here.

19 All right. Ms. Sullivan, you -- you are on the
20 agenda for public comment on the 2024 operating and capital
21 expenditures. So you have two minutes to address the board.

22 MARTHA SULLIVAN: Thank you very much. I've been
23 waiting for this for a while, as folks know from my comments
24 over the last few months.

25 Unfortunately, I didn't see the checks portion

1 until just in the last hour because I didn't realize that a
2 supplement had been posted online. But anyway, it was a good
3 presentation. I appreciate all the detail. I wish I'd had
4 more time to look at it before.

5 I do want to point out some realities about
6 horse racing, which continues to contract pretty severely, you
7 know, nationwide and right here in Del Mar. Del Mar's summer
8 meeting handle was down 11 percent in '23 compared to 2022, as
9 reported by the Daily Racing Form. It was 10.9 percent.

10 The Breeders' Cup, you know, the main day is
11 Saturday, but the wagering for both Friday and Saturday dropped
12 8.9 percent from the previous year, in '23 versus '22. It's
13 been reported by Horse Racing Nation, the handle for U.S. races
14 has fallen four of the last five years, with the lone exception
15 being 2021, when there was a nearly 12 percent rebound coming
16 out of the height of the Covid pandemic when racing was not as
17 restricted as other sports. So that's one reason why you got a
18 bump out of '21 horse racing.

19 This is an ongoing demise of the industry. They
20 were just published coming out of (indiscernible) Club, U.S.
21 horse racing handled down 50 percent, adjusted for inflation
22 versus 20 years ago.

23 MS. O'LEARY: Ms. Sullivan, your time is up.

24 MARTHA SULLIVAN: So --

25 MS. O'LEARY: Ms. Sullivan, your time is up.

1 PRESIDENT FRED SCHENK: Thank you, Ms. Sullivan.
2 Appreciate your input.

3 All right. Mr. Gelfand, you have the table.

4 MR. GELFAND: I move we approved the budget.

5 PRESIDENT FRED SCHENK: Okay. Moved by Director
6 Gelfand.

7 Is there a second second?

8 MR. NEJABAT: Second.

9 PRESIDENT FRED SCHENK: Director Nejabat seconds the
10 motion.

11 Any additional discussion? Comments?

12 All right. Hearing none, we will take a vote,
13 Donna, please.

14 MS. O'LEARY: President Schenk.

15 PRESIDENT FRED SCHENK: Aye.

16 MS. O'LEARY: Vice President Gelfand.

17 MR. GELFAND: Aye.

18 MS. O'LEARY: Vice President Rowland.

19 MS. ROWLAND: Aye.

20 MS. O'LEARY: Director Arabo.

21 MR. ARABO: Aye.

22 MS. O'LEARY: Director Barkett.

23 MS. BARKETT: Aye.

24 MS. O'LEARY: Director Mosier.

25 MR. MOSIER: Aye.

1 MS. O'LEARY: Director Nejabat.

2 MR. NEJABAT: Aye.

3 MS. O'LEARY: And Director Valdez.

4 MR. VALDEZ: Aye.

5 PRESIDENT FRED SCHENK: All of you, thank you very
6 much, Carlene, and the entire team, and the board who -- the
7 board members who put in a lot of effort. We are very, very
8 grateful to all of you for this. Now, let's make sure we have
9 at least that -- is it \$2,700?

10 MS. MOORE: \$7,400.

11 PRESIDENT FRED SCHENK: \$7,400 in the green at the
12 end.

13 All right. Let's try to move quickly through
14 the the last two items under general business, and then we'll
15 go through Community and Government Relations and then take a
16 short break before we get to DMTC.

17 Item 5, a consideration and vote to approve out-
18 of-state travel. That was outlined in the budget presentation
19 so --

20 MS. MOORE: Yes. With the addition of the
21 International Facilities Management Association, which was not
22 included in the board packet.

23 PRESIDENT FRED SCHENK: Okay. All right.

24 MR. GELFAND: And so we need public comment.

25 PRESIDENT FRED SCHENK: Public comment.

1 Ms. Sullivan, would you like to comment on out-
2 of-state travel? You have two minutes to do so.

3 MARTHA SULLIVAN: No. Thank you. Again, this is
4 a -- I clicked all the boxes in the absence of the board
5 packet --

6 PRESIDENT FRED SCHENK: Understood --

7 MARTHA SULLIVAN: -- for knowing what was going to be
8 (indiscernible).

9 PRESIDENT FRED SCHENK: -- but I just want to make
10 sure you knew that you had the opportunity, and I appreciate
11 you --

12 MARTHA SULLIVAN: Yeah. I appreciate that.

13 PRESIDENT FRED SCHENK: All right. Thank you very
14 much.

15 With that --

16 MR. GELFAND: With that, I'd like to motion -- make
17 a motion to approve the out-of-state travel --

18 PRESIDENT FRED SCHENK: Motion made by Director
19 Gelfand.

20 MR. MOSIER: Second.

21 PRESIDENT FRED SCHENK: Director Moser seconds.

22 Any discussion or comments?

23 Hearing none, seeing none, let's vote.

24 MS. O'LEARY: President Schenk.

25 PRESIDENT FRED SCHENK: Aye.

1 MS. O'LEARY: Vice President Gelfand.

2 MR. GELFAND: Aye.

3 MS. O'LEARY: Vice President Rowland.

4 MS. ROWLAND: (Indiscernible.)

5 MS. O'LEARY: Director Arabo.

6 MR. ARABO: Aye.

7 MS. O'LEARY: Director Barkett.

8 MS. BARKETT: Aye.

9 MS. O'LEARY: Director Mosier.

10 MR. MOSIER: Aye.

11 MS. O'LEARY: Director Nejabat.

12 MR. NEJABAT: Aye.

13 MS. O'LEARY: And Director Valdez.

14 MR. VALDEZ: Aye.

15 PRESIDENT FRED SCHENK: Make good use of the time
16 when you travel.

17 All right. Lastly, under general business, we
18 have delegation of authority, which is also an action item.

19 Carlene, do you wish to speak to that?

20 MS. MOORE: No.

21 PRESIDENT FRED SCHENK: Just public comment?

22 MS. MOORE: Yeah. Just saying it's the same
23 delegation of authority as 2023. We didn't make any changes to
24 it at the committee.

25 PRESIDENT FRED SCHENK: All right. Ms. Sullivan, you

1 are -- and I understood your prior comment with regard to out-
2 of-state.

3 Is there anything that you'd like to share in
4 the way of thoughts on delegation of authority? You have two
5 minutes.

6 MARTHA SULLIVAN: No. Thank you. It's the same
7 thing. Thank you for (indiscernible).

8 PRESIDENT FRED SCHENK: I appreciate you giving us
9 the time back.

10 With that, Director Gelfand.

11 MR. GELFAND: I move we approve the annual delegation
12 of authority.

13 PRESIDENT FRED SCHENK: Motion is made by Director
14 Gelfand.

15 Is there a second?

16 MS. ROWLAND: (Indiscernible.)

17 PRESIDENT FRED SCHENK: Director Rowland has
18 second -- Vice President Roland has seconded the motion. Thank
19 you.

20 Let's take a vote.

21 Oh, wait. Any additional comments or thoughts?

22 All right. We'll take a vote.

23 MS. O'LEARY: President Schenk.

24 PRESIDENT FRED SCHENK: Aye.

25 MS. O'LEARY: Vice President Gelfand.

1 MR. GELFAND: Aye.

2 MS. O'LEARY: Vice President Rowland.

3 MS. ROWLAND: Aye.

4 MS. O'LEARY: Director Arabo.

5 MR. ARABO: Aye.

6 MS. O'LEARY: Director Barkett.

7 MS. BARKETT: Aye.

8 MS. O'LEARY: Director Mosier.

9 MR. MOSIER: Aye.

10 MS. O'LEARY: Director Nejabat.

11 MR. NEJABAT: Aye.

12 MS. O'LEARY: And Director Valdez.

13 MR. VALDEZ: Aye.

14 PRESIDENT FRED SCHENK: All right.

15 Moving on to Community and Government Relations
16 Committee, Director Mosier.

17 MR. MOSIER: Yes. This committee met in person on
18 December 5th here in the boardroom and had a robust discussion
19 about how we finance operations at the fairgrounds. And
20 they -- finally in essence is the spaghetti slide. I think
21 most people understood, finally, how complicated our financial
22 arrangements are. There was a couple of brief questions from
23 Del Mar and Solana Beach about operations that Carlene answered
24 very well.

25 Carlene, do you want to expand on that all?

1 MS. MOORE: No. I think you summed it up really
2 well. It was a very robust discussion around how we finance.

3 MR. MOSIER: Yeah. So hopefully our neighbor --
4 neighboring cities understand our spaghetti network of
5 financing.

6 PRESIDENT FRED SCHENK: Well, thank you.

7 So the -- there isn't an action item, but,
8 again, Ms. Sullivan, you have been identified as someone who
9 would potentially like to comment on Community and Government
10 Relations. You do have two minutes if you wish to address.

11 MARTHA SULLIVAN: I just want to use this opportunity
12 to expand a little bit on my thank you for the fairgrounds
13 working with me in the San Diego Housing Emergency Alliance to
14 commemorate on this coming Memorial Day. And I'm -- I'm
15 mentioning it here because the attendance of this event was
16 very representative of the community, particularly North
17 County. It was very fortuitous that state Senator
18 Catherine Blakespear was actually able to join us and be -- I
19 very much appreciated Director Rowland remarks. They were
20 very, very powerful. And, again, it was a -- it was a
21 wonderful turnout of community leaders and community members.
22 A lot of very heartfelt experiences were shared. And I just
23 want to again express our appreciation for it. I think it was
24 a big -- it was a very positive community event. So thank you
25 very much, again.

1 PRESIDENT FRED SCHENK: Well, thank you not only for,
2 you know, addressing us today on that, but also for your
3 efforts in bringing it to our attention late last year. And I
4 know time -- it was a short amount of time for us to do as much
5 as we would have liked, but I'm glad that you acknowledged what
6 we were able to do and what -- particularly what then-
7 President Roland did representing the board and the district
8 and others. So thank you for that, Ms. Sullivan.

9 All right. We will take a short break, and we will
10 reconvene, let's say, at a quarter after, for DMTC and to
11 complete the the public calendar before going into closed
12 session. We've been going a little over three-and-a-half hours
13 here, so we'll be adjourned. Well, we'll be in recess.

14

15 (Off the record at 5:04 p.m.)

16 * * *

17 (On the record at 5:15 p.m.)

18

19 PRESIDENT FRED SCHENK: We're back in session
20 for the general public part of the January 9, 2024, 22nd DAA
21 Board of Directors Meeting. And we are --

22 UNIDENTIFIED SPEAKER: (Indiscernible.)

23 PRESIDENT FRED SCHENK: We are now back in session
24 for the January 9, 2024, 22nd DAA Board of Directors meeting,
25 and we are now on 6.C, DMTC Liaison Committee, and I'm going to

1 turn it over to Director Valdez.

2 MR. VALDEZ: Thank you, Mr. President.

3 So we have two items for the DMTC Liaison
4 Committee. First up is it is budget day so we are here to
5 discuss and approve DMTC, Del Mar Thoroughbred Club, operating
6 budget. So the narrative is set forth on pages 162 to 184 of
7 your board packet. Page 185 is the operating budget, and
8 the -- page 186 is the operating budget detail report.

9 Just as a reminder of the process, is DMTC
10 provides -- it's the Liaison Committee and Carlene and staff --
11 with the proposed budget. The Liaison Committee meets with
12 DMTC, requests any changes and tweaks before it's presented.
13 We've been through this drill a few years in a row now, and so
14 we're kind of used to this. And so there weren't really any
15 big surprises or major tweaks that needed to be done from the
16 draft.

17 And here to an answer any questions is Josh
18 Rubenstein and Mike Ernst of DMTC. So as you know, the
19 important thing here is, as we talked about our own budget, the
20 importance of DMTC's bottom line going to the debt service.
21 And so, happy to present any questions you have to Josh and
22 Mike or --

23 And Josh, if you want to go over anything -- and
24 Mike -- feel free. I welcome you. And thanks for being here.

25 JOSH RUBENSTEIN: Thank you. I was going to say good

1 afternoon, but I think it's good evening, district directors
2 and staff. Josh Rubenstein, Del Mar Thoroughbred Club. I know
3 it's been a long meeting, so I will be brief.

4 Before I hit on just a couple of highlights in
5 2024, I'd be remiss if I didn't reference DMTC's continued
6 commitment to equine safety. We are extremely proud of -- of
7 our safety record. 2023 was one of the safest race meets in
8 the nation and in Del Mar's history.

9 So the 2024 summer race meet will be from July
10 20th through September 8th. That is eight weeks over 31 days
11 of racing. And due to the later closure of the San Diego
12 County Fair on July 7th -- usually the fair closes right around
13 the 4th -- we will open on a Saturday for the first time in our
14 history. And that's because the Friday opening wasn't possible
15 in order to implement our industry-leading safety protocols,
16 specifically track renovation and maintenance prior to racing.

17 So while the the Saturday opening isn't ideal
18 because we do lose a day of opening weekend, a premium day, we
19 do pick up a Sunday as compared to 2023. If you remember in
20 our previous reports, we had to cancel racing last year on
21 August 20th due to tropical storm Hilary. So from a comparison
22 standpoint, we will pick up a weekend day in 2024.

23 By contrast, the calendar for the fall meet this
24 year, which is October 31 through December 1st, is very
25 favorable, and that's because we pick up an extra week of

1 racing from five to four weeks (sic). And, of course, we're
2 hosting the Breeders' Cup world championships on November 1st
3 and 2nd.

4 And this will be the third time that DMTC and
5 the district have hosted the Breeders' Cup. And each of those
6 two years, 2017 and '21, we sent -- or set event records for
7 the Breeders' Cup so expectations are very, very high. DMTC's
8 bottom line will also benefit from the shoulder days of
9 Breeders' Cup. That's the Thursday prior, October 31, the
10 opening day of the fall meet, as I mentioned, and the day after
11 the Breeders' Cup, Sunday, November 3. And that's because the
12 Breeders' Cup attracts many out-of-town and actually
13 international guests, and they will come in for racing the day
14 before and stay after. And those two days are our best on-
15 track days during the fall meet.

16 Additionally the fall season, in addition to
17 picking up an extra weekend going from four to five weeks, we
18 also pick up five days of dark day simulcasting when we're not
19 running, but we're collecting revenues on any online or brick
20 and mortar wager that's made on horse racing in Southern
21 California.

22 And lastly, on the fall meet, we close on
23 Thanksgiving weekend, which is much preferred as to operating
24 the weekend after Thanksgiving, when things traditionally tend
25 to slow down, and we've done that the last several years

1 closing the week after Thanksgiving. So, again, preferable
2 what we're doing in 2024, closing on Thanksgiving weekend.

3 I'll bring up just -- just one other point for
4 2024. We have some new legislation, AB 1074, which addresses
5 the closure of Golden Gate Fields in Northern California in
6 June. And what that -- that amendment addresses is when there
7 is not wagering in the northern zone, that any online wagering
8 on horse racing will be directed to the south, specifically to
9 to Del Mar, Santa Anita and Los Alamitos, our regulatory
10 expenses for the California Horse Racing Board and the Horse
11 Racing Integrity Authority. So we won't know the full
12 financial impact of that until the CHRB addresses the northern
13 calendar in the first quarter of 2024, but it has the
14 opportunity to help our -- our bottom line pretty -- pretty
15 significantly in '25, but we we believe we will see some impact
16 in '24.

17 You know, as Director Valdez mentioned,
18 Mike Ernst, Del Mar's CFO, and I are here to answer any
19 questions. But in summary, we are projecting \$11.83 million
20 for the district and RTA from horse racing at the fairgrounds.
21 And I want to reiterate that that is all net revenues. DMTC
22 retains none. And there was some discussion, and I thought
23 Carlene did a really nice job of that, that spaghetti bowl of
24 the RTA, the RTLC, the DAA and the district. But a big
25 piece -- a big component of the DMTC revenue piece is the food

1 and beverage generated during racing. And this year, that
2 number of net revenues during horse racing from F&B is \$6.74
3 million, again, with the total return of 11.38 million to the
4 district and the RTA.

5 So that's all I have in terms of comments.
6 Happy to answer any questions.

7 PRESIDENT FRED SCHENK: From the board, any
8 questions?

9 MR. ARABO: You know, I have a -- I have a -- sorry.

10 PRESIDENT FRED SCHENK: All right. We'll start with
11 Director of Arabo, and then -- go ahead.

12 MR. ARABO: Yeah, I have a comment.

13 I'm really grateful for Josh and the leadership
14 and DMTC. You know, I've seen firsthand, they've done -- they
15 really do a fantastic job. And congratulations on another
16 great year and the Breeders' Cup. And we're very grateful for
17 everything that the DMTC does for the district, in my -- you
18 know, in my opinion. So thank you.

19 JOSH RUBINSTEIN: Thank you, Director Arabo.

20 PRESIDENT FRED SCHENK: Director of Gelfand.

21 MR. GELFAND: Yeah. I mean, I want to comment on
22 just the the fact that Del Mar's safety record is so good, you
23 know, compared to the entire country. I want to compliment you
24 on that.

25 I would also like you to comment on the closure

1 of other California racing establishments and the impact that
2 it has on you. I know it's -- it's hard to get a lot of East
3 Coast horses out here, and with the closure of tracks, that
4 makes it more difficult. Can you -- can you comment on -- on
5 that projection to future --

6 JOSH RUBINSTEIN: Sure, Director Gelfand.

7 It's -- look, it's -- it's obviously very
8 difficult for people in Northern California that call Golden
9 Gate Fields home that work there, race there, train there. But
10 the reality is California is the last state that has multiple
11 year-round circuits going on at the same time, north and south.
12 And candidly, we just don't have the horse population to do
13 that anymore. So we are working with industry stakeholders in
14 terms of finding a place for those horses to run at Del Mar and
15 Santa Anita so our population, our horse population, will be
16 benefited by that.

17 Also, Los Alamitos, which runs thoroughbred
18 racing at night. There will be opportunity for -- you know,
19 if -- if Del Mar and Santa Anita are the major leagues for
20 the -- those AAA horses to run at Los Alamitos. So we think
21 the net impact -- you know, I mentioned AB 1074, which will
22 redirect revenues from the north to benefit the south -- excuse
23 me -- we think that will be very beneficial post-2024.

24 So, you know, it -- like a lot of industries,
25 there is contraction, and we are dealing with that with

1 industry stakeholders.

2 MR. GELFAND: Do do you see opposition to AB 1074?

3 JOSH RUBINSTEIN: No, it's been passed --

4 MR. GELFAND: Oh, it's already --

5 JOSH RUBINSTEIN: -- so it's already passed at the
6 end of the legislative session in 2023.

7 PRESIDENT FRED SCHENK: Any other comments from other
8 board members?

9 MS. ROWLAND: Yeah. I just had a question about the
10 the bond payments. And I know that in the 2023 line, it has
11 projections. And I just -- my question was what were the -- do
12 we have the actuals on that?

13 JOSH RUBINSTEIN: In terms of -- so the the bond --
14 the debt service on the bond payment, I believe, Carlene, is
15 \$3.3 million, approximately.

16 MS. ROWLAND: Okay. So the -- so last year's
17 projection was that you would -- that DMTC would provide 2.5 of
18 that? That was last year. That's what it says here.

19 JOSH RUBINSTEIN: Correct. Yes.

20 MS. ROWLAND: Okay. And my question was did -- does
21 the 2.5 -- is that what was provided?

22 JOSH RUBINSTEIN: So there -- Carlene, do you want
23 to --

24 MS. ROWLAND: This says "projection." I was just
25 curious about actual versus projection. That's the simple kind

1 of --

2 MS. MOORE: Oh, I just want to -- so this is their
3 projections based on the conclusion of the season. It sounds
4 like maybe you're asking in terms of last year's budget.

5 MS. ROWLAND: Uh-huh.

6 MS. MOORE: Well, that was --

7 MS. ROWLAND: I didn't know exactly what projection
8 was. So projection was what you actually projected will be,
9 not having fully closed the year end.

10 MS. MOORE: Correct.

11 PRESIDENT FRED SCHENK: Okay. We have the money man
12 here.

13 MIKE ERNST: Mike Ernst, the CFO.

14 We make our initial payment on November 15th,
15 and on November 15 we paid the RTA \$2.4 million. And as we
16 close out the year, we'll make a final payment when we complete
17 our audit in the end of April. Right now, we have a
18 placeholder of \$80,000. But as we close out with the fall,
19 they will -- we expect to have an additional payment related to
20 2023 that will be paid to the RTA.

21 PRESIDENT FRED SCHENK: Okay. Thank you, Mike.

22 Any other questions, either Mike or to Josh?

23 All right. Well, thank you very much.

24 Appreciate you.

25 MIKE ERNST: Thank you.

1 PRESIDENT FRED SCHENK: Yeah. Good to see you.

2 Director Valdez.

3 MR. VALDEZ: Do you want public comment before we --

4 PRESIDENT FRED SCHENK: Would this be the right time
5 for it? Okay. Perfect.

6 Ms. Sullivan, would you like to comment under
7 6.C.1? You have two minutes to address the board.

8 MARTHA SULLIVAN: Thank you.

9 Yeah. This is -- people will understand, I've
10 been waiting all meeting for this agenda item.

11 I want to remind everybody that seven horses
12 died at Del Mar in 2023 in the eight-week summer meet. That's
13 nothing to disregard. The CHRB, the California Horse Racing
14 Board, reported 83 horse deaths in the '22-2023 California
15 racing seating, which was 30 percent increase over 2022. And
16 at Santa Anita, they had a 93 percent increase in horse deaths
17 in 2023.

18 Del Mar is not insulated from this, and they
19 know this. They know that they suffered in 2019 because of the
20 media firestorm over the Santa Anita death spike, and they're
21 very -- they're still very vulnerable to this. 60 Minutes did
22 a very, very hard-hitting piece in mid-November on horse racing
23 on the very high-profile deaths throughout the top tier racing
24 in the U.S. in 2023. And 60 Minutes gets 8.8 million viewer
25 averages of its program. That compares to the 834,000 viewers

1 that Breeders' Cup Saturday got in 2023.

2 As I mentioned earlier, the New York Times is
3 going to have a production called "Broken Horses" on Hulu this
4 year. That's going to be -- that may well be horse racing --

5 MS. O'LEARY: Ms. Sullivan, your time is up.

6 PRESIDENT FRED SCHENK: Thank you, Ms. Sullivan.

7 All right.

8 Director of Valdez.

9 MR. VALDEZ: Thank you.

10 At this time, I move to approve the Del Mar
11 Thoroughbred Club 2024 operating budget.

12 PRESIDENT FRED SCHENK: The motion was made to
13 approve the 2024 budget for Del Mar Thoroughbred Club.

14 Is there a second?

15 MR. ARABO: Second.

16 MS. BARKETT: Second.

17 PRESIDENT FRED SCHENK: I'm going to go with
18 Director Barkett this time. Director Arabo --

19 [MULTIPLE SPEAKERS.]

20 MR. ARABO: You've done a great job.

21 PRESIDENT FRED SCHENK: Well, that's kind of you to
22 say. You know, I'm still laying the road.

23 MR. ARABO: Thank you.

24 PRESIDENT FRED SCHENK: All right. We have a motion
25 and a second.

1 Any additional discussion or comments from the
2 board?

3 Hearing none, seeing none, we'll take a vote.

4 MS. O'LEARY: President Schenk.

5 PRESIDENT FRED SCHENK: Aye.

6 MS. O'LEARY: Vice President Gelfand.

7 MR. GELFAND: Aye.

8 MS. O'LEARY: Vice President Rowland.

9 MS. ROWLAND: (Indiscernible.)

10 MS. O'LEARY: Director Arabo.

11 MR. ARABO: Aye.

12 MS. O'LEARY: Director Barkett.

13 MS. BARKETT: Aye.

14 MS. O'LEARY: Director Mosier.

15 MR. MOSIER: Aye.

16 MS. O'LEARY: Director Nejabat.

17 MR. NEJABAT: Aye.

18 MS. O'LEARY: And Director Valdez.

19 MR. VALDEZ: Aye.

20 PRESIDENT FRED SCHENK: Okay. Moving on to
21 consideration and vote for the recommendation of the Race
22 Track -- State Race Track Leasing Commission, that it exercise
23 the final remaining option of the Del Mar Race Track Operating
24 Agreement under paragraph 4.1 of said agreement.

25 JOSH RUBINSTEIN: Thank you. Back to me, I think.

1 So I just want to make sure I've got the vernacular correct
2 here.

3 Yes. All right.

4 MR. VALDEZ: So just to tie this up, I think we were
5 an anticipating to have this discussed and voted upon in
6 November, but I think there was a little glitch in the agenda.
7 So now we're addressing it. And the reason that it would have
8 come up in November is because we, at that time, voted in favor
9 of the Breeders' Cup to take place in 2025. And if you recall,
10 there, the Breeders' Cup in the past had asked that there be
11 assurance that they had an operator in place that they had full
12 confidence in, and that would be the Del Mar Thoroughbred Club.
13 When we approved the Breeders' Cup for 2024, we did not have to
14 address this issue, but we do now because currently the
15 operating agreement, which is between DMTC and the RTLTC, not
16 us, and that's why this is a recommendation and not an actual
17 vote to extend the operating agreement. But they would
18 appreciate our recommendation.

19 Currently, the operating agreement between DMTC
20 and RTLTC runs through December 31, 2025, because the second
21 option to extend had already been -- that's when it was
22 extended to. Sorry. We -- they have a third option to extend
23 to 2030, and that is what is before us to today as a
24 recommendation to RTLTC to show that we do have DMTC in place
25 for the 2025 Breeders' Cup. We're seeking recommendation to

1 RTLC to exercise that option to go through December 31, 2030,
2 and that would be the third and final option under the
3 operating agreement.

4 PRESIDENT FRED SCHENK: Thank you.

5 So it we will -- it's an action item as a
6 recommendation -

7 MR. VALDEZ: Correct.

8 PRESIDENT FRED SCHENK: -- only?

9 MR. VALDEZ: Yes, it is a recommendation only, which
10 we will --

11 PRESIDENT FRED SCHENK: With direction.

12 MR. VALDEZ: Yes. Which then the members of the
13 DAA -- on the RTA-RTLC -- will bring that forward to their
14 meeting, likely in the spring -- yeah. I'm sorry -- in March
15 as a recommendation from this board.

16 PRESIDENT FRED SCHENK: Thank you.

17 All right. We do have public comment. There
18 will be six speakers. Each of you will be given two minutes to
19 address the board under 6.C.2 regarding this recommendation
20 regarding the DMTC operating agreement. We'll start with Jim
21 Coleman.

22 Mr. Coleman.

23 JIM COLEMAN: Well, good evening, everybody. And
24 thanks for the opportunity to again give my support to the
25 Del Mar Thoroughbred Club and encourage the board to grant an

1 extension or recommend an extension to their operating
2 agreement to continue to run racing at Del Mar.

3 I moved to this area 40 years ago, and it became
4 clear quickly that one of the major reasons Del Mar and the
5 entire area is so vibrant is the impact of thoroughbred racing
6 season, and in particular the support of the DMTC for the
7 community. This extension will ensure that the benefits our
8 business community, the residents, the employees, and racing
9 community, including the backstretch workers and their
10 families, receive as a result of DMTC operating thoroughbred
11 racing at Del Mar will continue through the decade.

12 In the years that Del Mar's hosted the Breeders'
13 Cup, the impact to San Diego was estimated to be in excess of
14 \$300 million. If there is truly any question of that, all it
15 takes is looking at the visitors filling our hotels,
16 restaurants, retail shops at a time when they otherwise would
17 be minimal traffic. Thoroughbred Club-DMTC is a good neighbor,
18 supports the region, supports business, supports many
19 charitable organizations, and does it by operating the safest
20 racetrack for thoroughbred racing in North America.

21 I highly encourage you granting an extension to
22 the operating agreement. And I'll end with thank you for your
23 grace and patience in all this afternoon and evening's comments
24 and agenda.

25 Thank you.

1 PRESIDENT FRED SCHENK: Thank you, Mr. Coleman.

2 Next is Martha Sullivan.

3 Martha, would you like to address the board?

4 You have two minutes.

5 MARTHA SULLIVAN: Thank you, once more.

6 I said this when this was first raised in
7 November, and I'm going to repeat it now. It would be very
8 imprudent for this district and for the leasing commissions to
9 act basically a year earlier than required to exercise the
10 final option of the current operating agreement for horse
11 racing at Del Mar to extend it through '23 (sic).

12 I'm going to quote from a Yale study published
13 late last year or maybe mid-last year.

14 Quote, "The landscape of the horse racing
15 industry has changed a lot over the past 20 years, having lost
16 close to half of its existing participants and 37 percent of
17 its total races. As the number of races, owners and trainers
18 continues to decrease across the country, the survival of horse
19 racing is threatened."

20 This is not the only statement like this. You
21 know, horse racing has been on the decline for 30 years
22 steadily, as I mentioned earlier about the the 50 percent
23 decline in wagering, adjusted for inflation. But 2023 saw that
24 ratcheted up, and it will continue to be ratcheted up in 2024,
25 as Golden Gate Field closes in Northern California in June of

1 this year.

2 This is truly the end times for horse tracing,
3 likely, in California and not -- and in the not-too-distant
4 time in Europe. It would be very imprudent for you to --

5 MS. O'LEARY: Ms. Sullivan, your time is up.

6 MARTHA SULLIVAN: -- cap on for another five years.

7 PRESIDENT FRED SCHENK: Thank you, Ms. Sullivan.

8 The the title of that study was the Yale Study
9 of Racing Biz: Areas of "Surprising Strength" Amid Sharp
10 Declines. Just pointing that out.

11 Ms. Cartmill, you are the next speaker to address the
12 board, if you'd like.

13 PRESIDENT FRED SCHENK: Ms. Cartmill?

14 HENRY RIVERA: Star 6, Jane.

15 I can leave her in the meeting, if you want to
16 skip to the next one.

17 PRESIDENT FRED SCHENK: Yes, we'll come back -- we'll
18 invite her if she'd like to join us.

19 Next is Michael Morton. Good almost evening,
20 Mr. Morton. You have two minutes, if you'd like to address the
21 board.

22 Mr. Morton?

23 MICHAEL MORTON: Oh, hello. I'm sorry about that. I
24 was on mute.

25 PRESIDENT FRED SCHENK: I'm sorry. Is this

1 Mr. Morton?

2 MICHAEL MORTON: Okay. Yes. Yeah. Mike Morton.

3 I'm president of the Brigantine Restaurants, and
4 I thank you-all all for -- we are going into the evening, and I
5 thank you for your time and effort you put into all these
6 topics. But this one's particularly important to me and my
7 business and San Diego as a whole.

8 Jim Coleman did a nice job of outlining the
9 benefit that the Del Mar Thoroughbred Club has to not just the
10 Del Mar and Solana Beach areas but the county as a whole,
11 especially when something like the Breeder Cup comes in town.
12 And we've been a neighbor since 1977, and I can't tell you how
13 much we appreciate what the Del Mar Thoroughbred Club does.

14 During the six, seven weeks of the meet, we do
15 about 20 percent of our annual revenues, and that's supporting
16 households of a little over a 100 people that I have the
17 benefit of working with every day at that store. And I just
18 wholeheartedly support the committee, excuse me, this board
19 recommending the extension. I realize you can't approve the
20 extension, but your strong recommendation will go a long way.
21 And all the work that Joe Harper, Josh Walker, Mike Ernst,
22 everybody put in there. We've been a partner for several
23 years, too. I can't thank them enough and wholeheartedly
24 support you approving an additional five years. So thank you
25 very much for your time.

1 PRESIDENT FRED SCHENK: Thank you, Mr. Morton.

2 Next is Oscar De La Torre. You have two minutes
3 to address the board.

4 OSCAR DE LA TORRE: Good afternoon -- or good
5 evening, board members and staff of the 22nd DAA.

6 My name is Oscar De La Torre, and I have the
7 privilege of working with backstretch workers in the horse
8 racing industry of California to protect their jobs and
9 wellbeing.

10 I'm calling today to express my support for item
11 6-2 -- 6-2, and I urge the board to support the item. DMTC has
12 proven to be a responsible racetrack operator for many years.
13 From my experience, I can state without reservation that the
14 Del Mar Thoroughbred Club prioritizes the safety of horses,
15 workers, and the general public at Del Mar.

16 I want to highlight a few examples to support my
17 claim. When bad weather, Hurricane Hilary, brought added risks
18 to horse safety, the DMTC canceled live racing. The DMTC, with
19 support from this board, has even prohibited trainers from
20 racing at Del Mar when warranted, and invested legal funds to
21 defend its position. To decrease the spread of inspections to
22 workers and the general public, the DMTC lowered allowable
23 crowds and implemented strict protocols to safeguard public
24 health. Aside from the track renovations and maintenance, you
25 know, we know that DMTC prioritizes safety over profits. And

1 and that's I wanted to show those examples.

2 DMTC's most recent decision to provide a free
3 meal program for all workers is but another example of DMTC
4 placing the wellbeing of people above profits. Times are tough
5 for many working families, and this free meal program provides
6 much needed relief for workers. It must be said that this
7 program was implemented without any demands from the workers,
8 and it shows DMTC's responsiveness to the needs of our most
9 vulnerable workforce.

10 It is clear that many working families depend on
11 the success of live racing at Del Mar. The last speaker just
12 talked about, you know, that beyond the racetrack, there are
13 hotel and restaurant workers and city employees that all
14 benefit from the positive impact of horse racing on the local
15 economy. By supporting item 6.C.2, you are providing --

16 MS. O'LEARY: Mr. De La Torre, your time is up.

17 OSCAR DE LA TORRE: Okay. Thank you very much.

18 PRESIDENT FRED SCHENK: Thank you, sir. I appreciate
19 it.

20 I'm going to go back again to Jane Cartmill.
21 If -- Ms. Cartmill, if you'd like to address the board, you
22 have two minutes.

23 Any indication that she has --

24 HENRY RIVERA: Still nonresponsive.

25 PRESIDENT FRED SCHENK: All right. Yeah.

1 All right. Well, we've given her two options --
2 and two opportunities.

3 We'll go on to Maria Luisa. If -- I hope I
4 pronounced it correctly. I apologize if I mispronounced. You
5 have two minutes to address the board.

6 MARIA LUISA: Thank you. Good evening board members
7 and staff of the 22nd DAA.

8 My name is Maria Luisa, and many of my family
9 members worked and continue to work as backstretch workers in
10 the horse racing industry of California. I, like many of my
11 siblings, wouldn't be here today, as a college educated
12 professional, if not for the hard work of my parents and the
13 opportunities that they obtained working in horse racing.

14 I'm calling in today to express my support for
15 the extension in item 6.C.2, and I urge that the board to
16 support this item. I believe that the Del Mar Thoroughbred
17 Club has done an excellent job in prioritizing safety of both
18 horses and workers at Del Mar.

19 Del Mar has been recognized as the safest
20 racetrack in the country for many years in a row. The reason
21 why DMTC has achieved its safety record in and outside the race
22 track is because of the strict protocols that management has
23 implemented and also its consistency in delivering effective
24 administration. DMTC has proven to be a responsible racetrack
25 operator, and if any group deserves the opportunity to continue

1 its role in offering entertainment and sports wagering in our
2 community, it is the DMTC.

3 DMTC's recent decision to provide a meal program
4 for all workers free of charge is another example of
5 responsible and responsive managing. Inflation has increased
6 the cost of living for working families, and a free meal
7 program provides some relief for workers. This benefit is
8 appreciated by workers, and it shows DMTC's willingness to
9 invest in programs and services that that support backstretch
10 workers.

11 People need jobs to live, and many of the people
12 calling to oppose jobs in horse racing are retired themselves.
13 They had the opportunity to work and make a living, and that is
14 all that our working families want. By supporting the
15 extension, you are providing job opportunities for many people
16 in Del Mar and beyond --

17 MS. O'LEARY: Ms. Luisa, your time is up.

18 MARIA LUISA: Thank you very much.

19 PRESIDENT FRED SCHENK: Thank you very much for your
20 your comments.

21 We appreciate everybody's willingness to stick
22 around it. It's been a long afternoon, and I do appreciate --
23 and I know I speak for the board in thanking all of you for
24 waiting until, you know, this late afternoon, early evening to
25 share your -- your thoughts and your comments with us. And

1 we're very grateful for your participation.

2 With that, Director Valdez, I get the pleasure
3 of asking you maybe for the last time if you would like to make
4 a motion.

5 MR. VALDEZ: Yes.

6 Before I do that, President Schenk, I'm going to
7 ask --

8 Josh, if you can come to the podium. I just --
9 it would be easier for me to address them at the podium rather
10 than in the audience.

11 I will be bringing a motion because I strongly
12 support this -- this action, but I thought it was timely for me
13 to be able to say a couple words about Josh and DMTC, Mike and
14 Joe Harper, but most especially Josh, because I've seen you
15 grow through the years that I've been on this board and taking
16 on the presidency, and we, together, went through some
17 challenging moments with, first, safety issues that we were
18 facing, you, very, very importantly, was facing, and you took
19 such a leadership role in that and you were always so candid
20 and so forthcoming to me throughout in my role as DMTC Liaison
21 Committee Chair.

22 And when Covid hit, when I happened to be
23 president at the time, and things were pretty devastating here,
24 you, again, stepped up and your team stepped up in a
25 really meaningful way to be extremely helpful to this

1 organization and to me. And you were really one of our saviors
2 for that time.

3 So I want to thank you, personally, for the many
4 years that we've worked closely together. You've always been a
5 leader. You've always been candid, and I really do regard you
6 as a friend and colleague. So I just wanted to thank you in
7 advance of making the motion.

8 So, President Schenk, I do move to approve --
9 I'm sorry -- move to recommend that the RTALC -- is that right?

10 PRESIDENT FRED SCHENK: Yes.

11 MR. VALDEZ: -- extend the operating agreement
12 through December 31, 2030.

13 MR. ARABO: Second.

14 PRESIDENT FRED SCHENK: Thank you. You want to just,
15 you know --

16 [MULTIPLE SPEAKERS.]

17 PRESIDENT FRED SCHENK: First, I want to -- I want to
18 acknowledge the motion was made by Director Richard Valdez,
19 seconded by Director Arabo. And I'll open for any discussion,
20 conversation, or other comments, other than what was so
21 eloquently shared with us by Director Valdez.

22 MS. ROWLAND: So I think at the -- our last meeting,
23 Carlene Moore described why this is the time to actually move
24 forward with this, rather than waiting. From a business
25 perspective, it doesn't make sense, and it would be problematic

1 to wait any longer because of the length of time that would be
2 required to gear up to do an RFP or some alternative -- other
3 options. So, you know, I think now is the time to make the
4 decision. And I think, you know, looking at the fact that we
5 have bonds that run to 2038 and that the DMTC has done a good
6 job of stewarding this particular organization, and I think it
7 makes a lot of sense to act in the affirmative and act now.

8 PRESIDENT FRED SCHENK: Thank you.

9 Any other?

10 MR. GELFAND: Yeah. I, essentially, want to echo
11 those comments. I mean, for all intents and purposes, we were
12 locked in when the grandstands were built, and short of some
13 alternative revenue source that's going to pay off those bonds,
14 and combined with a, like, a miraculously fast master plan and
15 CEQA process and Coastal Commission approval by in 2031, we're
16 not going to be in a position to be doing anything else. So I
17 don't think we have any choice but to support.

18 PRESIDENT FRED SCHENK: All right. Thank for your --
19 for that wisdom and foresight.

20 Seriously, no, it's true.

21 All right. Any other comments?

22 Director Arabo, any comments? I didn't see you
23 raising your hand, so I just -- okay.

24 MR. ARABO: No, I'm all right.

25 PRESIDENT FRED SCHENK: Okay.

1 MR. ARABO: Thank you, thank you.

2 PRESIDENT FRED SCHENK: Of course. Thank you.

3 With that, we will vote.

4 MS. O'LEARY: President Schenk.

5 PRESIDENT FRED SCHENK: Aye.

6 MS. O'LEARY: Vice President Gelfand.

7 MR. GELFAND: Aye.

8 MS. O'LEARY: Vice President Rowland.

9 MS. ROWLAND: Aye.

10 MS. O'LEARY: Director Arabo.

11 MR. ARABO: Aye.

12 MS. O'LEARY: Director Barkett.

13 MS. BARKETT: Aye.

14 MS. O'LEARY: Director Mosier.

15 MR. MOSIER: Aye.

16 MS. O'LEARY: Director Nejabat.

17 MR. NEJABAT: Aye.

18 MS. O'LEARY: And Director Valdez.

19 MR. VALDEZ: Aye.

20 PRESIDENT FRED SCHENK: The motion passes.

21 Congratulations, gentlemen, and thanks to the
22 others at DMTC.

23 MS. BARKETT: Well deserved.

24 PRESIDENT FRED SCHENK: Yeah. We look forward to
25 continuing our relationship.

1 All right. Moving on to 6.D, Affordable
2 Housing, the Ad Hoc Committee Director Mead, unfortunately, is
3 not here with us this afternoon.

4 Carlene, anything to share?

5 MS. MOORE: And actually, I would ask Director Mosier
6 because I was not able to attend the last committee meeting.
7 So, please.

8 MR. MOSIER: Yes. I have two important actions to
9 report from the housing committee. The first, we met with
10 Sandag staff in charge of the LOSSAN corridor tunnel
11 rearrangement that might get Del Mar tracks off the bluff. And
12 that was a very productive meeting in which we understood that
13 they, Sandag, had to consider a number of options, including an
14 option with a northern portal for the tunnel in or near the
15 fairgrounds, even though a prior study had said that that --
16 such an alignment was unfeasible. And I think the bottom line
17 of that discussion was that the legal staff at Sandag said at
18 the time that they were considering CEQA, they needed a number
19 of projects, including a no project alternative and projects
20 with very low feasibility and the preferred project.

21 And so, the recommendation from the Sandag legal
22 staff was to consider continuing studying all options.

23 A second important issue that is sort of --
24 reduced the political pressure on Sandag to consider that
25 fairgrounds route was the fairgrounds staff. I continued to

1 work with City of Del Mar staff and got them to adopt another
2 guiding resolution. They had adopted nine guiding resolutions
3 about tunnel alignments. But on December 18th board meeting,
4 they added a tenth guiding principle, and that was any tunnel
5 alignment or rail alignment that impacted negatively
6 fairgrounds operation would be opposed by Del Mar.

7 There's a certain irony in that guiding
8 principle because some of the councilmembers were, in fact,
9 responsible for adding the fairgrounds option. Nonetheless,
10 that alignment, that resolution passed four to one, with the
11 Deputy Mayor Quirk opposed because he didn't want the train to
12 run at all.

13 So that concludes my report.

14 PRESIDENT FRED SCHENK: Thank you very much,
15 Director Moser.

16 We do have public comment.

17 Ms. Sullivan, anything that you would like to
18 address regarding affordable housing to the board?

19 You have two minutes.

20 MARTHA SULLIVAN: Thank you.

21 I understand the added complication of the
22 tunnel options or the rerouting of the train track, and that
23 the fairgrounds being considered as a couple of the options. I
24 understand how that complicates negotiating the siting of
25 affordable housing on the fairgrounds.

1 What I heard at that Homeless Persons' Memorial
2 Day event from a number of people including folks that are very
3 involved politically is they want me to continue speaking in
4 favor in these board meetings of the fairgrounds having
5 affordable housing on its grounds. So I will leave you with
6 that. You know that this is another cause that's very close to
7 my heart.

8 I have witnessed unspeakable suffering because
9 of the serious deficit of housing for low-income seniors,
10 disabled persons, low-wage workers and families. It's
11 absolutely essential that this district do whatever it can to
12 help address that suffering and allieve it.

13 Thank you.

14 PRESIDENT FRED SCHENK: Thank you, Ms. Sullivan.

15 I sense that it's shared by your pet. All
16 right. Yeah.

17 All right. With that, we're going to move on to
18 number 7, Matters of Information, which the first bullet point
19 is the 2024 committee appointments. And I'm not going to go
20 through each one because you all have it in your packet, but
21 what you will note is a void, and that's because
22 Director Valdez is going to be leaving our board by choice,
23 voluntarily. And he is retiring from the board.

24 And, Richard, there there will be a time in the
25 near future where we will -- not at the end of the agenda, but

1 maybe number five. We'll -- we'll invite you back and ask you
2 to be at the podium when when we celebrate you. Okay?

3 So I will just point out that we have the
4 committee appointments. I will be sharing Legal with
5 Director Rowland, with whom I've shared that committee with
6 Director Valdez for a long time, and it was a tremendous honor
7 to share that with you.

8 MR. VALDEZ: Thank you, Fred; me as well. Thanks.

9 PRESIDENT FRED SCHENK: So if anybody has any
10 comments regarding the appointments that they don't want to --
11 if they don't want to serve, let me know now. Otherwise these
12 will be the appointments. And we do have -- we'll have a
13 vacancy on RTA because of Director Valdez's leaving the board,
14 and we will wait for that vacancy to be filled.

15 And -- but aside from that, this is -- Carlene
16 and I went through it with the help of Director Barkett, and we
17 think this is a very strong lineup, if you will, for the board
18 committee chairs. And hopefully the Governor's Office will try
19 to do its best to fill a vacancy that's going to be hard to
20 fill in Director Valdez's absence. But we hope that that will
21 get filled soon so that we can be back to a full nine-person
22 board, which we didn't have for a very long time. But with the
23 addition of Director Arabo, thankfully, we were there for a few
24 months.

25 Anybody have any comments regarding their

1 selection to various committee chairs? All right.

2 Richard, thank you. We will visit with you in
3 the near future. You just didn't give me enough time between
4 Friday and today to regale you appropriately.

5 MR. VALDEZ: Understood.

6 PRESIDENT FRED SCHENK: I look forward to it.

7 MR. VALDEZ: Thank you, Fred.

8 PRESIDENT FRED SCHENK: Okay.

9 MS. BARKETT: (Indiscernible.)

10 MS. MOORE: Oh, the microphone.

11 MS. BARKETT: -- side by side with you, and your
12 leadership was tremendous in years that were just crazy. And
13 you're smart, you're talented, you have a big heart, and you're
14 just so giving of your time and of yourself to everybody. I've
15 seen this firsthand, and I want you to know that you've left a
16 tremendous legacy on this board. And so has Joyce.

17 I mean, all of our presidents have been
18 outstanding. But during those times when it's -- it tests, you
19 know, patience and insight, and people, you just rose to the
20 occasion. And on behalf of all the board, we can't thank you
21 enough. We wouldn't be here today, honestly, if it wasn't for
22 your leadership.

23 MR. VALDEZ: Thank you.

24 MS. BARKETT: So thank you so much.

25 MR. VALDEZ: Thank you.

1 MS. BARKETT: We're going to miss you.

2 PRESIDENT FRED SCHENK: We -- we need a lot more
3 time. That's what I was saying. This s not --

4 MS. BARKETT: Yeah. No. We're going to have a
5 party.

6 MR. MOSIER: I just want to say that Richard served
7 through such a difficult time.

8 PRESIDENT FRED SCHENK: Yeah.

9 MR. MOSIER: He spent so much time as president.
10 Instead of being president for four years it's, like, 12 years?

11 MR. VALDEZ: It felt --

12 MR. GELFAND: You were our Churchill.

13 MS. BARKETT: Yes. Yes.

14 MR. VALDEZ: Thank you, Michael.

15 MS. BARKETT: Thank you.

16 MR. VALDEZ: Well, I will address it all in the
17 future, but I would be remiss without saying thank you to so
18 many of you. And it was an honor to be on this board and it
19 was extremely challenging at moments, but knowing that I had
20 the support of my fellow board members was amazing.

21 And staff, you've been amazing. Katie, I've --
22 you've been here the the entire time. And Carlene, oh, you've
23 been here the entire time. You weren't in my eyesight. The
24 staff has been amazing. And, Carlene, you have always been a
25 real pleasure to -- to work with. And thank you for everything

1 you've done as well.

2 So it's not good bye. I will be close by, and I
3 look forward to seeing you all. I mean, we're going to --
4 we'll see each other often.

5 PRESIDENT FRED SCHENK: There's a closed session so
6 don't -- you're going anywhere.

7 MR. VALDEZ: But I need to say that publicly.

8 MS. ROWLAND: (Indiscernible.)

9 MS. MOORE: I know that we will regale him in the
10 future. But recently, a speaker was talking about the -- the
11 five people kind of closest to you and that, in essence, you've
12 become the average of those five people in terms of influence.
13 And I would have to say, in my time here, Richard, and working
14 so closely with you, you are absolutely a part of that five.
15 And just the influence that you had and the success that
16 we're -- we're -- you know, seeing and enjoying now as an
17 organization and stuff is much attributed to you because you
18 really do -- made me a better person and a better leader. And
19 I'm just so appreciative of that. So thank you.

20 PRESIDENT FRED SCHENK: All right. Thank you.

21 We still have can corresponding so if there's
22 anybody we should address. All right.

23 Then we will be in recess. Let's reconvene at
24 10 after because we already took a break, and then we're going
25 to go in a closed session. Yeah.

1 All right. Recess.

2

3 (Off the record at 6:04 p.m.)

4 * * *

5 (On the record at 6:49 p.m.)

6

7 PRESIDENT FRED SCHENK: We are ready.

8 All right. Ladies and gentlemen, we are back in
9 session.

10 We just completed closed session and the board
11 of directors considered the advice of counsel on items listed
12 on the closed session portion of the agenda and we have nothing
13 to report out.

14 And so with that, I will entertain a motion to
15 adjourn.

16 Moved seconded, and we are adjourned. Thank
17 you, Director Valdez. Thank you.

18

19 (At 5:46 p.m., the meeting of the

20 22nd DAA was adjourned.)

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1 STATE OF CALIFORNIA)
2) ss.
3 COUNTY OF LOS ANGELES)
4

5 I do hereby certify that the testimony in the
6 foregoing hearing was taken at the time and place therein
7 stated; that the testimony of said witnesses were recorded by
8 the electronic reporting method and transcribed into
9 typewriting under my supervision.

10 And I further certify that I am not of counsel nor
11 attorney for either or any of the parties to said hearing nor
12 in any way interested in the outcome of the cause named in said
13 caption.

14 I certify that the foregoing is a correct transcript,
15 to the best of my ability, from the electronic sound recording
16 of the proceedings in the above-entitled matter.

17 IN WITNESS WHEREOF, I have hereunto set my hand this
18 23rd day of January, 2024.

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CHELSEA ROJO BERMUDEZ
Certified Electronic Reporter
Number CER 1585