



**NOTICE OF MEETING**

Del Mar Race Track Authority (RTA) Board Meeting  
 March 20, 2024, at 11:00 a.m.

Del Mar Fairgrounds Board Room 2260 Jimmy Durante Boulevard Del Mar, CA 92014	Department of Finance Conference Room 1021 O Street, Suite 3110 Sacramento, CA 95814
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*While the Del Mar Race Track Authority Board meeting will be conducted in person per Government Code section 11133, the Del Mar Race Track Authority will also provide for remote participation by Board Members and members of the public. If you prefer to participate remotely, please check the 22nd DAA's website ([Public Information](#)) for the ZOOM link and/or ZOOM dial-in instructions on how to participate and/or view this meeting.*

**RACE TRACK AUTHORITY MEMBERS**

Michele Perrault, Vice President, Department of Finance	Michael Flores, Member Department of Food & Agriculture
Mark Arabo, Member, 22 <sup>nd</sup> DAA	Jennifer Osborne, Member Department of General Services
Lisa Barkett, Member, 22 <sup>nd</sup> DAA	Kathlyn Mead, Member, 22 <sup>nd</sup> DAA

*\*President to be elected*

<u>22<sup>nd</sup> District Agricultural Association</u>	<u>RTA Counsel</u>
Carlene Moore, RTA Secretary	Joshua Caplan
Michael Sadegh, RTA Treasurer	Office of the California Attorney General
Melinda Carmichael, RTA Controller	

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

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

# DEL MAR RACE TRACK AUTHORITY (RTA) AGENDA

**Wednesday, March 20, 2024  
11:00 A.M.**

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

1. **Roll Call**
2. **Election of Officers** (Action) 4
3. **Approval of Minutes** 5-7
  - A. August 14, 2023 (Action)
4. **Reports** (Informational)
  - 22<sup>nd</sup> DAA Financial Report 8-9
  - RTA Financial Report 10-17
5. **Unfinished Business**
  - Update on accounting for assets built or improved upon using bond revenue (Informational) 18
  - A. Consideration and vote on whether to amend the Del Mar Race Track Authority Bylaws to conform to the Joint Exercise of Powers Agreement for the Del Mar Race Track Authority (Action) 19-39
    - a. Section 1.2 Authority Board Members: add “The Authority Board shall consist of the members of the Commission” after the first complete sentence.
    - b. Section 1.3 Office and Place of Meetings: replace “General Manager” with “Chief Executive Officer”; replace “Fairgrounds” with “2260 Jimmy Durante Boulevard”; and replace “Director’s Conference Room” with “Board Room.”
    - c. Section 2.2 President: insert “Per Section 3-E-1 of the Agreement” at the beginning of the first sentence. In the third sentence, insert “of the Authority” immediately after “The President.”
    - d. Section 2.3 Vice President: insert “Per Section 3-E-1 of the Agreement” at the beginning of the first sentence.
    - e. Section 2.4 Secretary: replace “General Manager” with “Chief Executive Officer.”
    - f. Section 2.5 Treasurer: insert “Per Section 3-E-2 of the Agreement” at the beginning of the first sentence and replace “General Manager” with “chief financial officer.”
    - g. Section 2.6 Controller: insert “Per Section 3-E-3 of the Agreement” at the beginning of the first sentence. Replace “Administrative Officer” with “Chief Executive Officer.”
    - h. Section 3.1 Appointment of Employees and Agents: insert “Per Section 3-E-5 of the Agreement” at the beginning of the first sentence. Replace “time to time” with “time-to-time” and replace “employ” with “retain.”

- i. Section 4.1 Regular Meetings: in the first paragraph of Section 4.1, replace “Regular Meetings” section header with “Compliance with the Bagley-Keene Open Meeting Act” section header; replace “Resolution” with “resolution”. In the second paragraph of Section 4.1, replace first sentence with: “Notwithstanding any provision to the contrary contained herein, all meetings of the Authority Board, including without limitation, regular, adjourned regular, special, and emergency meetings, shall be noticed and conducted in accordance with the requirements of the Bagley-Keene Open Meeting Act, codified at California Government Code, sections 11120 et seq.”
- j. Section 4.2 Special Meetings: delete
- k. Section 4.3 Closed Sessions: delete
- l. Section 4.4 Public Hearings: delete
- m. Section 4.6 Meetings to be Open and Public: At the end of Section 4.6, delete “and Section 4.3 of these by-laws.”
- n. Section 4.8 Order of Business: replace “Matters Not Appearing on the Agenda” with “Public Comment on Matters Not Appearing on the Agenda.”

**6. New Business**

- A. Consideration and vote on whether to approve the 2024 Capital Expenditure project budget funded by the Bond Surplus Account (Action)

40

**7. Public Comment on Matters Not Appearing on the Agenda**

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

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

**9. Adjournment**

## **Del Mar Race Track Authority (RTA)**

### **Item 2, Election of Officers**

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

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

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

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

**DEL MAR RACE TRACK AUTHORITY MEETING**  
**Minutes – Monday, August 14, 2023**

The Del Mar Race Track Authority met on Monday, August 14, 2023, in the Board Room hosted by the 22<sup>nd</sup> District Agricultural Association (22<sup>nd</sup> DAA), 2260 Jimmy Durante Blvd., Del Mar, CA.

**ROLL CALL**

Authority President Richard Valdez called the meeting to order at 12:08 p.m. with all members present.

**22<sup>nd</sup> District Agricultural Association Representatives (22<sup>nd</sup> DAA)**

Richard Valdez, Authority Board President  
Lisa Barkett, Board Member  
Kathlyn Mead, Board Member

**Department of Finance (DOF) (via ZOOM)**

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

**Department of General Services (DGS)**

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

**Department of Food and Agriculture (CDFA)**

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

**Office of the Attorney General California**

Joshua Caplan, Deputy Attorney General

**OTHERS PRESENT**

Carlene Moore, 22<sup>nd</sup> DAA CEO and Authority Secretary  
Melinda Carmichael, 22<sup>nd</sup> DAA Chief Administrative Officer and Authority Controller  
Michael Sadegh, 22<sup>nd</sup> DAA Finance Director and Authority Treasurer  
Josh Rubinstein, President, Del Mar Thoroughbred Club  
Donna O'Leary, 22<sup>nd</sup> DAA Executive Assistant

**ELECTION OF OFFICERS**

Authority President Valdez referred to page 4 of the Board packet which sets forth the By-Laws and the process for election of officers. Member Mead moved to approve the election of 22<sup>nd</sup> DAA Board President Richard Valdez for President; Department of Finance, Chief Deputy Director Gayle Miller for Vice President; 22<sup>nd</sup> DAA CEO Carlene Moore for Secretary; 22<sup>nd</sup> DAA Director of Finance Michael Sadegh for Treasurer; and 22<sup>nd</sup> DAA Chief Administrative Officer Melinda Carmichael for Controller. Member Osborn seconded. President Valdez, Vice President Miller, and Members Barkett, Mead, Osborn, and Flores were in favor and the motion carried 6-0.

PUBLIC COMMENT on Election of Officers (see page 56 of transcript)  
Martha Sullivan

## **APPROVAL OF MINUTES**

March 30, 2022

Vice President Miller moved to approve the March 30, 2022, minutes. Member Mead seconded. President Valdez, Vice President Miller and Members Barkett, Mead, Osborn, and Flores were in favor and the motion carried 6-0.

## **REPORTS**

### 22<sup>nd</sup> DAA Financial Report

Secretary Carlene Moore reviewed the financial report on page 9 of the Board packet. Financial support, net horseracing revenues, and the return of the San Diego County Fair helped cover bond payments in 2022. Treasurer Michael Sadegh reported that the District is operationally strong and had a successful 2023 Fair.

### RTA Financial Report

Secretary Moore reviewed the financial report on page 10 of the Board packet. RTA's cash assets at the end of 2022 were just over \$11 million.

## **NEW BUSINESS**

### Item 5a: Consideration and vote on whether to amend the RTA By-Laws to conform to the JPA (Action Item)

Secretary Moore referred to the summary report on page 11 of the Board packet, which recommends authorizing Secretary Moore to coordinate with Deputy Attorney General, Joshua Caplan, Authority Counsel, to review the Authority's By-Laws and Joint Exercise of Powers Agreement (JPA) to identify inconsistencies. Recommended amendments would be brought to a future Authority meeting for consideration. The Board concurred with the recommendation.

PUBLIC COMMENT on Item 5a (see pages 66-68 of transcript)  
Lori Saldaña

### Item 5b: Consideration and vote on whether to designate the President, Treasurer, and Controller of the Del Mar Race Track Authority as authorized representatives to act on behalf of the Del Mar Race Track Authority in all matters relating to the Del Mar Race Track Authority Revenue Bonds, Series 2015 (Action Item)

Secretary Moore referenced page 34 of the Board packet, recommending the designation of the RTA's President, Treasurer, and Controller as authorized representatives to act on behalf of the Authority in all matters relating to the Del Mar Race Track Authority Revenue Bonds, Series 2015.

Member Mead moved to approve Item 5b. Member Barkett seconded the motion.

PUBLIC COMMENT on Item 5b (see pages 70-71 of transcript)  
Martha Sullivan

President Valdez, Vice President Miller, Members Barkett, Mead, Osborn, and Flores were in favor and the motion carried 6-0.

Item 5c: Consider and vote on whether to delegate authority to Carlene Moore (Secretary of the Del Mar Race Track Authority) to coordinate with any/all necessary parties, including but not limited to, the financial auditors of the 22<sup>nd</sup> District Agricultural Association, the Office of the California Attorney General, outside bond counsel for the Del Mar Race Track Authority, and the California State Treasurer's Office, to determine how the Del Mar Race Track Authority should account for those assets that were built or improved upon using bond revenue (Action Item)

Secretary Moore referred to the summary report on page 35 of the Board packet, recommending delegating authority to the Authority Secretary to coordinate with all relevant parties to determine how to account for assets that were built or improved upon 22<sup>nd</sup> DAA property using bond revenue. Member Mead suggested revising the recommendation to ensure that the Authority Secretary will work in conjunction with the Authority Treasurer.

Member Mead moved to approve Item 5c. Delegate Flores seconded the motion.

Authority Counsel Joshua Caplan clarified that staff is seeking authority from the Board to allow the Secretary and Treasurer to ensure the Authority's accounting is in accordance with California law and to submit required documents on behalf of the Authority.

PUBLIC COMMENT on Item 5c (see pages 78-80 of transcript)

Lori Saldaña  
Martha Sullivan

President Valdez, Members Barkett and Mead, and Delegates Miller, Osborn, and Flores were in favor and the motion carried 6-0.

**PUBLIC COMMENT ON MATTERS NOT APPEARING ON THE AGENDA** (see pages 85-92 of transcript)

Lynn Fredenberg  
Lori Saldaña  
Jim Coleman

Martha Sullivan  
Oscar de la Torre

**RECESS**

No recess was necessary.

**ADJOURNMENT**

President Valdez adjourned the meeting at 1:03 p.m.

# UNAUDITED FINANCIAL STATEMENTS

Unaudited Financial Statements

## 22nd DAA Consolidated Balance Sheet (DAA) As of December 31, 2023

	2023	2022	2021
<b>Assets</b>			
Cash	\$ 36,056,383	\$ 31,955,381	\$ 21,991,561
Restricted Cash - JLA	57,578	44,917	24,048
1 Restricted Cash - F&B Equipment Fund	51,157	172,903	338,980
2 Restricted Cash - RTA	3,300,000	3,300,000	3,300,000
Restricted Cash in Trust - WQI	-	-	332,064
Restricted Cash in Trust - The Center	-	-	1,983,024
<b>Total Cash and Cash Equivalents</b>	<b>39,465,117</b>	<b>35,473,202</b>	<b>27,969,678</b>
Accounts Receivable	2,582,550	1,747,942	5,197,553
Prepaid Expenses	313,198	384,672	480,079
3 Deferred Outflows Pension	5,298,571	5,298,571	6,547,075
<b>Total Current Assets</b>	<b>8,194,318</b>	<b>7,431,185</b>	<b>12,224,706</b>
Land	12,976,103	12,976,103	12,976,103
Building and Improvements	61,931,406	61,931,406	53,808,036
Equipment	11,811,774	11,362,213	11,044,881
Capital Projects in Process	24,094,376	22,351,129	29,938,310
Accumulated Depreciation	(59,752,525)	(59,752,525)	(57,633,594)
<b>Total Capital Assets</b>	<b>51,061,133</b>	<b>48,868,325</b>	<b>50,133,735</b>
<b>Total Assets</b>	<b>\$ 98,720,569</b>	<b>\$ 91,772,712</b>	<b>\$ 90,328,119</b>
<b>Liabilities</b>			
Accounts Payable	6,787,997	6,658,057	6,337,657
Payroll Liabilities	786,898	537,676	197,143
Accrued Liabilities	316,596	24,499	31,552
4 Other Current Liabilities	775,948	1,245,855	1,977,642
5 Deferred Revenue	2,141,164	2,504,948	11,275,204
Current Long Term Debt	1,031,675	1,623,355	2,835,797
6 Accrued Employees Leave Liabilities	1,361,019	1,231,048	1,197,178
7 Long Term Debt	26,140,255	27,258,807	28,262,267
Reserve - F&B Equipment Fund	907,953	607,289	344,475
Reserve - JLA	36,607	16,305	20,838
3 Pension Liability	39,905,127	39,731,922	44,946,232
3 Deferred Inflows - Pension	1,754,199	1,754,199	2,744,433
<b>Total Liabilities</b>	<b>81,945,439</b>	<b>83,193,959</b>	<b>100,170,416</b>
<b>Net Resources</b>			
Contributed Capital	44,103,716	44,103,716	44,103,716
Less Contributed Capital to RTA	(34,358,470)	(34,358,470)	(34,358,470)
Net Resources - Unrestricted	2,718,294	(15,691,225)	(21,963,734)
Investment in Capital Assets	(3,891,786)	(3,891,786)	(3,891,786)
	8,571,754	(9,837,764)	(16,110,273)
Net Proceeds from Operations	8,203,377	18,416,517	6,267,976
<b>Total Net Resources</b>	<b>16,775,131</b>	<b>8,578,753</b>	<b>(9,842,297)</b>
<b>Total Liabilities and Net Resources</b>	<b>\$ 98,720,569</b>	<b>\$ 91,772,712</b>	<b>\$ 90,328,119</b>

- 1- Per Food & Beverage Services agreement, 1.50% of all Gross Revenues for unexpected or emergency expenses, including repair and maintenance of equipment.
- 2- Per bond Pledge Agreement, maintain Reserve account and District cash separately equal to at least Maximum Annual Debt Service.
- 3- Information provided by CDFA/State Controllers Office; results from changes in components of net pension liability; applicable to a future reporting period.
- 4- Current portion of long-term debt due within the next 12 months.
- 5- Advance payments for events/activities in the future.
- 6- Due to employees at time of separation for paid leave balances.
- 7- Ibank WQI \$6.6M; Ibank Sound \$13.3M; Premier \$1.5M; Energy Efficiency \$3.1M; CalPers SB84 \$1.6M.



# UNAUDITED FINANCIAL STATEMENTS

## 22nd DAA Income Statement For the Period Ending December 31, 2023 DAA

	December 2023			Year-to-Date			Full 2023
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
<b>REVENUES</b>							
Admissions Revenue	0	0	0	12,021,025	12,337,386	(316,361)	12,337,386
Concessions Revenue	451,315	497,450	(46,135)	45,642,732	41,087,636	4,555,096	41,087,636
Food & Beverage Contract	446,542	490,910	(44,368)	20,885,566	18,544,654	2,340,912	18,544,654
Facility Rentals Revenue	1,028,051	1,040,616	(12,565)	10,492,178	8,533,591	1,958,587	8,533,591
Surf & Truf	867,036			2,734,491			
Leases Revenue	43,516	29,415	14,101	495,437	469,917	25,521	469,917
Program Revenues	173,811	87,200	86,611	7,458,358	8,644,444	(1,186,086)	8,644,444
Parking	148,215	69,000	79,215	6,564,975	7,417,744	(852,769)	7,417,744
Participation Fees	1,040	0	1,040	347,849	335,000	12,849	335,000
Satellite Wagering	26,142	18,200	7,942	514,065	419,200	94,865	419,200
<b>OPERATING REVENUE TOTALS</b>	<b>1,696,693</b>	<b>1,654,681</b>	<b>42,012</b>	<b>76,109,731</b>	<b>71,072,973</b>	<b>5,036,757</b>	<b>71,072,973</b>
Contributions	(522,835)	4,600	(527,435)	636,350	1,609,000	(972,650)	1,609,000
Government Funding	0	0	0	58,820	0	58,820	0
Sponsorships	(522,835)	4,600	(527,435)	572,020	1,500,000	(927,980)	1,500,000
Other Non-Operating Revenue	527,887	85,152	442,735	1,624,380	546,608	1,077,772	546,608
Reimbursed Costs	377,035	240,249	136,786	2,181,569	1,567,116	614,453	1,567,116
<b>NON-OPERATING REVENUE TOTALS</b>	<b>390,429</b>	<b>330,001</b>	<b>60,428</b>	<b>4,456,355</b>	<b>3,722,724</b>	<b>733,631</b>	<b>3,722,724</b>
<b>TOTAL REVENUE</b>	<b>2,087,122</b>	<b>1,984,682</b>	<b>102,440</b>	<b>80,566,086</b>	<b>74,795,698</b>	<b>5,770,388</b>	<b>74,795,698</b>
<b>EXPENSES</b>							
Payroll & Related Expense	1,108,928	1,163,157	54,229	16,802,204	19,798,369	2,996,164	19,798,369
Professional Development	36,112	3,655	(32,457)	146,109	228,558	82,449	228,558
Professional Services Expense	950,177	860,227	(89,950)	25,000,465	24,574,967	(425,498)	24,574,967
Food & Beverage Expense	518,678	523,928	5,250	15,755,352	14,313,411	(1,441,941)	14,313,411
Insurance Expense	206,798	107,743	(99,055)	1,699,587	1,148,935	(550,652)	1,148,935
Facility & Related Expense	1,134,351	442,139	(692,212)	8,343,063	6,137,078	(2,205,985)	6,137,078
Equipment & Small Wares	0	0	0	180,195	0	(180,195)	0
Telephone & Internet	9,851	8,204	(1,647)	98,439	101,998	3,559	101,998
Repairs & Maintenance	768,441	70,805	(697,636)	1,725,613	632,860	(1,092,753)	632,860
Utilities	357,756	355,000	(2,756)	4,495,106	3,770,000	(725,106)	3,770,000
- Electricity	161,723	-	-	2,667,079	-	-	-
- Water	103,802	-	-	947,226	-	-	-
Supplies Expense	23,362	55,725	32,363	1,106,916	1,894,235	787,318	1,894,235
Marketing & Related Expense	4,950	667	(4,284)	1,172,753	1,205,063	32,310	1,205,063
Program Expenses	22,156	22,588	432	15,482,822	14,704,178	(778,644)	14,704,178
Prizes & Premiums	0	0	0	1,937	0	(1,937)	0
Other Operating Expense	81,638	79,603	(2,035)	2,394,802	3,154,341	759,538	3,154,341
Bank & Service Fees	8,037	7,568	(469)	1,533,621	2,155,344	621,723	2,155,344
Interest Expense	70,832	71,274	442	870,960	971,997	101,037	971,997
<b>OPERATING EXPENSE TOTALS</b>	<b>3,532,361</b>	<b>2,731,848</b>	<b>(800,513)</b>	<b>72,002,612</b>	<b>72,617,165</b>	<b>614,553</b>	<b>72,617,165</b>
Other Non-Operating Expense							
Prior Year Expense	15,288	0	(15,288)	346,796	0	(346,796)	0
<b>NON-OPERATING EXPENSE TOTALS</b>	<b>15,288</b>	<b>0</b>	<b>(15,288)</b>	<b>346,796</b>	<b>0</b>	<b>(346,796)</b>	<b>0</b>
<b>TOTAL EXPENSE</b>	<b>3,547,649</b>	<b>2,731,848</b>	<b>(815,801)</b>	<b>72,349,408</b>	<b>72,617,165</b>	<b>267,757</b>	<b>72,617,165</b>
<b>NET INCOME (LOSS)</b>	<b>(1,460,527)</b>	<b>(747,166)</b>	<b>(713,361)</b>	<b>8,216,678</b>	<b>2,178,533</b>	<b>6,038,145</b>	<b>2,178,533</b>

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

# UNAUDITED FINANCIAL STATEMENTS

Unaudited Financial Statements

## 22nd DAA Consolidated Balance Sheet (RTA) As of December 31, 2023 RTA

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>			
Restricted Cash - RTA	9,580,459	11,071,195	8,020,043
<b>Total Cash and Cash Equivalents</b>	<u>9,580,459</u>	<u>11,071,195</u>	<u>8,020,043</u>
Accounts Receivable	-	7,500	(692,276)
<b>Total Current Assets</b>	<u>-</u>	<u>7,500</u>	<u>(692,276)</u>
Land	22,035,797	22,035,797	22,035,797
Building and Improvements	135,213,746	135,213,746	135,213,746
Equipment	26,944,346	26,944,346	26,944,346
Capital Projects in Process	8,378,654	8,378,654	8,378,654
Accumulated Depreciation	(121,549,703)	(121,549,703)	(116,189,069)
<b>Total Capital Assets</b>	<u>71,022,838</u>	<u>71,022,838</u>	<u>76,383,473</u>
<b>Total Assets</b>	<u>\$ 80,603,298</u>	<u>\$ 82,101,533</u>	<u>\$ 83,711,241</u>
<b>Liabilities</b>			
Accounts Payable	(65)	(65)	(65)
Accrued Liabilities	1,905,439	2,103,000	2,262,639
Other Current Liabilities	425,336	458,149	469,857
Current Long Term Debt	1,585,000	1,510,000	1,435,000
Long Term Debt	31,485,000	34,190,000	35,700,000
<b>Total Liabilities</b>	<u>35,400,711</u>	<u>38,261,085</u>	<u>39,867,431</u>
<b>Net Resources</b>			
Contributed Capital	34,773,454	34,773,454	34,773,454
Net Resources - Unrestricted	9,066,994	9,070,355	8,812,395
	43,840,449	43,843,809	43,585,849
Net Proceeds from Operations	1,362,138	(3,360)	257,960
<b>Total Net Resources</b>	<u>45,202,586</u>	<u>43,840,449</u>	<u>43,843,809</u>
<b>Total Liabilities and Net Resources</b>	<u>\$ 80,603,297</u>	<u>\$ 82,101,533</u>	<u>\$ 83,711,240</u>

**22nd DAA**  
Income Statement  
For the Period Ending December 31, 2023  
RTA

	December 2023			Year-to-Date			Full 2023
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
<b>REVENUES</b>							
<b>OPERATING REVENUE TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Non-Operating Revenue</b>	<b>49,353</b>	<b>0</b>	<b>49,353</b>	<b>3,123,067</b>	<b>1,785,250</b>	<b>1,337,817</b>	<b>1,785,250</b>
<i>Interest Earnings</i>	30,949	0	30,949	418,264	0	418,264	0
<i>Pledged Revenue</i>	0	0	0	2,478,000	1,785,250	692,750	1,785,250
<b>NON-OPERATING REVENUE TOTALS</b>	<b>49,353</b>	<b>0</b>	<b>49,353</b>	<b>3,123,067</b>	<b>1,785,250</b>	<b>1,337,817</b>	<b>1,785,250</b>
<b>TOTAL REVENUE</b>	<b>49,353</b>	<b>0</b>	<b>49,353</b>	<b>3,123,067</b>	<b>1,785,250</b>	<b>1,337,817</b>	<b>1,785,250</b>
<b>EXPENSES</b>							
<b>Professional Services Expense</b>	<b>0</b>	<b>837</b>	<b>837</b>	<b>32,773</b>	<b>10,000</b>	<b>(22,773)</b>	<b>10,000</b>
- <i>Electricity</i>	0	-	-	0	-	-	-
- <i>Water</i>	0	-	-	0	-	-	-
<b>Other Operating Expense</b>	<b>137,792</b>	<b>148,771</b>	<b>10,979</b>	<b>1,728,157</b>	<b>1,785,250</b>	<b>57,093</b>	<b>1,785,250</b>
<i>Bank &amp; Service Fees</i>	0	0	0	3,970	0	(3,970)	0
<i>Interest Expense</i>	137,792	148,771	10,979	1,724,187	1,785,250	61,063	1,785,250
<b>OPERATING EXPENSE TOTALS</b>	<b>137,792</b>	<b>149,608</b>	<b>11,816</b>	<b>1,760,930</b>	<b>1,795,250</b>	<b>34,320</b>	<b>1,795,250</b>
<b>Other Non-Operating Expense</b>							
<b>NON-OPERATING EXPENSE TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENSE</b>	<b>137,792</b>	<b>149,608</b>	<b>11,816</b>	<b>1,760,930</b>	<b>1,795,250</b>	<b>34,320</b>	<b>1,795,250</b>
<b>NET INCOME (LOSS)</b>	<b>(88,439)</b>	<b>(149,608)</b>	<b>61,168</b>	<b>1,362,138</b>	<b>(10,000)</b>	<b>1,372,138</b>	<b>(10,000)</b>

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

## **RATING ACTION COMMENTARY**

# **Fitch Affirms Del Mar Race Track Authority Bonds at 'BB-'; Outlook Stable**

Thu 25 Jan, 2024 - 6:01 PM ET

Fitch Ratings - Chicago - 25 Jan 2024: Fitch Ratings has affirmed Del Mar Race Track Authority, CA's (Del Mar, RTA) \$33 million of series 2015 revenue bonds at 'BB-'. The Rating Outlook is Stable.

## **RATING RATIONALE**

The 'BB-' rating reflects the elevated vulnerability of Del Mar Race Track Authority's operating profile to the declining popularity of horse racing in California and across the country. Longer-term historical declines in race track attendance have resulted in lower margins for race track net revenues, ultimately leading to declining net race track revenues and increased reliance on concession revenues to support debt service. While Fitch recognizes that Del Mar will host the Breeders Cup in 2024 and 2025, Fitch's rating case assumes continued declines in gross racetrack revenues in 2026, and net concession revenues serving as the sole source of revenues to service debt after 2027. Fitch rating case 10-year average DSCR is 1.5x, falling to a minimum of 0.97x in 2037. The rating is supported by strong debt structural features, which include prepayment tests if coverage either exceeds or falls below 2.0x, and which is expected to amortize the bonds ahead of schedule, and mitigates the outer year risk around the horse racing industry in line with the 'BB-' rating level. Fitch's rating case conservatively does not assume any prepayments under the debt structure, although these are expected to occur in practice.

Although net concession revenues bolster the debt service coverage ratio (DSCR) through debt tenor, this revenue stream is dependent on the continued operations of the facility with either continued attendance from non-horse racing events or increases in per capita concession spending, which Fitch views as uncertain over the long term. Fitch will continue to monitor the facility's financial viability and update the rating to reflect future material credit events as they arise.

## KEY RATING DRIVERS

### Revenue Risk: Franchise - Weaker

**Declining Fan Base:** The declining nature of the California horse racing industry, as well as exposure to adverse events such as equine deaths at horse race tracks has led to a long-term trend of reduced attendance and uncertainty in fan support, despite recent improvements coming out of the pandemic. Racetracks also face increasing competition for gamblers, from both internet gaming and regional casinos. These weaknesses are somewhat offset by an affluent service area combined with semi-diverse revenues from wagering, and concessions generated from other events at the fairgrounds. However, given the industry's continued deterioration, the sustainability of race track revenues becomes less viable over the longer term.

### Facility Infrastructure Development/Renewal - Midrange

Fitch has revised its Infrastructure Development/Renewal assessment to Midrange from Stronger.

**Limited Financial Obligation to Capital Improvement Plan:** The score revision reflects the limited capacity of excess cashflows available to the Race Track Authority to fund any potential capital projects at the fairgrounds. Recent large capital projects at the fairgrounds were separately funded by the 22nd District Agricultural Association (DAA), including the renovation of an existing satellite wagering building into a multi-purpose entertainment venue known as the Sound, which is bolstering DAA concession revenues and supporting a mild diversification in pledged revenues. The RTA has previously relied on bond financings to fund major capital renovations to the race track grounds. There are currently no major capital spending plans that are the responsibility of the RTA.

### Debt Structure - 1 - Stronger

**Favorable Provisions & Reserves:** Debt is 100% fixed-rate and fully amortizes by 2038 with a flat debt service profile of \$3.2 million per annum. A debt prepayment feature accelerates prepayment of principal in the amount of 30% of pledged net revenues (subject to a \$4 million cap on net concession revenues) that exceed 2.0x debt service. A second prepayment feature offers further protection if coverage test revenues (i.e. pledged revenues including all available uncapped net concession revenue) should fall below 2.0x debt service. No debt may be issued senior to the 2015 bonds, and rating agency verification is required for any

additional parity bonds. A debt service reserve fund (DSRF) is fully cash funded at maximum annual debt service (MADS).

## **Financial Profile**

Overall financial performance at Del Mar Racetrack has declined in the estimated calendar year 2023, following a surge in post-pandemic attendance in 2021 and 2022 at the race track. Net race track revenue is estimated to decline, while net concession revenues are expected to increase, as they benefit from revenue diversification including the new music venue at the fairgrounds, which is contributing to net concession revenue.

Fitch cases incorporate the declining horse racing industry trends, and the thin operating margins for net racetrack revenues. This leads to higher reliance on net concession revenue, which itself is vulnerable to deterioration. Under the Fitch rating case, net racetrack revenues are depleted by 2027, and the 10-year average DSCR is 1.5x, falling to a minimum of 0.97x in 2037, as no pledged racetrack revenues are available to support debt service. The profile exhibits a high degree of volatility with slight changes in net race track profitability contributing to large variances in annual DSCR.

## **PEER GROUP**

There are no directly comparable peers, as this is the only racetrack that Fitch rates.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--Continued decline of the horse racing industry such that the racetrack is no longer financially sustainable.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--Proactive managerial decisions that lead to viable cost reductions and/or consistent revenue growth resulting in a stable financial profile long term.

## **CREDIT UPDATE**

Total racetrack attendance during 2023 was slightly lower than 2022, at 324,142 patrons. Summer meet attendance (85% of total) was affected by inclement weather, which reduced the number of racing days to 30 from 31. Despite the reduction in days, average daily attendance was up 2.5% compared with 2022. The 13-day Fall meet (15% of total) had

attendance of 47,642, which is in line with 2022. Attendance in 2023 represents 70% of pre-pandemic attendance levels, which were already reduced significantly from previous peaks of over 700,000 patrons.

Del Mar is scheduled to host the Breeder's Cup in 2024 and 2025, which will increase their total racing days to 46 in 2024. Del Mar previously hosted the two-day event in 2017 and 2021, which greatly increased overall race track and concession net revenue performance. The 2021 Breeders Cup occurred during the bond year period from October 2, 2021 to October 1, 2022, and the strong performance led to a turbo repayment of principal of approximately \$1.1 million in the April 2023 debt service payment. Looking ahead, management anticipates strong "shoulder days" on either side of the event during the Fall meet, which are expected to increase admissions, on-track food & beverage (F&B), and wagering revenues.

Overall attendance at the San Diego County Fair continued to recover from the pandemic in 2023, with with total attendance of over 997,000 during the year, up 3% from 2022.

**Wagering:** Overall handle (the total amount wagered on a race) in 2022 decreased 21.1% due to the hosting of the Breeder's Cup at Del Mar in 2021, which greatly increased wagering. Non-Breeder's Cup handle remained flat in 2022 when compared with 2021. Out-of-state wagering continues to be the largest component of total handle at 54%, followed by off-track wagering at 37%. On-track wagering makes up only 7% of the total, representing a significant decline from 17% of total handle in 2014. Total handle is expected to decrease in 2023, due to the loss of one racing day during the year.

**Financial:** Net racetrack revenues decreased by 46% in 2023 to an estimated \$2.7 million due to a fall off from record highs of off-track betting in 2022. The decline in net racetrack revenues in 2023 was also due to higher operating expenses at the racetrack, driven primarily by increased staff costs.

Net concession revenues generated by the DAA for the year-to-date through November 2023 are up 16% over the same 11-month period in 2022 and are estimated at \$4.3 million. The amount available to service the RTA bonds remains capped at \$4 million subject to the bond documents. Concessions have been bolstered by the higher average daily attendance at the summer race meet, strong F&B sales for higher margin premium seating business lines, and the operations of the Sound, which is contributing F&B revenues to the RTA bonds.

**Capital Improvements:** In 2023, "the Sound" opened on the fairgrounds. The venue is a 1,892 seat multi-use entertainment venue primarily to host concerts. This capital project was

undertaken and financed by DAA and was a renovation of an existing satellite wagering building. Since February 2023, it has hosted 55 performances, with management expecting 80 shows in 2024. Development of the venue signals management's intent to diversify revenue streams at the fair grounds and contribute additional concession revenues toward the rated bonds. There are no other major capital expenditures planned at Del Mar.

## **FINANCIAL ANALYSIS**

Fitch's base and rating case analysis incorporates management estimates for fiscal year 2023 and budgeted results for fiscal year 2024 for the DAA and DMTC. Fitch's cases assume the hosting of the Breeder's Cup in 2024 and 2025, which will result in one-time spikes in revenues and ultimately net race track revenues in each year. Fitch's cases do not incorporate pre-payments of debt service for either over or under 2.0x coverage.

### **Fitch Base Case**

Fitch's base case adopts management's expectations across racetrack and concession revenues for Breeder's Cup years 2024 and 2025, which Fitch views as reasonable. Race track net revenues are around \$3.6 million in each period. Starting in 2026, revenues and expenses return to 2023 estimated levels. Thereafter, gross racetrack revenues grow at a 10-year CAGR of 1.5%, while expenses grow by a 10-year CAGR of 3%. Concession revenues increase in 2024 to around \$6.9 million, and then revert back to 2023 levels and are flat thereafter, capped at \$4 million. Under this scenario, net racetrack revenues are depleted in 2031, with annual revenue declines ranging from 8% to 12% from 2029 to 2031. Starting in 2031, concession revenues are the sole revenue supporting debt service. The Fitch Base Case DSCR falls to around 1.2x from 2031 onwards. The five-year average DSCR is 2.2x and the 10-year average DSCR is 1.8x.

### **Fitch Rating Case**

Fitch's rating case haircuts the Breeder's Cup revenues by 5% in 2024 and 2025, keeping expenses flat, resulting in net race track revenues of around \$1.6 million in each year. Starting in 2026, gross racetrack revenues are reduced by 1% from the baseline of 2023, while expenses grow by 2% thereafter. Under this scenario, net racetrack revenues are depleted by 2027. Once net racetrack revenues are depleted, F&B concessions are also assumed to decline by the historical 10-year CAGR of -2.8%. Under this scenario, the five-year average DSCR is 1.7x and the 10-year average DSCR is 1.5x. Fitch rating case minimum DSCR is 0.97x in 2037, as no pledged racetrack revenues are available to support debt service, relying solely on diminishing net concession revenue. Fitch's cases do not take into account the



prepayment mechanisms in case of under and over-performance, which will likely result in final amortization on the bonds prior to the scheduled maturity in 2038. If these prepayments are taken into account, an additional \$6.7 million of revenue would be trapped in the coverage calculation reduction account under the Fitch rating case projection, which mitigates the low coverage in outer years. Overall, the profile exhibits a high degree of volatility with slight changes in net race track profitability contributing to large variances in annual DSCR, which is supportive of the current rating.

### Additional Sensitivity Cases

Fitch ran a breakeven sensitivity in which net pledged revenues decline by 1.5%, which is the decline observed from 2015 through 2022. Excluding the Breeder's Cup, starting from 2023, 1.5% declines in net revenue per year combined with inflationary cost increases of 2% per year results in a minimum 1.0x coverage in 2037.

## SECURITY

The bonds are secured by net concession revenues (capped at \$4 million) generated by the DAA and net racetrack revenues generated by DMTC.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

Del Mar Race Track Authority (CA) has an ESG Relevance Score of '4' for Financial Transparency due to the delay in publication of audited financial statements, which has a negative impact on the credit profile, and is relevant to the rating in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## **Del Mar Race Track Authority (Authority) Item 5, Assets Determination**

The Del Mar Race Track Authority (Authority) was formed in 1990 through the Joint Exercise of Powers Agreement (JPA) between the 22nd District Agricultural Association (District) and the State Race Track Leasing Commission (Commission) and was subsequently amended in 1996, 2013, and 2015, for the “purpose of financing the capital improvements, renewals, and replacements at the District’s fairgrounds.”

As a reminder, the Commission was created by the State Legislature in 1968 with the responsibility and authority to lease the Del Mar Race Track and to oversee the expenditure of the rents received from leasing the track for the purpose of implementing a long-range, comprehensive improvement of the District’s property.

The Authority has financed the “capital improvements, renewals, and replacements at the District’s fairgrounds” through the issuance of Revenue Bonds in 1996, 2005, and 2015. In addition to those capital improvements financed through the Authority, the District would put forward two Authority budgets in addition to the Bond Projects (when bond monies were available) - Administration and Maintenance Expenses Budget for ongoing operations of the Grandstand, and a Projects Budget for environmental, backstretch, and other facility improvements (again, separate from bond projects). Regardless of Pledged Revenues to the Authority, since at least 2015, these operating and project expenses were paid for through the transfer of funds from the District to the Authority.

After careful review and discussion with the District’s municipal advisor and bonds counsel in 2020, as the bond revenues had been completely exhausted by 2020, the District ended the practice of putting forward additional budgets for the Authority’s approval by incorporating all operating expenses and capital improvement projects as part of the District budget and approval process.

At the Authority meeting of August 2023, the Authority Board delegated authority to Carlene Moore, Authority Secretary, to coordinate with any all necessary parties to determine how the assets that were built or improved upon on District property using bond revenue should properly be accounted for, as it appeared, based on the Authority Balance Sheet, that the improvements were recorded as assets of the Authority, not of the District.

There is a historical basis for the accounting treatment of the grandstand asset. Section 9 of the JPA stipulates that “upon payment of all charges and obligations of the [Authority]...incurred in connection with the financing for the grandstand and all related improvements and betterments, as set forth in the Master Plan, title to the grandstand shall vest in the District.”

Upon further analysis, the ownership of the financed facilities does not impact the security of the bondholders, so on a preliminary basis, the JPA provision could be amended through the approval of the Commission and District to provide for District ownership of the financed facilities prior to the bonds being paid off, or the provision can remain as is.

## **Del Mar Race Track Authority (Authority)**

### **Item 5-A, Bylaws Amendment**

At the Authority Board meeting in August 2023, Authority Secretary Carlene Moore was authorized to coordinate with Counsel to the Authority, Deputy Attorney General Joshua Caplan, on the review of the Authority Bylaws and JPA and to bring forward any recommended amendments to the Authority Board at a future meeting as inconsistencies were discovered between the Authority Bylaws and the Joint Exercise of Powers Agreement (JPA) between the 22<sup>nd</sup> District Agricultural Association and the State Race Track Leasing Commission.

Section 4 of the JPA confirms that “nothing in the By-Laws” adopted by the Authority “shall be inconsistent with” the JPA. Though the language supports the position that the language of the JPA controls, portions of the Bylaws are inconsistent with the JPA.

For reference, the original Bylaws and a redline version demonstrating the proposed amendments are included.

BY-LAWS OF THE  
DEL MAR RACE TRACK AUTHORITY

Adopted August 24, 1990

Presented for Amendment March 20, 2024

ARTICLE I - THE AUTHORITY

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

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

Section 1.3. Office and Place of Meetings. The business office of the Authority shall be c/o Chief Executive Officer, 22nd District Agricultural Association, 2260 Jimmy Durante Boulevard, Del Mar, California or at such other place as may be designated by the Authority Board. Regular meetings shall be held at the Board Room of the 22nd District Agricultural Association, 2260 Jimmy Durante Boulevard, Del Mar, California, or at such other place as the Authority Board may designate.

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

ARTICLE II - OFFICERS

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

Section 2.2. President. Per Section 3-E-1 of the Agreement, the President of the Authority shall be duly elected by a majority of the Authority Board. The term of office shall be from the date of his or her appointment as designee through the date of the first regular meeting of the Authority in the next succeeding calendar year; provided that he or she shall serve until a successor has been duly appointed. The President shall preside at all meetings of the Authority, and shall submit such information and recommendations to the Authority Board as he or she may consider proper concerning the business, policies, and affairs of the Authority. The President of the Authority shall also serve as the chief executive officer of the Authority and shall be responsible for

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

Section 2.3. Vice President. ~~Per Section 3-E-1 of the Agreement, the~~ Vice President shall be duly elected by a majority of the Authority Board. The term of office shall be from the date of his or her appointment through the date of the first regular meeting of the Authority in the next succeeding calendar year; provided that he or she shall serve until a successor has been duly appointed. The Vice President shall perform the duties of the President in the absence or incapacity of the President. In case of the resignation or death of the President, the Vice President shall perform such duties as are imposed on the President, until such time as the members shall elect a new President.

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

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Section 2.5. Treasurer. ~~Per Section 3-E-2 of the Agreement, the~~ chief financial officer of the District shall be the Treasurer of the Authority, and shall perform the duties set forth in the Agreement.

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Section 2.6. Controller. ~~Per Section 3-E-3 of the Agreement, the~~ Chief Executive Officer of the District shall be the Controller of the Authority, and shall perform the duties set forth in the Agreement.

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

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

### ARTICLE III - EMPLOYEES AND AGENTS

Section 3.1. Appointment of Employees and Agents. ~~Per Section 3-E-5 of the Agreement, the~~ Authority may from ~~time-to-time~~ request from the State Department of Finance, the State Department of General Services, the State Department of Food and Agriculture, the State Department of Justice, the Commission and the District the services of such personnel, counsel or agents, permanent or temporary, as may be

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

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#### ARTICLE IV - MEETINGS

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

**Deleted:** Regular Meetings

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**Deleted:** At least 10 days before a regular meeting, a notice of the meeting, including a specific agenda describing the items of business to be transacted or discussed, shall be provided to any person who, in writing, requests such notice to be given. The agenda shall specify the time and location of the regular meeting and include the name, address and telephone number of any person who can provide further information prior to the meeting. No action shall be taken on any item not appearing on the posted agenda except as permitted by law.

Notwithstanding any provision to the contrary contained herein, all meetings of the Authority Board, including without limitation, regular, adjourned regular, special, and emergency meetings shall be noticed and conducted in accordance with the requirements of the Bagley-Keene Open Meeting Act, codified at California Government Code Sections 11120 and following.

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

**Deleted:** Section 4.2. Special Meetings. A special be called at any time by the President or upon the request of four of the members of the Authority Board by delivering written notice to each member and to each person or entity entitled by law to receive such notices. Notices to the Authority Board shall be sufficient if delivered to the Secretary of the Authority at such address as the Authority Board shall designate for such purpose. Notices to other persons or entities entitled by law to receive notices must be delivered personally or by mail and must be received at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted and shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public. No other business shall be considered at such meetings by the Authority Board. Such written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the Secretary of the Authority a written waiver of notice. Such waiver may be given by telegram. Such written notice may also be dispensed with as to any member who is actually present at the time such special meeting convenes.¶  
**Section 4.3. Closed Sessions.** Nothing contained in these by-laws shall be construed to prevent the Authority Board from holding closed sessions during a regular or emergency meeting concerning any matter permitted by law to be considered in a closed session.¶  
**Section 4.4. Public Hearings.** All public hearings held by the Authority Board shall be held during regular or emergency meetings of the Authority Board.

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

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

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

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

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

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

#### ARTICLE V - AMENDMENTS

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



BY-LAWS OF THE  
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Adopted August 24, 1990  
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Section 1.4. Compensation. Members may receive their actual and necessary expenses, including traveling expenses incurred in the discharge of their duties, but only when authorized by the Authority Board and only if there are unencumbered funds available for such purpose.

## ARTICLE II - OFFICERS

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

Section 2.2. President. Per Section 3-E-1 of the Agreement, the President of the Authority shall be duly elected by a majority of the Authority Board. The term of office shall be from the date of his or her appointment as designee through the date of the first regular meeting of the Authority in the next succeeding calendar year; provided that he or she shall serve until a successor has been duly appointed. The President shall preside at all meetings of the Authority, and shall submit such information and recommendations to the Authority Board as he or she may consider proper concerning the business, policies, and affairs of the Authority. The President of the Authority shall also serve as the chief executive officer of the Authority and shall be responsible for

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

Section 2.3. Vice President. Per Section 3-E-1 of the Agreement, the Vice President shall be duly elected by a majority of the Authority Board. The term of office shall be from the date of his or her appointment through the date of the first regular meeting of the Authority in the next succeeding calendar year; provided that he or she shall serve until a successor has been duly appointed. The Vice President shall perform the duties of the President in the absence or incapacity of the President. In case of the resignation or death of the President, the Vice President shall perform such duties as are imposed on the President, until such time as the members shall elect a new President.

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

Section 2.5. Treasurer. Per Section 3-E-2 of the Agreement, the chief financial officer of the District shall be the Treasurer of the Authority, and shall perform the duties set forth in the Agreement.

Section 2.6. Controller. Per Section 3-E-3 of the Agreement, the Chief Executive Officer of the District shall be the Controller of the Authority, and shall perform the duties set forth in the Agreement.

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

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

### ARTICLE III - EMPLOYEES AND AGENTS

Section 3.1. Appointment of Employees and Agents. Per Section 3-E-5 of the Agreement, the Authority may from time-to-time request from the State Department of Finance, the State Department of General Services, the State Department of Food and Agriculture, the State Department of Justice, the Commission and the District the services of such personnel, counsel or agents, permanent or temporary, as may be

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

#### ARTICLE IV - MEETINGS

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

Notwithstanding any provision to the contrary contained herein, all meetings of the Authority Board, including without limitation, regular, adjourned regular, special, and emergency meetings shall be noticed and conducted in accordance with the requirements of the Bagley-Keene Open Meeting Act, codified at California Government Code Sections 11120 and following.

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

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

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

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

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

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

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

## ARTICLE V - AMENDMENTS

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

BY-LAWS OF THE  
DEL MAR RACE TRACK AUTHORITY

Adopted August 24, 1990

4641H

## ARTICLE I - THE AUTHORITY

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

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

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

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

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

## ARTICLE II - OFFICERS

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

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



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

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

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

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

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

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

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

### ARTICLE III - EMPLOYEES AND AGENTS

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

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

#### ARTICLE IV - MEETINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE V - AMENDMENTS

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

2024 Capital Expenditures Budget

Priority - Risk Rank	Facility: Investment	Prior Year Budget	Prior Year Spend	Carryover from Prior Year	Increase Carryover & New Projects 2024	Total 2024 Budget
1a	Culvert Repair: Horsepark at trail edge	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
1b	Surfside: The Connection Center	\$ -	\$ -	\$ -	\$ 1,126,776	\$ 1,126,776
1c	Asphalt: Main Lot, Stable Gate, Avenue thru BC Hall Lot	\$ 1,100,000	\$ (370,000)	\$ 730,000	\$ 1,500,000	\$ 2,230,000
1d	Roof repairs: general	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 500,000
2a	Grandstand: Fire Suppression System Repair	\$ -	\$ -	\$ -	\$ 38,000	\$ 38,000
2b	Grandstand: Fire Alarm System	\$ 380,000	\$ -	\$ 380,000	\$ 220,000	\$ 600,000
3	Plaza de Mexico: replace mastic in concrete	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000
4a	Surfside: replace Crows Nest and stairs (Mechanical Roof)	\$ 100,000	\$ -	\$ 100,000	\$ 13,000	\$ 113,000
4b	Surfside: replace exterior stairs and deck coating	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
4c	Surfside: replace boiler	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
4d	The Sound: Handrail repair	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
5	Exhibit Hall: transformer and switchgear replacement	\$ 360,000	\$ -	\$ 360,000	\$ -	\$ 360,000
6	Promenade Design	\$ 350,000	\$ -	\$ 350,000	\$ (200,000)	\$ 150,000
7	Mission Tower: repair 3 of 4 HVAC air handling units	\$ 75,000	\$ -	\$ 75,000	\$ (50,000)	\$ 25,000
8	Surf & Turf: install utility sub-meters	\$ -	\$ -	\$ -	\$ 66,000	\$ 66,000
A	Surfside-Arena fire wall	unknown	\$ -	\$ -	\$ -	\$ -
DMTC	Stable Area: health & safety improvements	\$ -	\$ -	\$ -	\$ 325,000	\$ 325,000
DMTC	Stable Area: landscaping & irrigation	\$ -	\$ -	\$ -	\$ 95,000	\$ 95,000
DMTC	Stable Area: replace pumphouse back-up pump	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
DMTC	Stable Area: shower repair & tiling in south barn areas	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
DMTC-1	DMTC Executive Office Building: HVAC replacement	\$ 350,000	\$ (29,573)	\$ 320,427	\$ 153,573	\$ 474,000
DMTC-1	Grandstand: escalator modification	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
DMTC-1	Grandstand: deck coating in dining/seating areas	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000
DMTC-1	Grandstand: repair and paint West fixed seating	\$ -	\$ -	\$ -	\$ 66,000	\$ 66,000
DMTC-1	Paddock: install curbs to hold pavers in place	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
DMTC-1	Parking Lot: light replacement	\$ -	\$ -	\$ -	\$ -	\$ -
Done	Front Side Housing Teardown	\$ 360,928	\$ (448,935)	\$ -	\$ -	\$ -
Done	Surfside: HVAC upgrade	\$ 350,000	\$ (378,440)	\$ -	\$ -	\$ -
Hold	Grandstand: miscellaneous interior repairs	\$ -	\$ -	\$ -	\$ -	\$ -
Hold	Grandstand: install scuppers on 3rd and 5th floors	\$ -	\$ -	\$ -	\$ -	\$ -
Hold	Grandstand: paint and refinish Turf Club	\$ -	\$ -	\$ -	\$ -	\$ -
Hold	Grandstand: replace Turf Club carpet	\$ -	\$ -	\$ -	\$ -	\$ -
Hold	Grandstand: HVAC Computer Network	\$ 200,000	\$ -	\$ -	\$ -	\$ -
Hold	Surfside: stairwell enhancement	\$ 125,000	\$ -	\$ -	\$ -	\$ -
<b>Capital Facilities Projects Subtotal</b>		<b>\$ 4,250,928</b>	<b>\$ (1,226,948)</b>	<b>\$ 2,815,427</b>	<b>\$ 4,843,349</b>	<b>\$ 7,658,776</b>
	Equipment: New & Replace	Prior Year Budget	Prior Year Spend	Carryover from Prior Year	Increase Carryover & New Projects 2024	Total 2024 Budget
	Mechanic's Service Truck	\$ 70,000	\$ -	\$ 70,000	\$ (20,000)	\$ 50,000
	Utility Box Truck				\$ 100,000	\$ 100,000
	Patrol Vehicle				\$ 38,000	\$ 38,000
	Mobile Electronic Traffic Sign	\$ 26,000	\$ -	\$ 26,000	\$ -	\$ 26,000
	Digital Radio System				\$ 250,000	\$ 250,000
	5000 lb Forklift				\$ 20,000	\$ 20,000
	120' Boomlift				\$ 80,000	\$ 80,000
	Rigid Water Jetter				\$ 12,000	\$ 12,000
	Large Format Printer				\$ 10,000	\$ 10,000
	16x9 Fast Fold Screen				\$ 10,000	\$ 10,000
	10K Projector				\$ 15,000	\$ 15,000
<b>Capital Equipment Subtotal</b>		<b>\$ 96,000</b>	<b>\$ -</b>	<b>\$ 96,000</b>	<b>\$ 515,000</b>	<b>\$ 611,000</b>
<b>Total 2024 Capital Facilities &amp; Equipment Budget</b>				<b>\$ 2,911,427</b>	<b>\$ 5,358,349</b>	<b>\$ 8,269,776</b>
<b>Revenue Funding Source:</b>						
<b>Less 2021 Bond Pledge Surplus</b>						<b>\$ (2,600,000)</b>
<b>Less AB1499 New Fair Funds received in 2024</b>						<b>\$ (1,484,500)</b>
<b>Less Transfer from Operating Budget</b>						<b>\$ (150,000)</b>
<b>Balance funded from 2023 DAA Net Operations</b>						<b>\$ 4,035,276</b>