



**NOTICE OF MEETING**

Del Mar Race Track Authority (RTA) Board Meeting  
 August 2, 2024, at 11:00 a.m.

Del Mar Fairgrounds  
 Board Room  
 2260 Jimmy Durante Boulevard  
 Del Mar, CA 92014

*The Del Mar Race Track Authority Board meeting will be conducted in person per Government Code Section 11133.*

**RACE TRACK AUTHORITY MEMBERS**

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

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

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**

**Friday, August 2, 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. **Approval of Minutes** [Action Item]
  - A. March 20, 2024 3-5
3. **Reports** [Informational]

None ----
4. **Unfinished Business**

None ----
5. **New Business**
  - A. Discuss timing of disposition of the grandstand asset and all related improvements under Section 9 of the Joint Exercise of Powers Agreement and vote on whether to direct staff to investigate options to restructure or refinance the Del Mar Race Track Authority Revenue Bonds, Series 2015 and return to the Authority to discuss those options at a future meeting. [Action Item] 6
  - B. Discuss and vote on whether to amend Article IV, Section 4.1 (first paragraph) of the By-Laws of the Del Mar Race Track Authority as follows: “Regular meetings shall be held **at least once per calendar year** 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.” [Action Item] Verbal
6. **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.
7. **Recess, if needed, to allow further State Race Track Leasing Commission actions related to this meeting**
8. **Adjournment**

**DEL MAR RACE TRACK AUTHORITY MEETING**  
**Minutes – Wednesday, March 20, 2024**

The Del Mar Race Track Authority (RTA) met on March 20, 2024, by teleconference at the 22<sup>nd</sup> District Agricultural Association (DAA) Board Room, 2260 Jimmy Durante Blvd., Del Mar, CA, and the Department of Finance (DOF) Conference Room, 1021 O Street, Suite 3110, Sacramento, CA 95814.

**ROLL CALL**

Authority Vice President Michele Perrault called the meeting to order at 11:39 a.m. with all members present.

**MEMBERS PRESENT IN SACRAMENTO**

Michele Perrault, Authority Vice President, Department of Finance  
Michael Flores, Department of Food & Agriculture  
Jennifer Osborne, Department of General Services

**MEMBERS PRESENT IN DEL MAR**

Mark Arabo, 22<sup>nd</sup> DAA  
Lisa Barkett, 22<sup>nd</sup> DAA  
Kathlyn Mead, 22<sup>nd</sup> DAA

Joshua Caplan, RTA Counsel, Office of the Attorney General

**22<sup>nd</sup> District Agricultural Association**

Carlene Moore, RTA Secretary  
Michael Sadegh, RTA Treasurer  
Melinda Carmichael, RTA Controller

**ELECTION OF OFFICERS**

Vice President Perrault referred to page 4 of the Board packet which sets forth the By-Laws and the process for election of officers. Member Barkett moved to approve the election of 22<sup>nd</sup> DAA Director Mark Arabo for President; Department of Finance, Chief Deputy Director Michele Perrault 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 Mead seconded. Vice President Perrault, Members Arabo, Osborne, Barkett, Mead and Flores were in favor and the motion carried 6-0.

**APPROVAL OF MINUTES**

**August 14, 2023**

Member Osborne moved to approve the August 14, 2023, minutes. Member Flores seconded. President Arabo, Vice President Perrault, Members Barkett, Mead, Osborn, and Flores were in favor and the motion carried 6-0.

## **REPORTS**

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

The 22<sup>nd</sup> DAA unaudited financial report for 2023 is included on pages 8-9 of the Board packet. The RTA financial report can be found on pages 10-17 of the Board packet.

## **UNFINISHED BUSINESS**

### **Update on accounting for assets built or improved upon using bond revenue**

Secretary Moore referred to page 18 of the Board packet. The Board concurred that Secretary Moore should explore options to clarify ownership of the financed facilities and report back with a recommendation at the next meeting.

- 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**
- 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 noticed, 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.”

Member Flores moved to approve Item A and the subsections a-n listed above. Member Barkett second the motion. President Arabo, Vice President Perrault, Members Barkett, Mead, Osborn, and Flores were in favor and the motion carried 6-0.

### **NEW BUSINESS**

Consideration and vote on whether to approve the 2024 Capital Expenditure project budget funded by the Bon Surplus Account

Secretary Moore referred to page 40 of the Board packet. Due to the amendment made to Section 7, Financing, of the JPA Document on July 14, 2015, approval by the RTA Board of the District’s use of the surplus account is not necessary so there is no action to be taken at this time.

PUBLIC COMMENT on Item 6a (see pages 48 of transcript)

Martha Sullivan

**PUBLIC COMMENT ON MATTERS NOT APPEARING ON THE AGENDA** (see pages 54 of transcript)

Sean Reynolds      Martha Sullivan      Jane Cartmill

### **RECESS**

Recessed to State Race Track Leasing Commission Meeting at 12:12 p.m.

### **ADJOURNMENT**

Vice President Perrault adjourned the meeting at 1:03 p.m.

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

The Del Mar Race Track Authority (Authority) was formed August 1, 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.”

In August 2023, the Authority Board delegated authority to Carlene Moore, Authority Secretary, to coordinate with any all necessary parties to determine how to properly account for the assets that were built or improved upon on District property using bond revenue. Board members wanted an explanation for why the improvements appeared to have been previously recorded and reported as assets of the Authority, not of the District.

Following Authority Secretary Moore’s report at the meeting of March 2024, the Authority Board directed Secretary Moore to further explore how to uncomplicate the asset accounting with the Authority’s bond counsel and Certified Public Accountant. Secretary Moore would then be expected to report back with a recommendation at a future Board meeting

Section 9 of the JPA document 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” {emphasis added}. This language provides the context to why the Authority’s accountants have historically held those financed assets on the Authority ledger as it was contemplated that the Authority would hold title until final obligations payments have been made. However, this rationale resulted in an overly complicated accounting process between the Authority and District.

After careful review and discussion with the municipal advisor, bonds counsel, and certified public accountant to the Authority and District, it has been determined that while there is a historical basis for the accounting treatment of the grandstand and other financed assets, it was an unnecessary approach as there is no title to vest. In addition, upon further analysis, the ownership of the financed facilities does not impact the security of the bondholders. Therefore, it is recommended that the JPA document be amended through the approval of the Commission and District at subsequent meetings to clarify that, for accounting purposes, the financed assets shall be reflected on the audited statements of the District as an asset of the District.