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

(TELECONFERENCE)

TUESDAY, JANUARY 14, 2025

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Transcribed by:

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IN ATTENDANCE

22ND DAA BOARD OFFICERS AND DIRECTORS:

FREDERICK SCHENK, PRESIDENT

MICHAEL GELFAND, 1ST VICE PRESIDENT

[Via Zoom]

G. JOYCE ROWLAND, 2ND VICE PRESIDENT

MARK ARABO

LISA BARKETT

PHIL BLAIR

KATHLYN MEAD

DON MOSIER

SAM NEJABAT

22ND DISTRICT AGRICULTURAL ASSOCIATION STAFF:

CARLENE MOORE, CHIEF EXECUTIVE OFFICER

TRISTAN HALLMAN, CHIEF COMMUNICATIONS OFFICER

KATIE MUELLER, CHIEF OPERATIONS OFFICER

DONNA O'LEARY, OFFICE MANAGER

HENRY RIVERA, PRODUCTION DIRECTOR

22ND DISTRICT AGRICULTURAL ASSOCIATION COUNSEL

JOSHUA CAPLAN, OFFICE OF THE ATTORNEY GENERAL

[Via Zoom]

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STEPHEN SUNSERI, OFFICE OF THE ATTORNEY GENERAL

[Via Zoom]

OTHER SPEAKERS:

ADAM ODOM, LSL CPAs

PUBLIC COMMENTERS:

ALLISON PRATER

MARTHA SULLIVAN

CARLA HAYES

CHRIS WILSON

ASHLYN DORSEY

MATT BESSON

BRENLEY BLALOCK

PAUL HAUNERT

MICHAEL HAWTHORNE

ALI NILFORUSHAN

1 PRESIDENT FREDERICK SCHENK: Well, I want to welcome
2 everybody. I wish you all a happy new year. We do have a
3 quorum. Today is January 14th. The time is approximately
4 1:35 p.m. I'm going to call the meeting to order for the
5 22nd District Ag Association Board of Directors.

6 Before we get started, I do want to take a moment to
7 recognize the ongoing devastation in Los Angeles, a city
8 in which I grew up, and an area in which I grew up.
9 Certainly, this organization and all of us personally are
10 no strangers to the impacts of wildfires in Southern
11 California. The 22nd DAA has been a refuge over the years
12 for those who have suffered consequences of wildfires.
13 But the scale of this tragedy is really immense and
14 heartbreaking. So let's log the heroic action to the
15 firefighters and send our regards to our friends and
16 colleagues and citizens of Los Angeles County and beyond.

17 And with that with a heavy heart, let's take a
18 moment of silence for our fellow Californians who have
19 been affected by these fires.

20 [Moment of silence observed]

21 PRESIDENT FREDERICK SCHENK: Thank you, all.

22 All right, so Donna, with that, please take roll.

23 [Roll call]

24 MS. O'LEARY: President Schenk.

1 PRESIDENT FREDERICK SCHENK: Here.

2 MS. O'LEARY: Vice President Gelfand.

3 MR. GELFAND: Here.

4 MS. O'LEARY: Vice President Rowland.

5 MS. ROWLAND: Here.

6 MS. O'LEARY: Director Arabo.

7 MR. ARABO: Here.

8 MS. O'LEARY: Director Barkett.

9 MS. BARKETT: Here.

10 MS. O'LEARY: Director Blair.

11 MR. BLAIR: Here.

12 MS. O'LEARY: Director Mead.

13 MS. MEADE: Here.

14 MS. O'LEARY: Director Mosier.

15 MR. MOSIER: Here.

16 MS. O'LEARY: Director Nejabat.

17 MR. NEJABAT: Here.

18 PRESIDENT FREDERICK SCHENK: We're all present and
19 accounted for.

20 And Director Arabo, despite our good intentions for
21 resolutions. Thank you, again, for the donuts.

22 [Multiple speakers - off mic]

23 [Chuckling]

24 PRESIDENT FREDERICK SCHENK: For some of us who had

1 good intentions, but no, sincerely, thank you very much.

2 All right. Our first order of business is the
3 Consent Calendar. Do we have any members of the public in
4 the room with us that wish to see an item removed from
5 the Consent Calendar? If so, please queue up. And if
6 none, we'll move on to the Zoom attendees. Nobody
7 present. Anyone on Zoom? Okay.

8 Are there any requests from the Board members to
9 remove any items from the Consent Calendar for further
10 individual consideration? All right, hearing none, seeing
11 none. I'll entertain a motion to approve the Consent
12 Calendar.

13 MR. BLAIR: So moved Mr. Chair.

14 PRESIDENT FREDERICK SCHENK: A motion has been made.
15 Is there a second?

16 MR. MOSIER: Second.

17 PRESIDENT FREDERICK SCHENK: And seconded.

18 MS. O'LEARY: Seconded by who?

19 PRESIDENT FREDERICK SCHENK: Director Mosier. Made by
20 Director Blair.

21 Any discussion on the Consent Calendar? Hearing
22 none, seeing none.

23 Let's take roll call please for the vote.

24 MS. O'LEARY: President Schenk.

1 PRESIDENT FREDERICK SCHENK: Aye.

2 MS. O'LEARY: Vice President Gelfand.

3 MR. GELFAND: Aye.

4 MS. O'LEARY: Vice President Rowland.

5 MS. ROWLAND: Aye.

6 MS. O'LEARY: Director Arabo.

7 MR. ARABO: Aye.

8 MS. O'LEARY: Director Barkett.

9 MS. BARKETT: Aye.

10 MS. O'LEARY: Director Blair.

11 MR. BLAIR: Aye.

12 MS. O'LEARY: Director Mead.

13 MS. MEAD: Aye.

14 MS. O'LEARY: Director Mosier.

15 MR. MOSIER: Aye.

16 MS. O'LEARY: Director Nejabat.

17 MR. NEJABAT: Aye.

18 PRESIDENT FREDERICK SCHENK: It was unanimous.

19 Michael, welcome, remotely. I hope you're feeling

20 okay or better.

21 MR. GELFAND: Getting there.

22 PRESIDENT FREDERICK SCHENK: We'll now move on to our

23 general public comment period. As a reminder this item is

24 to speak on matters which are not on today's agenda. And

1 the Board will not debate nor act on comments heard
2 today. We listen. We pay attention. We consider but we
3 will not be having discussion today.

4 If you are here to speak on an agenda item, please
5 wait until we take that item up specifically. But for
6 public comment opportunities each speaker will be
7 allotted two minutes to speak. So do we have any members
8 of the public present here who would like to speak on
9 matters that are not on the agenda today? Please approach
10 the podium.

11 Okay. Seeing none. Any member of the public who are
12 appearing by Zoom that would like to speak to public
13 comment?

14 MR. RIVERA: We have two.

15 PRESIDENT FREDERICK SCHENK: All right, so Allison
16 Prater is the first.

17 Ms. Prater.

18 ALLISON PRATER: Good afternoon.

19 I am from Kill Racing, Not Horses.

20 I would like to provide you with some recent
21 statistics in thoroughbred horse racing. First of all,
22 there were 110 reported horse deaths in California in
23 2024. Please think about that for a minute. No legitimate
24 sport would tolerate that many deaths in one year. In

1 2024, wagering on thoroughbred horses saw its worse year
2 for the industry since 2020, and that of course was
3 caused by COVID. December alone saw 14.4% decline since
4 December of 2023. December's handle was dropped by \$115
5 million since December of 2023. And 2024 as a whole saw a
6 \$390 million decline from 2023. People are rapidly losing
7 interest in gambling on live horses. Hopefully they are
8 seeing the injuries and deaths of these magnificent
9 creatures as unnecessary. You need to explore new uses
10 for the race track.

11 Thank you for your time.

12 PRESIDENT FREDERICK SCHENK: Ms. Prater, thank you
13 for your contribution.

14 Next is Ms. Martha Sullivan.

15 Ms. Sullivan, would you care to speak on public
16 comments on a matter not on the agenda?

17 MARTHA SULLIVAN: Greetings of the new year,
18 everyone. I have a couple of metrics I would like to
19 share with you that have been recently published.

20 This one is from Thoroughbred Daily News early this
21 month. Quote, a more alarming trend is how far handle has
22 fallen since it peaked in 2003 when \$15.18 billion was
23 wagered. When adjusted for inflation the 2003 handle has
24 fallen by 57.3%. And there doesn't appear to be anything

1 on the horizon that will reverse the trend.

2 It's also worth noting that the betting handle
3 figures have fallen significantly since the early 2000s,
4 even though the computer-assisted wagering players are
5 now pumping about \$4 billion a year into the handle and
6 were not a factor 15 to 20 years ago.

7 The second metric is from Horse Racing Nation this
8 week. Quote, in another sign that racing's footprint is
9 shrinking, the number of active thoroughbred trainers in
10 the U.S. and Canada last year fell 4% since 2023.

11 Quote, the money is also not what it once was. The
12 number of trainers who had at least 1 million in purse
13 earnings fell to 276 las year. That represented 7% of
14 those who are active. At the same time, 2315 trainers or
15 60% fell short of \$100,000 in purses. Overall the decline
16 has been steady for decades.

17 Thoroughbred Daily News T. Thornton reported there
18 were -- that there was a 58% fall off the past 20 years.
19 So these are just more signs, you know, road post on the
20 way to the final demise of horse racing in the U.S. So
21 please as I've been suggesting to you for years now,
22 continue to - [multiple speakers]

23 MS. O'LEARY: Your time is up.

24 MARTHA SULLIVAN: Revenue.

1 PRESIDENT FREDERICK SCHENK: Thank you, Ms. Sullivan,
2 I appreciate it.

3 And as I often say, I'm loath to cut people off from
4 giving us their thoughts. So we're always appreciative if
5 you could time yourself ahead of time so that we're not,
6 we don't want to seem rude in cutting you off. But we
7 would also ask that you be respectful of the two minutes
8 that are allotted.

9 All right. With that, we're going to move onto
10 number 5, general business, which is listed under number
11 5 on our agenda today. We'll be taking these items a
12 little out of order. So I'll give you a roadmap.

13 We're going to start with 5A, then go to 5D, then
14 we'll proceed to 5C and end with 5B, to accommodate
15 certain presenters, time constraints, that need to be
16 present.

17 Yes, we have a question from the audience I'll
18 entertain.

19 >> [Off mic]

20 PRESIDENT FREDERICK SCHENK: We'll see. Right now I
21 can't promise that. We'll see as we're going through
22 this. But we have certain speakers that have - who may
23 not be available. So depending on how much time we take.

24 All right. We're going to, as I said, we're going to

1 change our process today moving forward because the
2 committee reports are already included in the board
3 packet which our staff sent us and published online for
4 the public nearly a week ago. I'll not be asking our
5 committee chairs to restate information verbally. But I
6 will provide the page numbers in the packet. And we can
7 move directly to any questions from the Board. So my hope
8 is this will allow our Board to move more quickly to
9 discussions. And with that we'll start with item 5A,
10 Audit And Governance Committee.

11 Director Nejabat.

12 This will include an action item, which is the
13 presentation and vote to accept the 2023 Audit Report,
14 which can be found in your board packet beginning on page
15 13. And my understanding is that joining us today is Adam
16 Odom who is a partner at LSL CPAs to present on the item.

17 Is that correct, Director Nejabat?

18 MR. NEJABAT: [Off mic]

19 PRESIDENT FREDERICK SCHENK: Okay.

20 Welcome.

21 ADAM ODOM: Thank you.

22 Can you all hear me okay?

23 MS. MOORE: Yes.

24 ADAM ODOM: All right. Great.

1 So the audit report as mentioned was in your packet.
2 We did go over at length the audit report, the financial
3 statements and everything with the Audit Committee. So I
4 will spare you all from the in-depth review.

5 With that, I will say there were no significant
6 deficiencies or material weaknesses in the internal
7 controls of the DAA, which is great. The staff does a
8 great job with segregation of duties and making sure
9 there is kind of two sets of eyes on every transaction
10 which is what we would like to see.

11 The audit was an unmodified opinion, which is that
12 the best opinion you can get it means that the financial
13 statements are stated in, fairly stated in all material
14 respects. So we do take a materiality side of things. And
15 we don't test every single transaction, we take a sample
16 of the population, which then allows us to take this
17 unmodified opinion.

18 That's about it, if there are any questions for me,
19 I'm happy to answer any questions. But I did go at length
20 with the audit report with the Audit Committee.

21 PRESIDENT FREDERICK SCHENK: Thank you, Mr. Odom.

22 Director Nejabat, does the committee have anything
23 to add?

24 MR. NEJABAT: [off mic] extensive talk --

1 PRESIDENT FREDERICK SCHENK: Mic on, green light.

2 MR. NEJABAT: Between the three of us and Michael as
3 well.

4 And so everything looked good.

5 PRESIDENT FREDERICK SCHENK: Thank you.

6 Are there any questions from the Board to either
7 staff, Director Nejabat, or to Mr. Odom?

8 MS. ROWLAND: I just wanted to make sure because I'm
9 kind of a pro forma request. But in terms of the level of
10 cooperation and the ease of extracting information needed
11 for the audit, can you just opine on that for a second.

12 ADAM ODOM: Yes. That's a very good question. So
13 staff was very, they always are actually, really easy to
14 work with. Anything we ask they provide. We are required
15 to take a skeptical approach of it. So which means if we
16 ask them a question, we can't take it at face value. We
17 do have to dig a little bit more to make sure that what
18 they are telling us is appropriate and is accurate. And
19 we never came by any scenarios that it did not -- it
20 wasn't accurate. So they are great to work with. Really
21 good staff that you have.

22 PRESIDENT FREDERICK SCHENK: Thank you for the
23 question and for the response.

24 MS. ROWLAND: Thank you.

1 PRESIDENT FREDERICK SCHENK: Now I would like to turn
2 to member of the public. If anyone wishes to speak on
3 this item, as a reminder, two minutes will be allocated.
4 Are there any members of the public in the room who would
5 like to address this action item, please approach the
6 podium. Seeing none. I do not see any members of the
7 public on Zoom who wish to address this. But I will
8 accept any late additions if there's anybody who would
9 like to speak to us on this subject.

10 MR. RIVERA: There are no hands raised.

11 PRESIDENT FREDERICK SCHENK: Thank you.

12 All right. This is an action item. So I will
13 entertain a motion to accept the 2023 Audit Report.

14 MS. ROWLAND: I'll move it.

15 PRESIDENT FREDERICK SCHENK: Director Rowland.

16 Was there a second?

17 MS. BARKETT: Second.

18 PRESIDENT FREDERICK SCHENK: Okay, thank you,
19 Director Barkett.

20 It's been moved and seconded. Any further
21 discussion? Hearing none. Let's, if we would, call for
22 the roll. Yeah, I was going to restate but there's
23 nothing to restate because it's the audit report.

24 So, Donna.

1 MS. O'LEARY: Sorry. President Schenk.
2 PRESIDENT FREDERICK SCHENK: Yes. Aye.
3 MS. O'LEARY: Vice President Gelfand.
4 MR. GELFAND: Aye.
5 MS. O'LEARY: Vice President Rowland.
6 MS. ROWLAND: Aye.
7 MS. O'LEARY: Director Arabo.
8 MR. ARABO: Aye.
9 MS. O'LEARY: Director Barkett.
10 MS. BARKETT: Aye.
11 MS. O'LEARY: Director Blair.
12 MR. BLAIR: Aye.
13 MS. O'LEARY: Director Mead.
14 MS. MEAD: Aye.
15 MS. O'LEARY: Director Mosier.
16 MR. MOSIER: Aye.
17 MS. O'LEARY: Director Nejabat.
18 MR. NEJABAT: Aye.
19 PRESIDENT FREDERICK SCHENK: Thank you. The motion
20 carries. And the 2023 Audit Report is approved.
21 We'll now move on to 5D, a discussion --
22 MR. ARABO: I have a question on 5A still on the --
23 more for the chair of -- I guess we didn't cover it. The
24 question I have is for the report I know today on closed

1 session we're doing an assessment of our only staff for
2 the Board. But I saw here the Board's annual self-
3 assessment process. The Board's progress, and I guess
4 this is something the Audit and Governance Committee
5 adopted? Or are you doing an annual board assessment?

6 MR. NEJABAT: [Off mic] under discussions with the
7 [off mic]

8 MR. RIVERA: Microphones please.

9 MR. NEJABAT: We're still discussing with the
10 committee the best approach on how to roll everything
11 out.

12 MR. ARABO: For the president then, why would it be
13 on the report? Should it be striked from the agenda?
14 Because from a board perspective as I read this page 11,
15 it shows the Audit and Governance Committee is adopting a
16 self-assessment process. Is that accurate or not
17 accurate?

18 PRESIDENT FREDERICK SCHENK: You want to speak to
19 that?

20 MS. MOORE: In terms of the report, I think you're
21 referencing, so on page 11 in the background, in terms of
22 kind of what the committee is tasked with and one of
23 those items is guiding the Board's annual self-assessment
24 process. This isn't part of the action or even the report

1 today, it's just outlining kind of the roadmap of what
2 the Audit and Governance Committee was tasked with. It
3 was a policy adopted by this Board in 2023 to conduct a
4 board self-assessment. But we have not moved forward as
5 Director Nejabat mentioned we haven't moved forward yet
6 because the committee is still working on that process.

7 MR. ARABO: So it is -- that's why I wasn't aware.
8 Okay. So it is adopted -- you know what board meeting?
9 Was it adopted?

10 MS. MOORE: Yes, it was adopted as a policy. I
11 believe it was Policy 5.03. Let's see. I'm sorry, Policy
12 3.07, which Board Members, you can find in the back of
13 section of your board binders under 'policies.'

14 MR. ARABO: So 2023 so we haven't done one for 2024
15 yet?

16 PRESIDENT FREDERICK SCHENK: That's correct.

17 MR. ARABO: We haven't done it for 2023 or have we?

18 PRESIDENT FREDERICK SCHENK: This is going to be a
19 part of what was just approved. We will be doing that for
20 '23 but not '24 yet.

21 MR. ARABO: Okay.

22 MS. MOORE: I just want to clarify. The action that
23 the Board took is to accept the audit report. Meaning the
24 report provided by LSL CPAs. The Audit and Governance

1 Committee Report that accompanies that, again, outlining
2 what the committee is tasked with, not necessarily
3 everything that they are bringing forward at this time to
4 the Board for any further approval.

5 MS. BARKETT: If you go to page 13, Mark, on
6 recommendations, we're just really, you know, it's the
7 meeting packet on pages 13 through 60?

8 MS. ROWLAND: This is Director Rowland. I was on the
9 committee when we went through that kind of adoption. And
10 what I would say is at the top of the report it is really
11 listing what the charter is for the Audit and Governance
12 Committee, not current actions. It's just to remind
13 everyone when you come into a meeting is, this is the
14 territory that they're supposed to be operating in. And
15 then there is something specific on the agenda or not for
16 them to actually have actions on.

17 MS. MEAD: They are just guidelines.

18 MR. ARABO: Okay. If they could get guidance from the
19 committee at the next meeting if it's something that the
20 committee wants to do or not. Because if we want to do it
21 we should roll it out. Or if not, I mean, just so I could
22 get what the committee is thinking on it.

23 MS. MEAD: Mark, those discussions are continuing and
24 we expect we'll come back at a future meeting and share

1 our thoughts about this one. Thank you.

2 MR. ARABO: Thank you very much.

3 PRESIDENT FREDERICK SCHENK: Thank you all for that
4 input.

5 All right. We'll move onto item 5D, a discussion of
6 existing district bylaws and board member
7 responsibilities under the district bylaws. This is
8 information only. We're not going to be taking any action
9 on it today.

10 For your information, for the Board and public,
11 you'll find the proposed changes to the bylaws in the
12 board packet on pages 115 through 119. These changes were
13 initially introduced at the October board meeting but
14 again, these changes are not up for approval today.
15 Today's item is meant to be educational and informative
16 for the Board.

17 So with that, I would like to recognize our Deputy
18 AG, Joshua Caplan, who is going to speak on this item.

19 MR. CAPLAN: Thank you, Director Schenk.

20 And apologies to the Board for not being in the room
21 in person. I needed to travel unexpectedly to the state's
22 capital for some day-long meetings over the next two
23 days. And so the timing just wasn't going to work out for
24 me to be in Del Mar today.

1 For the Board's benefit, the bylaws grow out of the
2 Board's authority under the Food and Agricultural Code.
3 Specifically, I would point the Board and the public to
4 section 3965. That's the statutory provision that
5 provides authority to the board of directors. And there
6 is four general aspects of the Board's authority. The
7 first is to fix the term of office, the amount of salary
8 and then prescribe the duties of its employee. The
9 second, which is a very broad category of authority, is
10 to manage the affairs of the 22nd DAA. The third authority
11 that the Board has been given by the legislature is to
12 make all necessary bylaws, rules and regulations for the
13 governance of the 22nd DAA. And then the fourth gives the
14 Board the authority to delegate any of those first three
15 authorities to another individual. And in this instance,
16 the Board does have a delegation of a authority, a
17 limited delegation of authority to its CEO.

18 So that third piece that I mentioned, again, it
19 authorizes the Board to adopt internal bylaws, rules and
20 regulations. And importantly, this authority is not tied
21 to or limited by the Administrative Procedure Act. Most
22 agencies in California, just about every agency in
23 California when they want to adopt a rule that applies
24 generally, they have to go through the rulemaking

1 process. It's a formal statutory process that agencies
2 need to go through before adopting a binding rule on the
3 agency. District Agricultural Associations have a bit
4 more flexibility.

5 And so, for example, this Board has been going
6 through the process of reviewing its existing bylaws. The
7 Board does not have to go through a formal rulemaking
8 process to change those bylaws. And it did not need to go
9 through a formal rulemaking process when it first adopted
10 those bylaws back in 1995. So there's the background or
11 the genesis of the authority the Board has to adopt and
12 amend the document that you all have in front of you or
13 have looked at over the course of the last several
14 months.

15 And the bylaws themselves, they are straightforward.
16 So I thought I would walk the Board through pretty
17 quickly the main governing mechanisms in those bylaws.
18 And then to open it up for questions to the extent there
19 are any.

20 Article 2 of the bylaws speaks to the directors. It
21 provides what the powers of the directors are and how
22 those powers should be executed. Article 2 also speaks to
23 regular board meetings. I know this Board is currently
24 considering suggested changes to the regularity of

1 meetings. But again, the language of this part of the
2 bylaws really speaks to the cadence of meetings.

3 The bylaws also track statutory language with
4 regards to emergency meetings. Because under certain
5 statutory prescribed situations 10-days' notice would
6 possibly cause catastrophic damage to the property
7 because of some exigent or emergency situation.

8 The bylaws also speak to the ability of the Board
9 and the Board Chair to call an emergency meeting. Again,
10 so long as that meeting is called consistent with the
11 provisions of the Bagley-Keene Open Meeting Act. The
12 bylaws also speak to the adjournment of meetings and
13 decorum that is required for a Board to take action
14 during a publicly noticed meeting.

15 Article 3 speaks generally to officers of the Board.
16 So I'll leave it to your reading pleasure. It essentially
17 identifies the specific officers that are elected among
18 the Board on a year-to-year basis or each two years. It
19 talks about removal and resignation of Board Members. But
20 for the Board's benefit so that you all know, each of the
21 members sitting around that table was appointed to their
22 seat by the Governor of California. And ultimately, the
23 removal of a Board Member can only happen one of two
24 ways. One, if a Board Member voluntarily resigns his or

1 her position. Or the governor removes that director from
2 the position directly.

3 There is also language in Article 2 that speaks to
4 vacancies, the selection of the board president, the
5 duties of the secretary to keep meeting minutes and a
6 book of minutes for each of the public board meetings.
7 And it also speaks to the authority and the obligations
8 of the treasurer of the District Agricultural
9 Association.

10 Article 4 speaks generally to transactions of
11 business at a very high level. Discussions regarding
12 reporting things out to the Department of Food and
13 Agriculture. Authorizations to enter into certain types
14 of contracts. And speaking specifically in Section 4,
15 there's also the language in the bylaws related to the
16 District, 22nd DAA Board as the employer and the manager
17 or CEO as the employee.

18 There is a discussion regarding committees at the
19 board at a very high level. And again, committees at the
20 board level can take one of several forms. The Board may
21 appoint a committee, may create a committee, but in
22 accordance with Bagley-Keene, if the Board creates a
23 committee on an action item on an agenda and that
24 committee includes two or more Board Members, that

1 committee would need to comply with the Bagley-Keene Open
2 Meeting Act. So again, Section 6 speaks to committees at
3 a high level.

4 And finally, Section 7 speaks to the inspection of
5 the bylaws, which specifically wants to be sure that any
6 member of the public that wants to view a copy of these
7 bylaws either online, the document in front of you speaks
8 specifically to keeping a physical copy. But again, these
9 bylaws are a bit outdated. And so as the bylaws are
10 updated they should be made available for members of the
11 public to view upon request. And then finally, there's an
12 ability at Article 5 for the Board to make appropriate
13 amendments to the bylaws.

14 So again, I know the agenda item today is specific
15 to the bylaws of the 22nd District Ag Association. I just
16 want to head off any potential discussion on other
17 internal policies or procedures. Again, because unless
18 we're talking specifically about the bylaws it would not
19 be appropriate to have those discussions during this
20 agenda item today.

21 So I guess I'll close with that. And to the extent
22 there are any questions, again, specific to the bylaws I
23 will do my best to answer those questions.

24 PRESIDENT FREDERICK SCHENK: Thank you, Mr. Caplan.

1 So we'll go around the horseshoe here, starting to
2 my left. If there are any questions from the Board.

3 Director Blair, none.

4 Director Nejabat?

5 Director Mead?

6 Joyce? Yes.

7 MS. ROWLAND: And I'll -- you'll tell me, Josh, if
8 this is outside the bounds. But this is our primary
9 governing document. And you know, there is reference to
10 other laws and state powers of the State of California.
11 But my question is, has the Board, they haven't in my
12 tenure but has the Board ever had more general training
13 on governance that kind of the bylaws would generally
14 promote, you know, duty of care, duty of loyalty, duty
15 obedience. Some of these things are covered in these
16 bylaws. Like obedience to the laws. You know, being
17 informed, having regular meetings. Things like that. But
18 have we done any general governance training? Because
19 this is a shell, you know.

20 PRESIDENT FREDERICK SCHENK: Right. Not during my
21 tenure.

22 And I don't think, Director Barkett.

23 MS. BARKETT: No, not during mine either.

24 MR. CAPLAN: And I would say, Director Rowland,

1 specific to your question as it relates to the bylaws.
2 For example, because those are on the agenda for today.
3 You know, certainly to the extent that the Board has an
4 interest in you know bringing in somebody either from as
5 an outside consultant or from CDFA or another
6 organization to work with the Board during a public
7 meeting on governance document training. In particular,
8 bylaws and other documents that can grow out of an
9 organization's bylaws. Or even to the extent that
10 consultant would provide recommendations on amendments to
11 the bylaws. That's certainly something that is within the
12 Board's authority and it's something the Board could
13 consider.

14 MS. ROWLAND: Thanks. I guess I've never been on a
15 corporate board or a nonprofit board where that wasn't
16 dawn periodically. It's just a really good practice
17 because you get new people who roll on and it's just
18 level setting kind of what the rules and responsibilities
19 are and what this really means. How it has some flesh on
20 the bones.

21 PRESIDENT FREDERICK SCHENK: Right, so there have
22 been, you know, sort of like when a new Board Member
23 comes onto the Board, there is a, you know, a meeting
24 held to help educate the Board Members but not

1 specifically to what your you are saying.

2 MS. ROWLAND: Yeah, governance.

3 PRESIDENT FREDERICK SCHENK: Yeah, governance.

4 MS. ROWLAND: Thank you.

5 PRESIDENT FREDERICK SCHENK: We do get, so the public
6 knows, each Board Member does have online training that
7 is required by the State of California. And some of these
8 are covered indirectly but not specifically as to all
9 this stuff.

10 MS. ROWLAND: It's very generic for all sorts of -
11 [multiple speakers]

12 PRESIDENT FREDERICK SCHENK: Correct, exactly.

13 As public servants of the State of California, we do
14 go through obligated training and have to make sure that
15 we pass the test.

16 MS. BARKETT: And it's covered in the ethics
17 training, the duties of loyalty. That's all covered in
18 the ethics training online.

19 PRESIDENT FREDERICK SCHENK: Yeah.

20 MS. ROWLAND: I think it's great but we haven't had
21 one in [multiple speakers]

22 MS. MEAD: But we haven't had one as a board.

23 MS. ROWLAND: To connect it up with the bylaws and
24 how that flows -

1 PRESIDENT FREDERICK SCHENK: We haven't had.

2 MS. ROWLAND: Really good, because, yes, you're
3 absolutely right. We have those. It's embedded but
4 connecting it up I think is really helpful.

5 MS. MEAD: Yeah, it's not a bad idea.

6 PRESIDENT FREDERICK SCHENK: Any other?

7 Well-thought observations.

8 Any others you would like to make?

9 MS. ROWLAND: I would say there are some potential
10 changes in here. And I think these, you know, reflect
11 some flexibility that we need. You know, we're going to
12 adopt an agenda as it says in November. Excuse me. We're
13 going to adopt a meeting calendar in November. And I
14 think that is enough of a guideline in terms of when the
15 meetings will be for the following year, rather than
16 having to have it hard coded at 1:30 p.m. on a Tuesday,
17 except when it's May. I mean, it's just, it's interesting
18 and very specific. And I think that with calendars and
19 schedules and what goes on here, we just as long as we're
20 clear to the public when the meetings are going to be,
21 you know, in advance as required, then we should not have
22 this much restriction.

23 And some of the other changes, you know, make sense
24 as well. And I just hope that we, you know, we at the

1 next meeting that these are brought forward for actual
2 adoption. And if there are further changes, you know, we
3 could make further changes down the line. But let's get
4 the administrative changes done.

5 PRESIDENT FREDERICK SCHENK: Yeah. I would say with
6 regard to your point about dates and times, that's really
7 more so that the public knows what they can rely on for
8 us. And that we should be doing our best you know, to
9 accommodate. Obviously, there are times when not all of
10 us can. Today we do have a full, you know, Board present.
11 But that doesn't always happen.

12 MS. ROWLAND: And I agree. And if we - but if we
13 decided that was going to be at 10 a.m. and that was
14 going to be our regular time as opposed to 1:30 and that
15 was better for maybe even the public, then you know, we
16 should have -- the bylaws shouldn't get in the way of
17 doing that. That's all I'm saying.

18 PRESIDENT FREDERICK SCHENK: Yeah, certainly.

19 MS. ROWLAND: But the public should know absolutely.

20 PRESIDENT FREDERICK SCHENK: I'm going to go around,
21 but I'm going to go next in order and we will continue
22 on.

23 Josh, I have a specific question as the Chair under
24 Section 5. And during the period that I'm the Board

1 chair, I'm wondering whether my position as ex-officio
2 member of all committees is in compliance.

3 MS. MOORE: Just for the purpose of discussion,
4 right, but if you go to page in the packet part not here
5 at the back in terms of the bylaws so you could see the
6 red line version.

7 PRESIDENT FREDERICK SCHENK: Okay.

8 MS. MOORE: Which is pages 115 through 119 of the
9 packet --

10 PRESIDENT FREDERICK SCHENK: -- I just want to you
11 know --

12 MS. MOORE: -- you might see some of those
13 recommended changes.

14 PRESIDENT FREDERICK SCHENK: All right. I just want
15 to know whether there is violation of Bagley-Keene for
16 ex-officio members. Simple question.

17 MR. CAPLAN: The short answer is we have recommended
18 striking this language. And based on the past practice of
19 the two-person ad hoc committees of the Board, the Board
20 chair has not served as an ex-officio member and has not
21 participated in those committee meetings. So this
22 language, while it was in the original version of the
23 bylaws, it's not consistent with district practice and
24 it's not consistent with Bagley-Keene, which is why we

1 recommended striking it from the bylaws.

2 PRESIDENT FREDERICK SCHENK: Good to know. Thank you
3 for that.

4 All right. I'm going to move around the horseshoe
5 here.

6 Director Barkett?

7 Mosier?

8 MR. MOSIER: I had a question, Josh, on Section 5
9 about a quorum.

10 MR. RIVERA: Microphone please.

11 MR. MOSIER: [Off mic]

12 Josh, I had a question about Section 5, the quorum.
13 And it's recommended to strike this thing in an event
14 there are fewer than, there are seven or fewer directors
15 then a quorum shall be the simple majority. I'm not sure
16 that that should be stricken because while we have a full
17 board now, I recall that the governor has been relatively
18 slow to fill open positions. And I think for a couple of
19 years we only had seven members. So can you tell me why
20 the recommendation to strike this sentence was made?

21 MR. CAPLAN: This is without getting into too much
22 detail, this recommendation is consistent with some
23 authorities we looked at with regard to District Ag
24 Associations, including legislative history that would

1 seem to support the idea that you need to have a quorum
2 of the nine member body to vote. In other words, if you
3 have a District Ag Association with two Board Members and
4 seven vacant seats, we think it would not be consistent
5 with California Law for those two Board Members to be
6 able to manage and conduct business on behalf of that
7 District Ag Association. So we're making this proposed
8 change to align more closely with and to be consistent
9 with our reading of either provisions of California Law.

10 PRESIDENT FREDERICK SCHENK: Thank you.

11 Director Mosier, any other questions?

12 MR. MOSIER: No, that was it. Thank you.

13 PRESIDENT FREDERICK SCHENK: Director Arabo.

14 MR. ARABO: Thank you, this is very helpful.

15 I like Director Rowland's approach in general. If
16 the Board wants trainings or governance. I know there is
17 overlap. But my question to you, Josh, is I know these
18 are just information only. For a couple of the items, for
19 example, on Page 3. We struck out any director who misses
20 three consecutive meetings without permission that the
21 Board is deemed to have resigned. I don't know what is
22 the thought process of striking that part, or is that how
23 it's always been?

24 MR. CAPLAN: Yeah, the thought process is this

1 recommendation was made to be consistent with the Food Ag
2 Code and the governor's authority to appointed and remove
3 directors. Because we have had situations, not with the
4 22nd DAA, but with other agencies where there's similar
5 language where a commissioner or director misses three or
6 four consecutive meetings and then they show up at the
7 fifth meeting. And under California the Board doesn't have
8 the authority to prevent that member from voting on items.
9 Because that member's been appointed by the governor and
10 has not yet been removed. And so this language was
11 stricken so that it's consistent with California Law and
12 the governor's authority.

13 MR. ARABO: And my other question is -- thank you for
14 that. My other question is they changed Department of
15 Food and Agriculture to Department of Finance. What's the
16 thought between, I mean, this is agriculture.

17 MR. CAPLAN: Director Arabo, can you point me to the
18 section you are speaking to?

19 MR. ARABO: Yeah, on Page 4, under Article 3.

20 MS. MOORE: Page 118 of the packet.

21 MR. ARABO: Yeah, 118, sorry.

22 It says, designated by the Board and are approved by
23 the department of -- before it said Department of Food
24 and Agriculture, that's been struck and now it's the

1 Department of Finance.

2 MR. CAPLAN: Yes. The change was made to align with
3 current California Law and the agency that approves the
4 depositories, which is the Department of Finance.

5 MR. ARABO: Got it. And my last question is, it's the
6 Audit and Governance Committee that does the -- like how
7 would a Board Member, for example, since I joined the
8 Board I always had confusion on the bylaws. How does a
9 Board Member put an agenda item forward? It's not in the
10 bylaws for example. It's a bylaw question.

11 MR. CAPLAN: All I can say is the bylaws are silent
12 on that issue, Director Arabo. So if there are certain
13 conduct or activities at the Board level that you think
14 should be part of the bylaws, then I would invite you
15 along with your colleagues to make those recommendations
16 to the committee during a public meeting when they are
17 discussing or considering amendments to the bylaws.

18 MR. ARABO: So for now, for example, as a Board
19 Member, would it be to the Audit and Governance Committee
20 to consider if they think it's a good idea to take up on
21 just the process of how a board director puts in requests
22 that item to be on the agenda? Like what would be the
23 right time to bring it up officially?

24 MR. CAPLAN: Oh, I see -- before I respond, I see

1 Director Gelfand's hand up.

2 [Multiple speakers]

3 MR. GELFAND: If I might. I'm surprised it doesn't
4 say anything about it, but I've been operating under the
5 assumption that if the bylaws are silent that Robert's
6 Rules of Order sort of governs how we operate. And in
7 that regard, typically under new business any Board
8 Member can raise an issue like proposing that something
9 be put on a future agenda.

10 PRESIDENT FREDERICK SCHENK: That is correct under
11 Robert's Rules. That would be the place where a director
12 can do that. But of course, shouldn't have to rely on new
13 business if there is something of value to be added
14 that's you know, one shouldn't have to necessarily wait
15 for that.

16 But Josh, did you want to speak to that as well?

17 MR. CAPLAN: Yeah. I think whenever -- this item is
18 agendized for today, Director Arabo, the discussion of
19 the bylaws. And so you can speak directly to the
20 committee that's working through and making suggested
21 changes to those bylaws to bring back for Board
22 consideration. And so you can make the ask today sitting
23 in this meeting because it's properly noticed. And just
24 you can ask the committee to consider whatever things you

1 want the committee to look into in terms of adding
2 specific provisions or concepts to these bylaws to bring
3 back to the Board for discussion at a future meeting.

4 MR. ARABO: Great. Well then great.

5 I would like to ask the committee responsible to
6 consider putting in, looking at the bylaws to see to
7 formulate the actual process of how a board of director
8 requests an item to be placed on an agenda without anyone
9 -- so that way we could have our voices, issues talked
10 about in a public setting without somebody, you know,
11 denying the rights. Right now it's not mentioned at all
12 in the bylaws about how someone could, a Board Member
13 could bring up an item on the agenda.

14 Thinking about future Boards not just the current
15 Board, what's the process like. And to Director Rowland's
16 approach, this is like, it's a shell. And the more we can
17 define processes I think for future Board Members and
18 current Board Members I think is very helpful. Still now,
19 I still don't know how to do it. So if we could, that
20 would be great.

21 PRESIDENT FREDERICK SCHENK: I'm going to go to
22 Michael, Director Gelfand and then Director Barkett.

23 And then, Joyce, did you as well? Okay. In that
24 order.

1 MR. GELFAND: Yeah, I suggest if the committee is
2 looking at it that and comes up with the proposal that it
3 do so in a way that doesn't limit opportunities of Board
4 Members that are otherwise provided in Robert's Rules of
5 Order. It might be as simple as bylaw change referring to
6 the fact that Robert's Rules of Order is in place if not,
7 you know, specifically outlined in the bylaws.

8 PRESIDENT FREDERICK SCHENK: Good point.

9 Director Barkett.

10 MS. BARKETT: Historically, this Board if a director
11 wanted something to be on the agenda it was requested at
12 a board meeting and it was followed. It was always put on
13 the next meeting's agenda. So I'm not sure how it got
14 changed but historically that's how it's been done.

15 PRESIDENT FREDERICK SCHENK: That is how it's been
16 done. And I know I've communicated exactly that as well.

17 MS. BARKETT: Yeah.

18 [multiple speakers]

19 MS. BARKETT: If it isn't being done, that's how it
20 should be done because that's historically how it's been
21 done.

22 PRESIDENT FREDERICK SCHENK: Correct.

23 MS. ROWLAND: I was going to say the same thing. Is
24 that anytime I suggested something get on the agenda, it

1 would be on the agenda. If not the next one because it
2 needed a study, the one after that. But it would get on
3 the agenda. I would say that, you know, because the Board
4 does act as a body that I suppose that if I raise
5 something and the rest of the Board Members, you know,
6 had a motion to say, no, we don't want that on the
7 agenda, that's valid as well. But that's never happened
8 in my experience but I suppose it could happen.

9 PRESIDENT FREDERICK SCHENK: And the other limitation
10 obviously is the question of whether it is a matter for
11 public or for closed session. And that has to be
12 addressed independently because if it's not, if it deals
13 with certain issues that are involving litigation, for
14 example, those are not subjects to be addressed.

15 MS. BARKETT: Closed session is very narrow.

16 PRESIDENT FREDERICK SCHENK: That's why I just spoke
17 to litigation as an example.

18 MS. BARKETT: I think that's primarily the only time.

19 MS. ROWLAND: I just finish this thought.

20 PRESIDENT FREDERICK SCHENK: Yes. [off mic]

21 MS. ROWLAND: Because I didn't quite -- no, you
22 didn't.

23 This whole thing about I guess if the Board heard
24 something they didn't like, I mean they have the right to

1 do that as well and not take it up because one person
2 can't force -- one person on the Board can't force it.
3 But that's, when would that ever happen? I mean, that
4 would be odd to me.

5 MS. BARKETT: In this case you would defer to the
6 directors. You would. Because you set policy, you know,
7 guidelines --

8 [Multiple speakers]

9 MS. ROWLAND: --want to take it up as a Board, and
10 that would be odd.

11 MS. BARKETT: But that wouldn't happen because every
12 Board Member would have to go around and say no right
13 away. So it's the cart or the horse coming first. Right?
14 Yeah.

15 MR. ARABO: The idea, it's not -- it's not defined in
16 writing of the process of how to do it. I'm new to the
17 Board. And I still don't -- I know the custom you've done
18 this and that and we're very careful in making sure that
19 everything is noticed and you can't talk about an item
20 that's not on the agenda.

21 And what I'm -- what the request behind it is just
22 the opportunity to speak about an issue in public. A
23 board director could bring up an item, the rest of the
24 Board might not like it, and they could say the vote is 8

1 to 1 losing. I mean, there's just the opportunity to
2 discuss an issue.

3 MS. BARKETT: Right.

4 [Multiple speakers - off mic]

5 MS. BARKETT: Mark, you could bring it up under new
6 business and it would appear on the agenda for the next
7 board meeting.

8 PRESIDENT FREDERICK SCHENK: Right, but there
9 wouldn't be a vote.

10 MS. BARKETT: No, there's no vote.

11 PRESIDENT FREDERICK SCHENK: No, no. Only because
12 it's not an action item. It wouldn't be-- it has to be
13 properly noticed if it's to be an action item.

14 MR. CAPLAN: My recommendation, this conversation is
15 straying a bit away from the bylaws. I know Director
16 Arabo made his request to the committee to consider
17 language that would allow for a more formal and
18 articulated process in the bylaws. So I think we need to
19 give the committee that opportunity. I'm nervous that
20 we're now starting to have a discussion on the merits of
21 that action item when we're not, that's not agendized for
22 today.

23 PRESIDENT FREDERICK SCHENK: Right. Thanks for
24 reeling us back in. It's like herding cats, I understand.

1 All right.

2 But with that, Director Arabo, I don't want to cut
3 you off if there are other questions you had.

4 MR. ARABO: No, just if the committee could take up
5 the request of consideration for the Board.

6 MS. BARKETT: The top of the list.

7 PRESIDENT FREDERICK SCHENK: All right.

8 MR. ARABO: Thank you.

9 PRESIDENT FREDERICK SCHENK: All right. Any questions
10 or comments -- not questions, any comments from the
11 public if anybody would like to address the Board on
12 this? I'm seeing --

13 MS. BARKETT: Michael has his hand up.

14 PRESIDENT FREDERICK SCHENK: Oh, Michael, I'm sorry I
15 didn't see your hand up there.

16 MR. GELFAND: Yeah, I just have a generic comment or
17 question. Like most corporate boards that I've been in
18 involved in, or nonprofits, again, with Robert's Rules as
19 the backdrop. Although our bylaws don't specifically say
20 it, I'm operating under the assumption that the Board's
21 primary duty is to essentially set priorities and
22 policies for the operation of the fairgrounds. Also, to
23 hire and fire the CEO. But the Board should not -- is not
24 supposed to be involved in the management of the day-to-

1 day operations of the business. So I'm operating under
2 that assumption. Although, the bylaws aren't explicit in
3 that regard.

4 MR. ARABO: To Director Gelfand's point, I think that
5 Josh should talk about this. Because he mentioned four
6 items under the Board's umbrella. And I think one of the
7 items -

8 Can you repeat it again, Josh, the four items that
9 the Board, that's under the Board's directions just for
10 clarification.

11 MR. CAPLAN: Sure. And again, this is at Section 3965
12 of the Food and Agricultural Code.

13 The first is to fix the term of office, the amount
14 of the salary and prescribe the duties of secretary of
15 the association. The second is to manage the affairs of
16 the association. The third is to make all necessary
17 bylaws, rules and regulations to govern the association.
18 And the fourth is the power to delegate any of those
19 first three authorities as it deems fit.

20 MR. ARABO: All right. Great.

21 PRESIDENT FREDERICK SCHENK: Thank you.

22 With that, I will now invite member of the public to
23 address the Board on this subject. I don't see anyone
24 present coming up to the dais. But is there anybody

1 online who's not already checked in with us would like to
2 address the bylaws and Board responsibilities agenda
3 item? I don't see any names.

4 MR. RIVERA: There is no hands up either.

5 PRESIDENT FREDERICK SCHENK: Great. Okay. Great.

6 Thank you. And that was not an action item. So we will
7 move on.

8 We're now on Item 5C, consideration and vote. This
9 is an action item, to approve the meeting minutes of
10 October 2nd, of 2024. The report is found on Pages 94
11 through 114 in our board packet. Are there any questions
12 from the Board regarding the meeting minutes? All right,
13 hearing none.

14 Is there anyone from the public, let's see. Is there
15 anyone from the public that's in the audience who would
16 like to address the Board regarding the meeting minutes?
17 Seeing none, and I see no names posted online. Unless
18 there are any, I will move on to entertain a motion. All
19 right. There is no one who seems to be interested in
20 addressing it from the public.

21 Do I have a motion to approve the October 2nd meeting
22 minutes of 2024?

23 MR. MOSIER: So moved.

24 MR. BLAIR: I'll second.

1 PRESIDENT FREDERICK SCHENK: Moved by Mosier,
2 seconded by Blair. Thank you.

3 Any discussion from the Board? Hearing none, we'll
4 take a roll.

5 MS. O'LEARY: President Schenk.

6 PRESIDENT FREDERICK SCHENK: Aye.

7 MS. O'LEARY: Vice President Gelfand.

8 MR. GELFAND: Aye.

9 MS. O'LEARY: Vice President Rowland.

10 MS. ROWLAND: Aye.

11 MS. O'LEARY: Director Arabo.

12 MR. ARABO: Aye.

13 MS. O'LEARY: Director Barkett.

14 MS. BARKETT: Aye.

15 MS. O'LEARY: Director Blair.

16 MR. BLAIR: Aye.

17 MS. O'LEARY: Director Mead.

18 MS. MEAD: Aye.

19 MS. O'LEARY: Director Mosier.

20 MR. MOSIER: Aye.

21 MS. O'LEARY: Director Nejabat.

22 MR. NEJABAT: Aye.

23 PRESIDENT FREDERICK SCHENK: The motion carries and
24 the Board minutes have been approved.

1 We're going to then now move on to Item 5B, the
2 Finance Committee Report, which is found starting on Page
3 61. This report includes a review of draft policies,
4 which can be found beginning on Page 69 of our board
5 packet, which was originally presented at our November
6 12th board meeting. This is an information item for
7 feedback and discussion. We're not taking any action on
8 the draft policies today.

9 And so, for the purposes of efficiency, I'm going to
10 ask that you refrain from commenting on draft policy 6.02
11 and 6.03 until our Executive Report. And at that point I
12 expect that we'll have a full and meaningful discussion
13 on issues affecting the proposed policies. But are there
14 any questions or feedback from the Board on draft
15 policies 4.0, 4 and 4.05 as presented?

16 Director Rowland?

17 MS. ROWLAND: So I'm looking at 4.05. And there's a
18 guideline here on the creation of the reserve fund on
19 Page 2. And it says the reserve fund shall be --

20 MS. MOORE: Page 72 of your packet.

21 MS. ROWLAND: Page 2 of the policy, page 72 of the
22 document. So it's a description of the reserve fund
23 that's to be set aside. And the last sentence of that
24 first paragraph says the reserve fund shall be equivalent

1 to a minimum of 25% of ongoing annual operating revenues,
2 excluding any amounts held in reserves or otherwise
3 committed funds. If I do the math correctly, that's about
4 22, \$22 million, something in that range.

5 And then, I just wonder, I mean having gone through
6 the pandemic and knowing that we have -- we had a run
7 rate around payroll, et cetera, before we actually could
8 get down to the level where we were at, kind of running
9 on emergency lights. Does this give us enough of a run,
10 you know, give us enough coverage of the run rate during
11 a time period like that? Because it's set to serve for 18
12 months at a minimum, I think is what we're looking at.
13 That was a question one.

14 And then, on question -- on funding reserves and
15 replenishment, there is an amount to be determined of the
16 existing accumulated liquid and restricted assets that
17 would be moved into this row or this category now. So
18 that would be about 12 million, I'm sorry, about 22
19 million. I'm sorry. And when I look at the, you know, the
20 balance sheet, it looks like we have enough to move a
21 fair amount into that when you look at the coverage
22 ratios that we have. Whether it's cash, liquidity, quick
23 ratio. I mean, you could pretty easily move \$12 million
24 into it right away. I mean, that's the kind of thinking

1 that ultimately is going to be plugged in here, is that
2 correct?

3 PRESIDENT FREDERICK SCHENK: You want to speak to
4 that? Director Gelfand, do you want to speak to that?

5 MR. GELFAND: Yeah. I think you're right in terms of
6 the fact that we could have a larger reserve.
7 Realistically, I don't see many organizations that do
8 have more than, you know, 25% in annual operating
9 revenues and reserves. This percentage is open to
10 discussion and debate when we do have an action item
11 before committee.

12 MS. ROWLAND: Right. I have one more comment.

13 MS. MOORE: And I will just add to that. That was the
14 discussion that the Finance Committee had in terms of
15 your first question around the run rate. And looking back
16 at the experience that we did have during the pandemic,
17 that's where we, the 25% of ongoing annual is really what
18 was necessary to, you know, for that period of time to be
19 able to operate. It was about 20-22 million. And yes to
20 the, ultimately this Board as this is brought back
21 forward for action, determining of the, of our cash on-
22 hand, how much of that do we want to put a temporary
23 restriction on the Board doing that to designate as a
24 reserve fund. So that's a placeholder currently in the

1 policy.

2 MS. ROWLAND: Thank you.

3 And one more comment. On Page 3, which is under
4 using reserves or replenishments. The second paragraph
5 after the bullet points. So this is how the CEO and
6 consultation with the Finance Committee can access the
7 reserve fund or capital replenishment fund for the
8 purposes outlined above. It's not clear to me what the
9 purposes outlined above are. So I wasn't sure what that
10 reference was.

11 And the second is that the last sentence is, any
12 funds borrowed longer than six months requires Board
13 approval, which is I think is appropriate. I would add,
14 however, any funds borrowed for longer than six months or
15 any amount greater than, pick a number, 10%, 5% of the
16 total fund should require a Board approval. So it's kind
17 of bounded by a couple of items, which is amount and
18 length to pay back.

19 PRESIDENT FREDERICK SCHENK: Director Gelfand, do you
20 have any comments on that at this point?

21 MR. GELFAND: Yes. Essentially what it's referring to
22 if you look on Page 72 or Page 2, it talks about the
23 purposes of those funds. The capital replenishment fund,
24 the reserve fund, for example, catastrophic failure,

1 fiscal hardship such as another global pandemic, et
2 cetera. We could probably do a better job of outlining
3 those things more specifically in a later draft of this.
4 But that's the intent.

5 MS. ROWLAND: Yeah, I figured it was just a small
6 like, when I see above, you know, where am I going, it's
7 just a small tweak to get us back to the correct
8 paragraph or paragraphs or, you know, as described by the
9 purpose of each fund above or something like that.

10 MS. BARKETT: When we did get hit by the pandemic
11 though, at that point we did not have the reserves that
12 were needed. And that's what made life so difficult. So
13 this is a good learning process that we are doing now
14 because those wildfires could have just been here, you
15 know. And so we need to really get prepared and we have
16 the money and now is the time.

17 MS. ROWLAND: Thank you.

18 PRESIDENT FREDERICK SCHENK: Good point.

19 All right. Any other questions from the Board?

20 MR. ARABO: Yeah.

21 PRESIDENT FREDERICK SCHENK: Director Arabo.

22 MR. ARABO: I agree with Director Rowland that more
23 language actually will go further under Page 73 through
24 Director Gelfand to consider for the committee.

1 PRESIDENT FREDERICK SCHENK: Which topic?

2 MR. ARABO: For the reserve fund. This is like the
3 rainy day fund that we talked about.

4 PRESIDENT FREDERICK SCHENK: Okay, so under, are you
5 saying reserves - [multiple speakers]

6 All right.

7 MR. ARABO: First to the committee, I'm very happy
8 and thankful and grateful that we're looking to creating
9 a rainy day fund. It's so important. I do think that
10 something when they use reserves it should be a Board
11 action to trigger use of the reserve. It should really
12 be, in my opinion, a rainy day fund that require more
13 than one person to decide, do we open up this fund or do
14 we not. Because the time of opening, something bad is
15 happening, more minds are better than less. It's also
16 less pressure on one person to decide, do we do it or
17 not. So I do think that should be changed to the Board
18 would be at a Board action could open up a rainy day
19 fund.

20 And other than that, I do agree that we should do
21 more in the reserves, not less. I don't think you could
22 be -- you have to really be somber about the moment we
23 live in. And especially coming off the pandemic, I wish
24 we had a rainy day fund at the time. We would have

1 avoided a lot of things we did. And so now that we're
2 doing, everything is going well, the more we put in the
3 rainy day fund, the better.

4 PRESIDENT FREDERICK SCHENK: Yeah, I appreciate that
5 comment. Unfortunately more applicable to us might be a
6 fire storm fund rather than a rainy day fund. But well
7 said.

8 Thank you, Director Arabo.

9 All right, we will go to public comment. And I don't
10 know if it's on this or on, it may be on. Well --

11 MS. MOORE: That will be on the action item --

12 PRESIDENT FREDERICK SCHENK: Okay. Exactly, all
13 right. Okay. So no other public comment on this subject
14 from those in the audience and none from anyone on Zoom?
15 We'll move on.

16 MR. GELFAND: Fred?

17 PRESIDENT FREDERICK SCHENK: Oh, Michael, yes. Sorry.

18 MR. GELFAND: Yeah, I agree with Director Arabo's
19 comments. I only say that there is language in there,
20 essentially the concept is in an emergency when there
21 isn't time for the Board to act, this does address the
22 opportunity for the CEO in conjunction with the Finance
23 Committee to spend that money but they immediately have
24 to inform the Board you know prior to the next meeting.

1 And that would be the opportunity for the Board to come
2 in and say, hold on, let's do something else or confirm
3 the, you know, that spending of funds, et cetera. But the
4 basic concept is there is a reserve. It can be accessed
5 in an emergency quickly but that the Board has to be
6 informed and then has an opportunity to respond. That's
7 it. Thank you.

8 MR. ARABO: On the page it says six months is the
9 amount of time that requires Board action. So that's the
10 mentality. Shouldn't you shorten it to 30 days? To
11 longer. I mean, think about future, you know, potential
12 events. You want in my opinion --

13 MR. GELFAND: I think there should be, there's a
14 difference between that sort of emergency action. I'm
15 trying to pull it up right now. The part that refers to
16 the six months is on what page?

17 MS. MOORE: Page 73.

18 MR. ARABO: Page 73.

19 PRESIDENT FREDERICK SCHENK: It says, in consultation
20 with Finance Committee.

21 MR. GELFAND: Okay. Okay, so it's not that there's
22 six months, you know, of sitting around waiting to be
23 informed. It's that the CEO can access those funds on the
24 assumption that the CEO knows that through operations

1 revenues we're going to be able to replenish and repay
2 that reserve account within six months. The notice is
3 virtually, you know, before the next board meeting.

4 MR. ARABO: Yeah, but the only safeguard you have is
5 the six months.

6 MR. GELFAND: No, that six months is a limitation in
7 terms of what the CEO can do actually even in an
8 emergency. Let's say the CEO in an emergency situation
9 needed to spend \$10 million knowing that there is no way
10 they could replenish the account in six months. Well then
11 they just can't do it. They would have to, you know,
12 arrange for an emergency board meeting or something else.

13 MR. ARABO: You know, maybe the CEO and the Board
14 president, I mean someone on behalf of the Board --

15 MR. GELFAND: Well it's in consultation with the
16 Finance Committee. It could be changed to the Board
17 president or whatever. Again, all this is open to changes
18 when we bring it up as an action item.

19 PRESIDENT FREDERICK SCHENK: Oh, Director Mead, I'm
20 sorry.

21 MS. MEAD: Thank you.

22 I just want to support Mark's comments for this
23 paragraph, the section to be considered for change.

24 Director Gelfand, you've indicated that the Board

1 would be noticed but there is no language that actually
2 says the Board is noticed. And secondarily, even when the
3 Board is noticed, I think it's really important for the
4 Board if we have six months that we've got to access
5 this, there may be other issues that the Board should
6 participate in to ensure that discussion. And to ensure
7 that number one, the assumption that we can pay it back.
8 There was a time, for example in COVID, we had no idea we
9 were going to be in the situation as long as we were. I
10 think at the very beginning we thought, depending on who
11 you spoke with, that we would be out of it in six months,
12 et cetera. So I just do think that I want to support Mark
13 and that we tighten up the language to ensure that the
14 Board is not only noticed but that the Board would take a
15 vote and enter into discussion to ensure that we offer
16 any suggestions or opportunities for improvement during
17 that period of time.

18 MR. GELFAND: I would just like to say that if you
19 look at the section on Page 73, using reserves for
20 replenishments, the last paragraph says the CEO will
21 inform the Board in writing if the reserve fund or
22 capital replenishment fund has been accessed. And such
23 notification will include the analysis and determination
24 for the use of funds and plans for refurbishment.

1 So contrary to what you said, Kathlyn, actually
2 there is an immediate notice to the Board whenever the
3 fund is accessed.

4 MS. MEAD: Where does it state that?

5 MR. GELFAND: The last paragraph, it starts with the
6 words, the CEO will inform the Board in writing.

7 MS. MOORE: Right above the report monitor.

8 MS. MEAD: I'm sorry, I just don't see 'immediate.'

9 MS. ROWLAND: Yeah, 'immediate' is the word.

10 MR. GELFAND: Well, okay.

11 MS. BARKETT: I think it would be a dereliction of
12 her duty if, his or her duty if the --

13 MR. GELFAND: We should certainly add the word
14 'immediate.'

15 MS. BARKETT: It's kind of in -- yeah.

16 MS. MEAD: But if we're going to go to the trouble of
17 putting this together -- [multiple speakers]

18 MS. BARKETT: -- duties.

19 MS. MEAD: We want to protect or CEO by giving her
20 clear information about what is expected.

21 PRESIDENT FREDERICK SCHENK: And direction.

22 MR. ARABO: Exactly.

23 PRESIDENT FREDERICK SCHENK: Okay. All good points.

24 MR. GELFAND: Yeah, we appreciate these comments and

1 the feedback. And obviously as a committee, we'll see if
2 we can incorporate them into future drafts. But they
3 should also be brought up to the full Board when we have
4 this as an action item.

5 PRESIDENT FREDERICK SCHENK: All right.

6 Thank you, all, for your comments and your input.
7 We've already acknowledged that there is no comments from
8 the public.

9 All right, so we're going to move on to our action
10 item. The background of which can be found on Pages 78
11 through 93 in the packets. This is consideration and vote
12 on the Nilforushan Equisport Events LLC's request to
13 suspend Installment Payment Agreement indefinitely. So I
14 want to start by noting that we should not get into
15 discussions in open session today about any specific
16 potential legal implications. This is just whether or not
17 we're going to suspend the installment payment agreement
18 indefinitely.

19 And with that, and before we take questions from the
20 Board, Director Gelfand, does the committee have anything
21 to add to the information found in the Board packet?

22 MR. GELFAND: No. But is this the appropriate time to
23 make a motion?

24 PRESIDENT FREDERICK SCHENK: No, we're going to first

1 take questions from the Board. Then we're going to offer
2 comments from the public. And then we will consider a
3 motion. All right. And in that order.

4 I'm going to go starting with Director Blair. Any
5 questions about the action item?

6 MR. BLAIR: [off mic]

7 MS. MOORE: Microphone.

8 PRESIDENT FREDERICK SCHENK: Microphone.

9 MR. BLAIR: The question is whether we want to for
10 future payments and past due, right?

11 PRESIDENT FREDERICK SCHENK: Yes.

12 MR. BLAIR: Is the payment amount include the 297?

13 MS. MOORE: The payments total the 297,950 plus
14 interest.

15 MR. BLAIR: That includes the future ones and the
16 past ones.

17 MS. MOORE: And this information on the report is on
18 Page 78 is taken from the installment Payment Agreement.

19 MR. BLAIR: Yeah, I mean, I guess I would be
20 interested in hearing the discussion whether this would
21 bankrupt this fellow or, I don't know. I want to hear the
22 discussion.

23 PRESIDENT FREDERICK SCHENK: All right, fair enough.

24 Any other questions coming around the circle?

1 MS. BARKETT: I would like to hear him speak.

2 PRESIDENT FREDERICK SCHENK: Oh, I'm sorry, Director
3 Mead. I thought you said no.

4 MS. MEAD: I'm sorry.

5 PRESIDENT FREDERICK SCHENK: Apologize.

6 MS. MEAD: That's okay. I didn't know where we were
7 in line.

8 The other thing that would be helpful to me, and we
9 may not have it, is how much has already been invested in
10 the renovations at the horse park? It talks about future
11 renovation expense, but I don't know about renovations
12 that have taken place to date. So that would be really
13 helpful. If we have that that would be great.

14 MS. MOORE: What I would like to clarify is that this
15 is not about renovations at Horse Park. This isn't HITS
16 LLC. This Nilforushan Equisport Events, which was the
17 horse show that was produced last January/February here
18 at the fairgrounds as an event.

19 MS. MEAD: So where it states that there would be
20 future capital improvements it would be here?

21 MS. MOORE: Correct. It would be here at the
22 fairgrounds. And if you recall, that is what was, that is
23 what Nilforushan Equisports originally requested and
24 intentions were. But then as the report states, there was

1 no movement on that in terms of even the details of the
2 scope of work for any improvements to be made brought
3 forward.

4 MS. MEAD: Okay, thank you. So there have been no
5 improvements here up to date?

6 MS. MOORE: Under the terms of this Installment
7 Payment Agreement and that I think Nilforushan is going
8 to speak to improvements that he made for his horse
9 shows. But that was not necessarily done with the
10 advanced approval for those improvements to be made and
11 for credits to be received back on that.

12 MS. MEAD: Perfect. Thank you.

13 PRESIDENT FREDERICK SCHENK: All right. Coming
14 around.

15 MS. BARKETT: Okay, so I, you know, based on that,
16 that was one of my questions is the time that our
17 facility here were there leaks in the roof, was there
18 standing water in the barn aisles, was it our obligation
19 to make those improvements prior to the show? You know,
20 just facts are stated and I'm just curious.

21 And then my next question, and I would really like
22 to hear from them, is the financial ability from the
23 standpoint of now, you know, he is associated with Equine
24 Network. Is there a possibility of resolving this very

1 easily? And because they do obviously have horse shows
2 that are coming, right, this year, so there is going to
3 be some profit. So I would love to for you to address
4 that.

5 MS. MOORE: In terms of the facility, if you recall
6 last February was a very wet month. It is an open-air
7 arena, in terms of that rain coming in sideways on it and
8 things. Rain in between the barns. There is not coverings
9 between the barns. You know, when you look at this map up
10 here as you can see, you have the barns. But the barn
11 aisles are those spaces in between. And as an act of
12 nature, it was raining.

13 MS. BARKETT: So an act of nature hits everybody on
14 both sides so you know that's the issue. We're taken by
15 surprise. They are taken by surprise. It's an act of God
16 basically. Okay. Thank you.

17 PRESIDENT FREDERICK SCHENK: Director Arabo.

18 MR. ARABO: I would like to hear from the company to
19 see. And I agree with Director Barkett to see the full
20 picture of, I would like, before I make comments, to see
21 the full picture of everything.

22 How much, what was the deal, how much was spent on
23 the deal and how much is left and so we have a
24 full-picture approach.

1 PRESIDENT FREDERICK SCHENK: All right. Those are all
2 fair observations and questions. And I'm hopeful that
3 we'll get responses to that.

4 So first we're going to go to the public that's
5 present. And if there's anybody that would like to speak,
6 please go right ahead. Standup. And you could queue up at
7 the podium if you would like.

8 Welcome.

9 CARLA HAYES: How do I turn -- is it on?

10 PRESIDENT FREDERICK SCHENK: You're good to go.

11 CARLA HAYES: Yes, it is on. Okay, hi. I'm Carla
12 Hayes. Hello, everybody. Happy new year. We've had a, I'm
13 taking my roof off. I took the fake bit that actually it
14 wasn't going to rain this year, now I'm worried about
15 wildfire, which is why the roof had to go.

16 I am here. That is a huge statement because I drove
17 from Indio today to get here. I did pass a couple of
18 brush fires in Riverside County. And my horse is showing
19 a thermal. And I can tell you that every trainer I talk
20 to at thermal was so upset that Ali's show isn't going
21 this year because of a lot of circumstances beyond a lot
22 of people's control but more within your control than you
23 know. Because we need seaside, we really do. And Ali is
24 the best show manager on the West Coast period, end of

1 story. There is nobody who does a horse show like him,
2 because it's not just a horse show, it's an event. It's
3 an entertainment event.

4 I know a lot of you have been there. Kathlyn, you
5 were there. I think Director Gelfand was there. I think
6 that you really need to -- and Director Nejabat. It's
7 fun. It's not just a bunch of horses running around,
8 jumping over barriers that I don't want to walk over. It
9 is really about an entire entertainment, which is what
10 this place is supposed to be about. It's real vision. And
11 it's a vision bigger than just one little thing. It is a
12 whole vision of what an event should be and it really
13 brings an incredible amount to this fairgrounds. And I
14 hope that all of you can see the way to see the entire
15 picture and negotiate with Ali going forward. Thank you
16 very much.

17 PRESIDENT FREDERICK SCHENK: And thank you for your
18 patience this afternoon.

19 >> [Off mic]

20 PRESIDENT FREDERICK SCHENK: All right. Thank you. Is
21 there anybody else who would like to address? Please.

22 CHRIS WILSON: Good afternoon, Board. I'm Chris
23 Wilson. I run the logistics and generally the dirt side
24 of the operation for Nilforushan Equisports. Ms. Dorsey

1 has some pamphlets for you.

2 Director Gelfand, if we had your email available, we
3 could email you a copy if you are interested in seeing
4 the pictures we have available.

5 MR. GELFAND: Yeah, it's MGelfand@SDfair.gov.

6 CHRIS WILSON: All right, so as you are looking
7 through there, I'll ask you to skip around to the things
8 that I can offer assistance to. On Page 4, what we have
9 there is the stables and pictures of the stables.

10 PRESIDENT FREDERICK SCHENK: They are not numbered,
11 so do you want to give a --

12 CHRIS WILSON: I'm sorry.

13 PRESIDENT FREDERICK SCHENK: Just identify by the
14 top.

15 CHRIS WILSON: I believe it will say 'flooding
16 stable.' It will be the fourth page in each booklet, I
17 believe.

18 PRESIDENT FREDERICK SCHENK: Thank you.

19 CHRIS WILSON: Thank you, sir.

20 And what we have there is what is clearly flooded
21 stables. Some things I would like to point out about it
22 is that there are drains in place. And as we all know,
23 there's pump systems in place. So these are clearly not
24 intended to be rained on and allowed to fill with water.

1 You have made the arrangements for them not to be that
2 way. So something has failed us there. Excuse me for just
3 a moment. Something had failed there. And in our efforts
4 to remediate that flooding, these are just a couple of
5 things we needed to rent. We had a 500-gallon water tank
6 with its own pump on it. We would suck each of those
7 aisles out independently to try to make them at least
8 passible for our exhibitors that had already been in
9 there and that we needed to move. We also involved four
10 different four-inch semi trash pumps and two six-inch
11 semi trash pumps just in an effort to get our exhibitors
12 to be in and out of these stables. We in fact had to move
13 a couple of exhibitors because of their hay and their
14 shavings had all been ruined by the flooding water that
15 had come in.

16 I think another item we have in there on Page 5,
17 which would be the next, is it the infield. Same
18 situation here. There are drains in place. Clearly it's
19 not intended to hold water. These are unable to keep up
20 for what reasons, I do not know. But it did cause our
21 arenas to be unusable. One of those arenas in the picture
22 was unusable for two days. The other was for four days.
23 We couldn't use the arena we had built to hold the horse
24 show.

1 PRESIDENT FREDERICK SCHENK: Your two minutes have
2 expired, sir.

3 CHRIS WILSON: Yes, sir.

4 PRESIDENT FREDERICK SCHENK: But I'll let you, if you
5 want to give a quick summary, 30 seconds.

6 CHRIS WILSON: I apologize. Okay. Thank you,
7 Director.

8 Page 6 and 7 show the same thing. Show grounds that
9 were impossible or unusable. Page 8 is our vendor area.
10 Obviously, the vendors couldn't open. We couldn't get to
11 their booths. It was flooded or so muddy it was not
12 practical to be using those areas. I would like to say
13 the employees or the staff, Ray and Dennis Robbins were
14 amazing. They did what they could with what they had.
15 They explained to us and helped us how they could. And
16 there were some spots where, you know, it was just, it's
17 not working. The system is not working. There wasn't
18 anything they could do. But I do want to make sure it's
19 known that they were ultimately helpful. We did have to
20 fly in some professionals. We brought in a hydrologist
21 from Florida to assist us. How we could just pump the
22 water out, what we could do to help these areas. He was
23 infinitely. But these are the kind of measures we had to
24 take to attempt to salvage what we could and get our

1 horse show up to the expectations that we promise our
2 exhibitors. And I know Del Mar takes pride in.

3 PRESIDENT FREDERICK SCHENK: Thank you so much for
4 your presentation.

5 CHRIS WILSON: Thank you for your time.

6 PRESIDENT FREDERICK SCHENK: Anybody else?

7 Go ahead. We'll be limiting it to two minutes.

8 ASHLYN DORSEY: Yes, no problem.

9 PRESIDENT FREDERICK SCHENK: Thank you.

10 ASHLYN DORSEY: Hi, my name is Ashlyn Dorsey. I'm the
11 technical coordinator of the Nilforushan Equisports, as
12 well as the Seaside Equestrian Tour.

13 First, I want to thank you guys for taking the time
14 today. This is a very important discussion that will
15 affect the future of our equestrian community. Del Mar
16 holds a very special place in the hearts of equestrians.
17 It's not only a historic venue but it's a centerpiece of
18 our community and a hub for worldclass events. However,
19 to maintain this legacy and reach the standards that are
20 set forward by us from the United States Equestrian
21 Federation we must confront the challenges that are
22 currently holding us back.

23 For the past two years our team has had to do
24 continuous damage control to just merely keep our horse

1 show running. Whether it was in all the areas that you
2 just saw, the stabling, the infield, even in the indoor
3 arena we had flooding. So we were always just trying to
4 patch things up the best that we could but it was never
5 enough to meet the standards that the USCF had put in
6 front of us. When the USCF came out to our horse show
7 they were very transparent that they will not give us our
8 rating until our facility is at the high level of
9 standard of the show that we are wanting to run. All of
10 these things are fixable. For the past two years we've
11 worked closely, as Chris Wilson, with Paul and Dennis.
12 And they have been a huge asset to us and they did
13 everything they could to help from the fairgrounds. They
14 too shared our vision in creating an exceptional event
15 for competitor and spectators and the Del Mar community.
16 We need this rating in order to run a successful horse
17 show. And we need the help from the fairgrounds in order
18 to do so. Thank you guys for your time.

19 PRESIDENT FREDERICK SCHENK: Thank you.

20 Good afternoon.

21 MATT BESSON: Hi, there. My name is Matt Besson. And
22 I was the acting superintendent over the build of the
23 show. Not the dirt side of it. The footing side of it.
24 But the actual stage and sound and lighting and more of

1 the technical side.

2 I apologize. I'm not even asking you to open up
3 these folders. I'd like you to have those to take a look
4 at your leisure, so you're not rushed. So you can see
5 some of the stuff that we had to deal with. Partially
6 because I just came from, a family member had emergency
7 open heart surgery, so I'm not quite as prepared as I
8 would like to have been.

9 With that said, one of the Board Members mentioned
10 some rain coming in from the side. That was nothing that
11 we had to deal with. I want to assure you that it was the
12 failure of the roof. It's an old roof and it needs to be
13 -- the repairs -- it really needs a new roof.

14 With that said, we had water coming through the roof
15 like little waterfalls. And I have video. I didn't bring
16 -- I'm not prepared to show it on the screen, but I do
17 have that for you if you're interested in seeing it. I'm
18 talking brand-new, \$250,000 sound system with water
19 literally like a waterfall coming down on the backs of
20 these speakers. Brand-new, \$250,000 stage that we build
21 the VIP deck area. Brand new. I've got photos in there
22 that show you -- been uploaded from Chicago on the
23 semitruck completely flooded. That stage should have the
24 life expectancy of that stage is virtually endless if

1 it's taken care of. First year, completely flooded. So
2 it's all molded and the wood will fail over time because
3 of the damage to that. \$185,000 carpet on that VIP deck
4 we expected the life expectancy was 5 to 10 years. First
5 year. We really had no business using it the second year
6 because it was flooded and molded and damaged. And we
7 were able to kind of scrap it together last year. But we
8 can't use it. It's no good anymore.

9 I was in the Civil Engineers Union. I'm a licensed
10 surveyor. And the area out there, we did some surveying
11 of our own. And the grading doesn't flow our where we
12 were told it would. It actually pulls the water back in.
13 And when you look through these pictures you'll see a
14 lake surrounding the arena.

15 PRESIDENT FREDERICK SCHENK: Sir.

16 MATT BESSON: Can I have just a moment more, 30
17 seconds.

18 PRESIDENT FREDERICK SCHENK: Another, I'll give you
19 another 30 seconds.

20 MATT BESSON: Thank you.

21 So it has nothing to do with this act of God
22 comment. What it has to do with is significant rain. We
23 live in Southern California. We have that quite often.
24 But the drains weren't working. And we were told that

1 these drains had been filled with concrete the first
2 year. Once Dennis and some of the other staff --
3 fantastic, I love these guys. They really caught the
4 vision. Once they found out, they had those drains opened
5 up and they worked fine. They were not filled with
6 concrete. They just weren't properly used and maintained.

7 And lastly, I personally invested -- the roof on the
8 large barn was blown off. The sides of, you know, the
9 peak. On the main large barn the roof was blown off. And
10 according to my sources here that we worked with, they
11 couldn't find anyone to repair that in a timely manner at
12 any price. So my nephew and I spent days on end, almost
13 24/7 going to every Home Depot we could find to get the
14 material. And we installed over 900 lineal feet, that's
15 three football fields of length of siding to protect that
16 large barn so that we could take one of the fields that
17 had been flooded, one of the arenas that were flooded
18 outside and do some of the competition inside. And I
19 haven't charged Ali for that. And the reason is because I
20 believe in him. He's one of the most amazing guys --

21 PRESIDENT FREDERICK SCHENK: I've given you.

22 MATT BESSON: I know.

23 PRESIDENT FREDERICK SCHENK: The time that you are
24 allocated.

1 MATT BESSON: But that's a couple of hundred thousand
2 dollars I've invested because I've caught the vision.

3 [multiple speakers]

4 PRESIDENT FREDERICK SCHENK: Perhaps others can speak
5 to that. Okay, but I'm going to ask you to wrap.

6 MATT BESSON: Thank you very much. I hope you guys
7 will support him. He's an amazing guy. And he's not doing
8 this for the money. He's doing this for the love and the
9 passion of the sport. Thank you very much.

10 PRESIDENT FREDERICK SCHENK: Thank you, sir.

11 We have two minutes for your time please.

12 BRENLEY BLALOCK: Thank you. My name is Brenley
13 Blalock and I do not work for him. I am actually a horse
14 trainer, a show jumping trainer in the San Diego County
15 area. And I also retrain off-the-track thoroughbreds to
16 give them a second career. And we have come as a barn, my
17 barn has come to seaside here since it started. And it
18 has given a huge opportunity to my retrainee
19 thoroughbreds because he gives free classes to
20 thoroughbreds. He gives five free classes to young
21 horses. So you can get them showing in a high-quality
22 event. And they get great experience with one of the top
23 managers on the West Coast. He makes it affordable, he
24 makes it fun. And my clients look forward to going to his

1 shows because they have maybe not the most money in the
2 world but they can go to a super high-quality show and
3 feel wanted and feel happy. And he embraces them. So I
4 think it's worth letting him have that show.

5 PRESIDENT FREDERICK SCHENK: Thank you for your time
6 and for taking the less than two minutes.

7 I've got anybody else who would like to speak in
8 person?

9 Thank you, sir.

10 PAUL HAUNERT: Thank you. Thank you. My name is Paul
11 Haunert.

12 Happy new year. And thank you for all your hard
13 work. I just have a real quick thing to say. I'm retired.
14 I was a horse trainer for 50 years. I'm retired. I do
15 clinics all on the West Coast, Oregon, Montana, all that.
16 And everybody that I go to think that Ali's horse shows
17 are the best and they all want to come down and show down
18 here. He got a bad situation when the two years that he
19 did we had so much rain, it discouraged things. It
20 discouraged people.

21 I want to say anything more than -- I can tell you
22 that he's the best manager there is. And I've been all
23 over the country and the world. I can just say that if
24 you stick with him and go with him, this show will get

1 really good and big. And that's just my suggestion. Thank
2 you.

3 PRESIDENT FREDERICK SCHENK: Thank you, sir. Before -
4 - there are a couple of people that are online. I'd like
5 to -- I'm going to give you more time. So let -- we just
6 go through them and then you'll be up.

7 So next is Jackie Hooper.

8 MR. RIVERA: She's no longer in the queue.

9 PRESIDENT FREDERICK SCHENK: Okay.

10 Then Michael Hawthorne.

11 Mr. Hawthorne.

12 MICHAEL HAWTHORNE: [Indiscernible] can you hear me?

13 MR. RIVERA: He has some connection issues.

14 MICHAEL HAWTHORNE: Hello?

15 PRESIDENT FREDERICK SCHENK: Yes, Mr. Hawthorne,
16 you're on if you'd like to speak to us, you have two
17 minutes, sir.

18 MICHAEL HAWTHORNE: Yes, I'm speaking. Are you able
19 to hear me?

20 PRESIDENT FREDERICK SCHENK: We hear you.

21 MICHAEL HAWTHORNE: Okay, perfect. So the Ali seaside
22 tour is a tremendous benefit to the entire community, and
23 goes far beyond just the horses and riders. And it spans
24 over six weeks with over 500 horses participating each

1 week. This tour generates substantial economic impact for
2 surrounding communities through increased business and
3 hospitality, dining, and the rental market for real
4 estate. Additionally, it attracts visitors during the
5 winter season who are looking at taking advantage of the
6 region's milder climate. And the combined offerings of
7 the fairgrounds and horse park provides significant year-
8 round revenue through the equestrian events which
9 directly support the 22nd District Agricultural
10 Association and benefit local businesses. We strongly
11 encourage the 22nd District to consider renegotiating
12 with Ali to make sure the tour is sustainable for his
13 operations and to ensure that the fairground venues is
14 utilized to its full potential during the winter months.
15 And thank you. That's all.

16 PRESIDENT FREDERICK SCHENK: Thank you.

17 MICHAEL HAWTHORNE: Thank you.

18 PRESIDENT FREDERICK SCHENK: How much time, Ali, did
19 you want to present for?

20 MS. ROWLAND: I have a question about that. I mean,
21 is that allowed?

22 PRESIDENT FREDERICK SCHENK: I think I have
23 discretion.

24 MS. ROWLAND: Okay and public comment

1 >> [Off mic]

2 MS. ROWLAND: I mean, it's not that I don't want to
3 hear it.

4 PRESIDENT FREDERICK SCHENK: I understand, but I'm
5 going to exercise the discretion in this occasion.

6 How much time do you think you're going to need?

7 ALI NILFORUSHAN: [off mic]

8 PRESIDENT FREDERICK SCHENK: How about four.

9 Okay.

10 ALI NILFORUSHAN: [Indiscernible]

11 PRESIDENT FREDERICK SCHENK: All right.

12 Look, this is an important conversation. And I don't
13 want there to be an impression that we are artificially
14 cutting you off from presenting an important message.

15 So I hope you could do it in four minutes. All
16 right.

17 ALI NILFORUSHAN: I want to start off by saying the
18 reason I canceled this year was very simply I didn't get
19 the barn aisles, there's some things that are
20 nonnegotiable. I let USCF down two years in a row. I
21 promised them the second year that I would fix the barn
22 aisles. We did not. I reached out to get some action on
23 fixing the barn aisles. I heard nothing by December. I
24 had to cancel the show this year because I couldn't use

1 my third bullet this time. So the barn aisles are a
2 nonnegotiable. My clientèle do not want to swim to the
3 arena. This is one video of a golf cart driving in a barn
4 aisle.

5 If somebody would have told me when I was paying
6 millions of dollars to you guys, hey, it's unusable in
7 the winter. So to hear that there might be legal action,
8 that really upsets me and frustrates me. And I don't know
9 who that came from but I'm going to have to take a step
10 back. And I've come into this venue with my heart open.
11 I've built you that arena room that you make money off
12 of. I spent \$400,000. Look at the pictures of what it
13 used to look like. How about a thank you. I gave you
14 lights. Brand-new LED lights. That was half a million
15 dollars. You know , the reality is I came into this venue
16 because I was a leading rider at the Del Mar National I
17 thought that this was still the same venue.

18 I walked into a dumpster fire in the back. Roof
19 leaking. These guys would come to me and go, hey man, you
20 got to go to them. I never once came to you and said,
21 hey, I want a refund, I want my money back. I want half
22 my money back. I came into this with my heart open. And
23 when I asked for you guys to, you know, have a
24 consideration to let me walk away from the rest of it,

1 I'm upside down millions of dollars. I want to work
2 together to fix this place. I brought a -- I brought my
3 first installment of what we agreed on. It's not the
4 money thing for me. When I sent that email, I was hoping
5 that you guys could see it from my side and understand,
6 hey, let's work together and bring this place back up to
7 par.

8 Taking the money now and I leave broke after
9 spending \$7 million here, who wins? How to you win with
10 that? I owe it to this community, this community is
11 counting on me to bring this place back to life. But I
12 don't run a non-profit. This is a for-profit business. I
13 didn't tell you my carpet's busted, my speakers are
14 busted. I have video here's a USB, you can see what
15 happened to all my speakers. That's hundreds and hundreds
16 of thousands of dollars.

17 So again, you know, I wrote some stuff down. I'll go
18 through it. The reason why I canceled for this year was
19 so that we had sit down and work together to see what we
20 can do to put our best foot forward as a city. I live 4
21 minutes from here. I want to bring the best message from
22 you, from all of us to the rest of the world. So you
23 know, this is our last chance with USCF so we've got to
24 have our best foot forward.

1 The team that's here is amazing. Paul Blaney, love
2 the man, he's phenomenal. The team behind, they're all
3 great, so it's not an attic on any of them. I never
4 intended not to pay. I just sent an email. If you guys
5 wanted the money, there needs to be no discussion of
6 legal stuff. What, 250, are you kidding me? I'm \$7
7 million in. You think I'm going to walk away from 250 for
8 my reputation, that's silly, that's unacceptable.

9 I'm looking forward to the future. Whoever is going
10 to be leading this, I got to be able to have direct line
11 of communication with whoever the leader is. Give
12 somebody that I can call and get to the bottom of these
13 things and we can come up. Can can't be I reach out in
14 September and hear in December that, you know, or don't
15 hear by December. That's just unacceptable. To me that's
16 unacceptable. I've invested millions of dollars here.
17 I've got a governing body depending on me. If I send an
18 email, 48 hours max, at least tell me something. Tell me
19 something. I would have jumped -- Chris would have jumped
20 on this. He's a military guy. He would have jumped on
21 this, and we would fixed those barn aisles. But if I
22 don't hear by December, you think I'm going to run a
23 horse show again? So again, it's setting me up for
24 failure when all I want to do is bring blessings to this

1 venue.

2 And the last one is our industry needs this venue.
3 This is our place. And those stalls are not going
4 anywhere because this is an evacuation center for
5 animals, so that space is there. I want to sit down and
6 have a masterplan now we can bring this place back to
7 life. And rather than being short sided, all I was saying
8 was hey, let's sit down and have a way of maybe I can
9 invest in helping bring this thing back to life. Because
10 historically, this time of year, you guys have never used
11 that facility. So I'm trying to use it when you don't use
12 it. It's not like I'm asking for summertime stuff.

13 So anyway, sorry I'm all emotional but it was never
14 about the not paying. My first installment is here. If
15 you tell me, hey, whatever you want, just let me know.
16 But I could use a little help right now. It's been two
17 years of just one-sided going. So that's all. I'm open to
18 your questions or.

19 PRESIDENT FREDERICK SCHENK: Thank you. Well, we have
20 a process. So I appreciate your -- you're welcome to have
21 a seat. And we may ask you to come back up if we do have
22 some questions.

23 All right. All right. At this time, I'm going to
24 recognize Director Gelfand.

1 MR. GELFAND: Okay. First of all, I want to say that
2 I did attend the show last year, I thought it was
3 phenomenal. Very well produced. And I would like to see
4 more. On the love and passion side of things, I mean,
5 these kinds of equestrian shows I think are totally
6 consistent with the mission of the fairgrounds.

7 On the other hand, many of the comments that were
8 made today about the status of the facilities are really
9 not the issue today. And in fact, some of those issues
10 Nilforushan Equisports has already been provided some
11 credits. The reality is there was a process entered into
12 after this past show where Ali came back to the
13 fairgrounds suggesting that in-lieu of paying us for the
14 show that was already held, money that he owed us, in-
15 lieu of paying us he would consider that a capital
16 improvement in the facility and that more money would be
17 invested. And that deal never got made. Instead, what we
18 did was we entered into a payment agreement which he has
19 not paid on. It's just literally that simple. \$297,950.

20 That money can be paid. We can continue having
21 conversations about future shows, about improving the
22 facilities. But meanwhile, we're owed money. We're just
23 simply owed money. And because of that, I'd like to move
24 that we deny Nilforushan Equisports' request to suspend

1 payments and to authorize CEO Moore to pursue all legal
2 rights and remedies to collect all unpaid payments due
3 and owing from Nilforushan under the installment payment
4 agreement. And to continue to keep the Finance Committee
5 apprised of the efforts made.

6 PRESIDENT FREDERICK SCHENK: Okay.

7 So there is a motion that's been made. I will
8 entertain a second if there's a second to the motion.
9 Okay. If there is no second, then the motion will not be
10 heard. All right. So there's been a motion made. I do not
11 hear anyone offering a second to that motion, so the
12 action item is not going to go forward.

13 What I would suggest is perhaps we don't need a
14 motion here. What we need is better communication. And
15 what I would like to see happen is Ali, you get a sense
16 of our concern. You get a sense that perhaps we're
17 willing to go with a -- we understand the value of this
18 product. But I hope you understand this is not about
19 taking legal action. It's about coming to terms with what
20 needs to be done so that this can go forward and that the
21 22nd DAA is compensated for providing the space and the
22 opportunity.

23 So I'm the chair but I'm not the only voice. And I
24 will invite others on the Board to address this with you.

1 But ultimately, what I'm going to encourage is that you
2 and Director Gelfand and Carlene and sit down and find a
3 way to work through this. Because I'm not sure that in
4 six months from now if this motion is revisited that it
5 will go without a second. Okay?

6 So with that, let me go around this way and we will
7 end with you, Director Arabo -- actually, we'll end with
8 Director Gelfand.

9 Director Blair.

10 MR. BLAIR: Are you suggesting we park this idea and
11 have this subcommittee group meet and come back with a
12 recommendation. Is that what you're --

13 PRESIDENT FREDERICK SCHENK: It's not to park because
14 there isn't a second. So it's not -- I'm not --

15 MR. BLAIR: Not the motion. I'm glad the motion died
16 because I don't -- as the new guy on the block, I don't
17 understand what went on. But if you want to not get into
18 a lot of discussion now and have them come back with a
19 recommendation, I think that's a good idea. The part that
20 I'm confused about is do we promise a good roof and we
21 delivered a bad roof. Did we promise drains and the
22 drains didn't work. And I don't know. Right?

23 I mean -- we only heard one side of the story.

24 [multiple speakers]

1 PRESIDENT FREDERICK SCHENK: [multiple speakers]
2 approved.

3 MR. BLAIR: But before we take an hour or two on
4 this, if you want to defer to a subcommittee, I'm -- I
5 would endorse that.

6 PRESIDENT FREDERICK SCHENK: All right, thank you.
7 Director Nejabat.

8 [Off mic]

9 PRESIDENT FREDERICK SCHENK: Bring it closer, Sam.

10 MR. NEJABAT: Thank you. I'm also struggling with my
11 voice as well so that's not -- I guess looking at, I
12 haven't seen the contract in depth but as far as
13 possibility goes to the facility, I guess with landlord
14 and laws and stuff, who's responsibility is it to make
15 the facility, improve the facilities after the chaotic
16 rain situation?

17 PRESIDENT FREDERICK SCHENK: Well, that'll be a part
18 of the, I mean, obviously there are landlord obligations
19 that the term of the agreement speak to, who has what
20 responsibilities.

21 MR. NEJABAT: I would like to know that.

22 PRESIDENT FREDERICK SCHENK: Sure.

23 MR. NEJABAT: That was a mention of credits already
24 given. How much credits were given. That kind of

1 information helps when we're taking into account -- I'd
2 like to deep dive into sort of the numbers.

3 PRESIDENT FREDERICK SCHENK: Of course.

4 Director Mead.

5 MS. MEAD: Thank you. Thank you for your time today.

6 I have a number of comments. And first is my concern
7 that there may be potential damage done to the
8 relationship with Director Gelfand and CEO, our CEO to be
9 able to move forward in this negotiation. And I would
10 like to be able to allow for that consideration that this
11 is taken up with someone that hasn't gone as far.

12 If we can enter into these negotiations without that
13 damage, but I want to acknowledge the elephant in the
14 room. It may be an issue. And I don't want to have this
15 negotiation come in in a hostile situation.

16 Number two, I do believe that we entered into this
17 situation. And I agree, I don't know that I've looked at
18 this, I don't know if it came before the Board, the
19 entire agreement. But without looking at the agreement,
20 there is always, you enter into an agreement and hope
21 that the agreement doesn't establish the relationship.
22 And an agreement is always when you decide that nothing
23 else can be resolved.

24 I saw this as a partnership and a relationship two

1 years ago, not go forward. To go forward would be nice
2 that we entered into a partnership to bring our
3 facilities and our brand forward to be able to do these
4 kinds of shows. And be a premier accomplice for these
5 shows in California and beyond.

6 And so, whatever's in the contract is obviously what
7 you use when you were going to go to court and you're
8 going to exhaust all legal remedies. But I would like to
9 go way upstream from them and say we entered into a
10 relationship. And that's very important for us to get
11 back and say what is the relationship we want out of
12 this.

13 And number three, I am extremely concerned about
14 things like I didn't get phone calls back, emails back. I
15 don't like to go backwards and look at those things. I
16 just want to establish a -- an expectation of this Board
17 that our communications are timely, they're thorough. And
18 if that's not what we're giving to the public, then I
19 want to make that expectation today again that I don't
20 like to walk into meetings and say, months go by without
21 our communicating. That's one side of the story. I don't
22 know the other but I just outside of the other side, I
23 just want to be clear about that to the public about our
24 expectation and to our team.

1 And then finally, my last point is that it is very
2 important to me that this doesn't go another six months
3 and we have another -- I really want to see a report back
4 on this by the next meeting. And if it's not resolved by
5 the next meeting, then a report back by the next meeting.
6 This has obviously gotten to the point where it is
7 problematic for us as an organization. And I don't want
8 another four weeks or eight weeks to go back. I want
9 monthly reports on our status. Thank you.

10 PRESIDENT FREDERICK SCHENK: The committee is not
11 just Director Gelfand. Director Nejabat is also on this
12 committee.

13 So we have -- and I --

14 MS. MEAD: [off mic] think that it's a fair place to
15 discuss.

16 PRESIDENT FREDERICK SCHENK: And you're right, you
17 haven't heard the entire story.

18 All right, Joyce.

19 MS. ROWLAND: Wow, so much there. I mean, I know that
20 no one gets to this point without there being a fair
21 amount of frustration on both sides. I want to be clear
22 on that. I have never sensed that ill-will on the 22nd
23 DAA's side. I think that actually a lot of latitude and
24 effort based on what we heard before when we entered into

1 this agreement, you know, it sounds like they were trying
2 to also, you know, get to a point that was reasonable and
3 to be able to go forward. So I mean, I heard that before.
4 And I hope everyone else did as well. So I think there is
5 frustration on both sides. I think that some of the
6 comments you made sound to me more like what we were
7 talking about relative to the horse park as opposed to
8 the facilities here. But I'll put that aside for a
9 moment. I didn't second the motion because I feel like
10 there are aspects of the communication, aspects of this
11 that I just didn't have enough information on. And I just
12 want more information before, you know, we decide to go
13 forward. Legal action is never our first choice. I know
14 it's not the first choice here.

15 I completely disagree with the concept of taking the
16 Finance Committee and CEO Moore off of that. That's just
17 a nonstarter as far as I'm concerned. Because if there
18 are issues, they are clearly on both sides, not just one.
19 I would also say that virtually everything that was laid
20 out here is information that was known, taken into
21 consideration before this agreement was entered into. And
22 I'm not saying they were good. Those were not good facts,
23 okay. Nobody wants an event like that. I put on events.
24 That is not fun. So I completely appreciate the

1 frustration. But it also wasn't unknown. But you've got
2 to get to a point where you have a path forward and that
3 everyone agrees on the path forward. And apparently there
4 is something in the way of that. And I would just say,
5 let's take another run at it.

6 PRESIDENT FREDERICK SCHENK: Okay.

7 MS. ROWLAND: But I'm -- but I'm not shy of us
8 getting our money back if we need to. Because that's what
9 was agreed upon. And I would say just as a matter of
10 business, if someone had come forward and said, hey, you
11 know, we'll pay you the interest, you know, but we need
12 some grace on the other piece of it or something that was
13 a little bit nuanced as opposed to just saying I can't,
14 then you know, that also I think would have fed symbol
15 kind of our continuing goodwill. But anyway, I'll save
16 that for future, further discussion.

17 PRESIDENT FREDERICK SCHENK: Director Barkett.

18 MS. BARKETT: First of all, I'd like to say at the
19 previous board meeting where this came up and we decided
20 on the extension, we should have had all the facts then.
21 The facts have been happening since the show went on.
22 Right?

23 And it's the first time I'm hearing about any of
24 this. And I think the CEO, fellow board directors should

1 know how the other directors would feel with this
2 information. We need to get information earlier, not at
3 the 11th hour where we're deciding whether to file a
4 lawsuit or not. That's just beyond shock to me.

5 Second of all, there's, you know, a term in law,
6 the average reasonable man. What would the average
7 reasonable man expect on both sides of the contract, you
8 have a landlord and you are a tenant, or in this case,
9 someone who's putting on a production. What are their
10 expectations? What are your expectations?

11 Obviously, we would know that they need a facility
12 that is in good shape, ready to go. And if they're having
13 issues that we are there to help them get through it so
14 they can put their production on. These pictures speak a
15 thousand words. Okay. You can just show me the pictures
16 and I know what happened. We have a drainage problem. We
17 have leaks. We have vendors that can't get through. It's
18 obvious. I really think, and I don't know the other side
19 and I can't wait to hear it all, but I feel that we
20 failed honestly, just at what I know now and what I can
21 see with my own, you know, pages here. So we need to make
22 this right on our part. We need to sit down with the
23 committee, the committee needs to sit down with our, you
24 know, group here, and really and to some agreement. This

1 is good for the community.

2 This is what we're all about, putting on horse shows
3 too. And we've said this from day one. And we need to do
4 whatever we can here. And you know what, we would all be
5 amiss if we said we didn't know we had leaky roofs. I'm
6 sorry but we've known about leaky roofs for a long time.
7 I don't know about drainage but leaky roofs we've known
8 about. Thank you.

9 PRESIDENT FREDERICK SCHENK: Thank you.

10 Director Mosier.

11 MR. MOSIER: As Paul Newman said in Cool Hand Luke,
12 "What we have here is a failure to communicate."

13 PRESIDENT FREDERICK SCHENK: Great scene.

14 MR. MOSIER: And I think that I need a lot more
15 information to make a final decision on this. But I think
16 supportive of a program where we endorse and got started
17 and has great potential. But there are some known
18 stumbling blocks and some unknown stumbling blocks. And
19 this is an old facility, those barns are old. The arena
20 roof we know leaked. I think several years ago it started
21 leaking. It's not a new problem. So we have some
22 infrastructure repairs. And I think there is some
23 negotiating points that we could talk about. Who pays for
24 all this and how it gets done. But I think we need some

1 productive conversations about how we can move forward.
2 And if there are insurmountable obstacles, then we have
3 to make a tough decision. But I don't see anything
4 insurmountable from the limited information I have now.

5 PRESIDENT FREDERICK SCHENK: Thank you.

6 And Director Arabo.

7 MR. ARABO: Thank you. I agree with Director
8 Mosier's sentiment of the real breakdown of
9 communication. I agree with Director Mead that we enter
10 into a relationship more than a contract. I also agree
11 with Director Barkett that we failed based on these
12 photos and what I've heard. I know it's one side. I get
13 that.

14 I do think there's a lot of tension that's
15 unnecessary. We all want the same thing. Obviously, the
16 district has to be one way or another, compensated. But I
17 think we could do it with -- with a different approach.
18 People coming together that don't have tension. I know
19 it's in that committee. If the board would want, I think
20 other people should join that committee. If the president
21 wants because if you look at it just based on what I've
22 seen today from the onset, Director Gelfand said let's
23 make a motion. And right away they said -- and then
24 before we even got to discuss anything, before we saw

1 these photos. I know for the -- connected to this thing,
2 I know for example the DMTC, we have an operating
3 agreement. They make, they remodel. They do it and then
4 we reimburse them for the remodeling. If they want to
5 change something, something's broken. Because it's a
6 relationship. They're the operator, we're the landlord.

7 I do think this thing needs to be fixed. I think the
8 approach should be coming together. And I think
9 everything we've done thus far has not worked. And I
10 think the last thing this district needs is more
11 litigation. That's ridiculous to even think that's even
12 on the table. But I do think the district needs to get
13 paid. And I do think there's a way you could do it where
14 every body's happy. But I hope different approach is
15 made. I don't know, I haven't heard from that committee
16 on -- but there's definitely too much tension. Yeah.

17 PRESIDENT FREDERICK SCHENK: Thank you.

18 Director Gelfand.

19 MR. GELFAND: Yeah, I don't think there's been any
20 tension at all. I don't think there's anybody on the
21 committee or staff that has any negative feelings for Ali
22 or his organization. We've undergone an extensive
23 process, where first of all, Ali did not come to us and
24 say, the facilities were not what I thought they were.

1 And I want a refund or a credit because of it. I'm
2 unaware of that ever happening. What did happen was he
3 said for me to go forward, the facility needs to be
4 significantly improved at significant expense. And we
5 decided we did not want to make that investment. And then
6 he came back to us and said, well, okay, I am not
7 comfortable paying you the \$300,000 at this time, how
8 about a payment plan. And we said okay. And as a board we
9 agreed to it. So here we are. It hasn't been paid. To me,
10 it's just that simple.

11 Now, to go forward and have continued conversations,
12 I'm happy to do it as a committee member. And report back
13 to the Board. But I just want you to know, I'm unaware of
14 him suggesting that we credit him all or part of this
15 money. He agreed to a payment plan because I assume he
16 believes he owes us the money. To me, it's just that
17 simple.

18 MR. ARABO: Can I have a question to the vendor?
19 Customer. Ali.

20 PRESIDENT FREDERICK SCHENK: Sure.

21 MR. ARABO: Ali, in what world or scenario do you
22 see a win-win situation, every body's happy and you pay?
23 Somehow I mean, through a credit, through a remodel, what
24 does thought look like?

1 What is the solution for that ending?

2 ALI NILFORUSHAN: Sure.

3 MR. ARABO: Whether it be multiyear.

4 But what does that look like?

5 ALI NILFORUSHAN: So a couple of -- one thing, the
6 reason I didn't bring this to your attention is I'm a
7 big-picture person. I didn't want to start this
8 relationship with anything other than I'm going to be all
9 in. So if that's the kind of relationship you want, I'm
10 not your guy. I don't feel like I need to nickel and dime
11 the fairgrounds because this is my home. I come to the
12 races. I come to this -- I love this place. I'd rather
13 pay you, hug you all and never come back again. I'm not
14 interested in war. I'm not interested in this nonsense of
15 legal after someone spent \$7 million.

16 So to me, Michael and I should have a sidebar at
17 some point because, you know, that's -- he and I need to
18 work on our relationship. But to me, I'm willing to pay
19 the \$50,000 a year like we talked about for the next, to
20 make you guys whole, whatever. I don't remember the exact
21 number. I brought \$50,000 today. If you need more, let me
22 know. That wasn't my understanding.

23 The way I see this moving forward is your barn area
24 is Areas need to be improved. And it needs to be upgraded

1 immensely. Rather than taking rent, let me sit down and
2 talk about the things that our governing body wants, and
3 let me invest it into that without any of that going
4 towards. So we make a plan of these 10 things need to be
5 improved. And then after those 10, rather than spending
6 it on any other improvements, I write you guys the check.
7 Whether I do it or you do it, someone has to improve this
8 facility. You know, the stalls are falling apart, the
9 tack rooms are falling apart. You know, it would have
10 been helpful information if I knew that the roof actually
11 leaked then I wouldn't have spent \$200,000 putting in
12 carpet. That would have been helpful information. I would
13 have done it. You know, fixed the roof and saved my
14 carpet and saved my speakers but I bought world class
15 line array speakers that you know, now you can use them
16 as drums because the speakers are dead. Like I think the
17 communication part of it is the most important. If
18 anybody would have said hey, man, you can come in but
19 this place is busted. Then I would have said, okay. Then
20 we're going to have to work on it together.

21 Like I said, this is my home. This is -- you know,
22 I've lived here since I was 12 years old. So I don't know
23 how long you've lived here, but this is my home. I'm not
24 going anywhere. My farm is five minutes down the road. I

1 just partnered with the largest equestrian business. Like
2 I'm not going anywhere. I'm just only growing. So I want
3 to help build. Bring this place back to what it should
4 be. This should be the number one facility in America.
5 But I can't pay you rent and pay to set up the facility.
6 Perfect example, I asked --

7 PRESIDENT FREDERICK SCHENK: Ali, one more minute
8 please.

9 ALI NILFORUSHAN: One more -- I don't need a minute.

10 PRESIDENT FREDERICK SCHENK: Okay. Thank you.

11 ALI NILFORUSHAN: I asked for a bridge into the
12 infield. Everyone ignored me. I couldn't get any action
13 on it. The Del Mar Thoroughbred Club hemming and hawing,
14 hemming and hawing. I go up to San Anita, what do I see.
15 A bridge from the track into the infield. That frustrates
16 me to death. I'm -- San Anita took my vision, implemented
17 it, built in -- arenas in their infield. Built a bridge.
18 And now they're ahead of us when I wanted to be the one
19 to do it. They gave me 50 reasons why we can't do it. Who
20 owns the race track. If you guys own it, you should be
21 able to -- so now they did it and showed that it's
22 possible. So you know, it's like -- I feel like it needs
23 people to treat this like, like a business, not no, no,
24 no, no.

1 We need to bring this back up to life. It needs to
2 be a yes, yes, yes, yes. If you want to be the best you
3 got to think like that. And I -- I'm ready to grow
4 together. So if you guys want that, let's sit down. I
5 agree, I think other people need to be involved. Because
6 it's, it's, you know, that when right off the bat you
7 jump up and say, you know, put them on the cross. I mean,
8 that's not the relation --

9 PRESIDENT FREDERICK SCHENK: All right, we're going
10 to cut it off there. Thank you.

11 ALI NILFORUSHAN: Thank you very much.

12 PRESIDENT FREDERICK SCHENK: No, I think we've had --

13 MR. ARABO: I'd like to make a motion.

14 PRESIDENT FREDERICK SCHENK: No, there's no motion
15 because --

16 MR. ARABO: No, in-lieu of --

17 PRESIDENT FREDERICK SCHENK: Is it an agendized
18 motion?

19 MR. ARABO: Yeah, for the suspending installment.

20 PRESIDENT FREDERICK SCHENK: All right, well we'll
21 get to that in a moment. I just want to make a comment.
22 Going back to where I started, which is I think we've
23 heard from the Board.

24 Thank you, Ali, for your input.

1 I really think there needs to be a clean approach to
2 this. When I first said we're not going to talk about
3 litigation, it wasn't in anticipation of litigation. It
4 was to point out that this is not about litigation.
5 That's why I said we're not going to be discussing things
6 suggesting anything about lawsuits, not there is anybody
7 who is suggested there will be. In fact, the contrary is
8 that this is not about that. And that's why I started out
9 with that point of information.

10 In fact, I think the opposite is what we should be
11 trying to do. But if you want to bring a motion relative
12 to whether or not we're going to cancel this, that's the
13 motion that is on the table. So if it's not that motion,
14 it hasn't been put on the agenda, we could consider it at
15 another time, Mark. But that's what's on the agenda. All
16 right, so I don't want to deny --

17 MR. GELFAND: Can I suggest something?

18 PRESIDENT FREDERICK SCHENK: All right.

19 MR. GELFAND: I mean, before we have a motion on it.
20 I'm happy to have the committee and Carlene meet with Ali
21 and discuss this further. I would be interested in
22 seeing, you know, if he's got a business plan that shows
23 how the fairground would actually make money or and out
24 even based on significant capital investments in the

1 facility. I'm not convinced that that's the case. On the
2 other hand, as a board, we might want to subsidize these
3 kinds of equestrian activities at the fairgrounds.

4 So that's a separate discussion.

5 But for us to really go forward, you know, I think
6 we need a lot more information from Ali.

7 PRESIDENT FREDERICK SCHENK: So look, I don't -- with
8 all due respect, Mark --

9 MR. ARABO: No--

10 [multiple speakers]

11 PRESIDENT FREDERICK SCHENK: -- it has to be
12 something that's been agendized.

13 MR. ARABO: It is agendized. But you haven't heard
14 the motion.

15 PRESIDENT FREDERICK SCHENK: Well, the motion was
16 made but there was no second.

17 MR. ARABO: No, but the motion Director Gelfand made
18 died. So but other --

19 MR. GELFAND: I believe from a Robert's Rules
20 standpoint another board member could make a motion that
21 is relevant to the agenda item. And maybe Josh or Stephen
22 could rule on that.

23 STEPHEN SUNSERI: Yeah, this is Steve. I -- the
24 original motion that was on the agenda was made and was

1 not carried. And the rule, the rule is that another
2 motion can be made but has to be on the same agenda item.
3 And so, if it wants to be reworded, that would be okay.

4 MR. GELFAND: Yeah, I think that's what Mark has in
5 mind.

6 PRESIDENT FREDERICK SCHENK: Is that what you want to
7 do? Reword the same motion?

8 MR. ARABO: Okay, in lieu of the motion, I'd request
9 that that committee, anyone on the Board should be able
10 to sit on it. Because I think there's a damage of a
11 relationship -- [multiple speakers]

12 PRESIDENT FREDERICK SCHENK: You can't, because of
13 Bagley-Keene, we can't.

14 [Multiple speakers]

15 PRESIDENT FREDERICK SCHENK: That's the problem.

16 MR. GELFAND: Well, actually --

17 PRESIDENT FREDERICK SCHENK: I think we understand
18 the passion but we can't it that way legally.

19 MR. ARABO: -- [off mic] let me expect --

20 MR. GELFAND: Actually, we could have a meeting a
21 more than two Board Members, it would just have to be--
22 [multiple speakers]

23 PRESIDENT FREDERICK SCHENK: That's correct.

24 MR. GELFAND: [audio cutting in and out] would have

1 to be able to attend.

2 MR. ARABO: The main point I'm getting at -- and I
3 don't see how other people don't see this but I
4 definitely see this -- there's a total breakdown in
5 communication. There is a total failure to reach a deal.
6 But everyone wants the same thing. So if you put the same
7 personalities in the same room, it's going to break down.
8 We're going to have to come back again in six months and
9 talk about it instead of fixing it. So what do you
10 recommend we do to have more brains in the room to fix
11 this problem?

12 PRESIDENT FREDERICK SCHENK: Well, I don't know that
13 -- [multiple speakers] -- I would anticipate the same
14 result. I think we've heard a lot today that we didn't
15 hear before. And I have confidence that Directors Nejabat
16 and Gelfand heard the message today.

17 MR. ARABO: Okay, got it.

18 PRESIDENT FREDERICK SCHENK: And I'm not going to
19 prejudge their ability to try to work this through. If it
20 fails, then you and I and the rest of the board will know
21 that it didn't work. But I feel pretty confident, I hope
22 the rest of the board does as well, that there's some,
23 there's a direction that we want both sides to take. And
24 I do take issue with the failure and breakdown to be one-

1 sided. I think there is a breakdown on both sides, folks.
2 And I won't accept the notion that it is one-side. I
3 don't think we've heard everything but I'm willing to
4 hear everything. And what I do for a living, that's what
5 I do. I listen to both sides. And I wait and assess after
6 I've heard everything. That hasn't happened but I think
7 we deserve it for all of us.

8 And for everybody there -- no hands, sir. I think
9 everybody here needs to hear from both sides. And I think
10 it could be done through committee. And it could be done
11 properly and reported out. And if that doesn't working,
12 friends, we're going to find another way that does. But
13 I'm committed to seeing a resolution that is fair and
14 equitable to both sides. Is that acceptable?

15 Director Gelfand.

16 MR. GELFAND: Although I take offense to what I see
17 as a suggestion by Director Arabo, that maybe I have not
18 communicated in committee clearly about this or that
19 somehow I'm biased or whatever. I do take offense to
20 that. But as a suggestion, maybe the chair, the president
21 can setup an ad hoc committee specifically to deal with
22 this and bring in whatever directors he sees fit to come
23 back and make a report the full Board.

24 MR. ARABO: So what wasn't mentioned that what was

1 mentioned was off the -- out the gate without letting
2 anyone speak or without us seeing these photos, you call
3 for let's do a motion. The very -- without letting people
4 even hear what happened. The \$7 million invested. I mean,
5 look at the minutes. Can that not happen, or the first
6 thing that Director Gelfand did was -

7 MS. ROWLAND: Can I - may I speak to that?

8 PRESIDENT FREDERICK SCHENK: You'll be next.

9 MR. ARABO: And then we went around and we spoke
10 about it, public comments. It's inappropriate for anyone
11 to just, I would think, to throw a motion out there
12 without even hearing one Board of Director speak -

13 MR. GELFAND: That's not how Robert's Rules of Order
14 works.

15 [Multiple speakers]

16 MR. GELFAND: Normally a motion is made and then
17 discussion and debate takes place. If it's not -- if
18 there's no motion, there's typically no discussion
19 whatsoever. And you know, so I disagree with your -- the
20 way you've portrayed the situation.

21 PRESIDENT FREDERICK SCHENK: All right. I'm -
22 Director Gelfand, thank you.

23 Director Rowland.

24 MS. ROWLAND: I was just going to say the same thing.

1 From a procedural perspective actually we should always
2 have the motion on the table, not a seconded motion, but
3 a motion on the table before we start talking about it. I
4 mean, that precedes. You know, then when you hear
5 everything, then you can decide whether or not you want
6 to second it or whether or not you want to pass it. But
7 that I just saw as completely a procedural move. And it's
8 a correct procedural move. I think there was nothing
9 intimated by that in terms of his viewpoint or bias one
10 way or the other. I do not believe that.

11 MR. ARABO: We haven't done it. I mean, I've been on
12 this Board for a year and a half. We could probably do it
13 procedurally now going forward. It's great. But we
14 haven't done it. First time I've seen it on this Board.

15 PRESIDENT FREDERICK SCHENK: Actually, I think this
16 is how we have.

17 But anyway, Director Mead.

18 MS. MEAD: I just want to say that, yes, procedurally
19 that you have the motion, have the discussion. We're
20 fairly inconsistent about that. Sometimes we have
21 discussion, sometimes we wait for the motion. If we want
22 to follow that process. I think it's fine. Let's just be
23 consistent. I think the issue that we're raising is you
24 did, Mr. Chair, say we would -- this is not about

1 litigation. But then the motion said to pursue all legal
2 rights and remedies. And that picked it back up again
3 after you said that. And that I think is where it comes
4 that the motion could have after your direction just left
5 that language out. I think that is the kind of failure to
6 communicate that we're having. And I absolutely will
7 agree and accept what you said, which is, we're really as
8 a Board giving the message that we want to start clean,
9 start fresh, and see what we can do to ensure that both
10 parties feel like it's a win/win.

11 Thank you.

12 PRESIDENT FREDERICK SCHENK: Thank you. Sure. All
13 right.

14 Carlene.

15 MS. MOORE: I don't think I have anything to add at
16 this point. Other than just to say on behalf of -- I
17 don't think that you as the Board have heard -- we've
18 heard from one side on this. You have not heard
19 everything that has happened or transpired in this
20 process. So I think on behalf of the staff, look forward
21 to this process with the Finance Committee. And bringing
22 all of that forward. I think that I have enjoyed a
23 working relationship with Ali.

24 And I will say I am disappointed by some of the

1 comments that you made today implying that we have not
2 had a good working relationship. And I think that's been
3 part of where the takeaway was. Because we've had lots of
4 conversation around, you know, the particular, the issue
5 around the facility, around intentions and so forth by
6 Nilforushan Equisports Events. So I do look forward to
7 the reset on this as well. And I really do believe that
8 the Finance Committee who has been involved in this,
9 getting more involved in it and so forth is the right
10 group to continue those conversations. So thank you.

11 PRESIDENT FREDERICK SCHENK: Well, I appreciate that.

12 And my personality is one to try to bring the
13 tension down. And I hope you've seen that here. And I
14 will do whatever I can to help continue that effort so
15 that what's shared and communicated is dialogue, not
16 speaking at each other but with each other. Okay?

17 Thank you, all. I appreciate every body's input on
18 that and we will revisit. How's that? All right.

19 MR. BLAIR: I have a check in front of me.

20 PRESIDENT FREDERICK SCHENK: Enjoy your vacation.

21 [chuckling]

22 MR. BLAIR: When is that ethics training?

23 [Multiple speakers - off mic]

24 MS. BARKETT: Here comes Donna. Donna is going to

1 have a good weekend.

2 PRESIDENT FREDERICK SCHENK: All right. We are now at
3 the executive report. On Item #6, we recognize our CEO,
4 Carlene Moore.

5 MS. MOORE: Thank you. Thank you for that.

6 So while there are a couple of specific items as
7 noted on the agenda, I do have some brief mentions of
8 some things that are happening. One is I wanted to bring
9 your attention to Pages 132 and 133 of the packet,
10 regarding the new Horse Protection Act regulations
11 because this is something that actually like impacts
12 fairs and shows such as like a Seaside Equestrian Tour
13 that we were just discussing.

14 It applies, and I also want to clarify that it
15 applies to all horse competitions except for those where
16 speed is a factor. So for example, it does not apply to
17 horse racing, it doesn't apply to rodeo events, parades
18 or trail rides. So it is something that with regard to
19 any of the horse shows that may take place on kind of the
20 fairgrounds proper or over at our Equestrian Center at
21 Horse Park, this new act does apply. It has to do with
22 notification and the potential for inspectors to come
23 around during those shows to review, and documents,
24 things like that that have to be submitted so they can

1 look at it.

2 More importantly, I also want to bring your
3 attention to the bird flu situation here in California.
4 The bird flu situation here in California. Sorry, bird
5 flu.

6 MR. BLAIR: In the minutes it's blue.

7 MS. MOORE: Just at the end of last week, the
8 Department of Food and Agriculture state veterinarian has
9 implemented a ban on all poultry and dairy cattle
10 exhibitions at fairs and shows immediately and until
11 further notice in an effort to minimize the danger of
12 exposing people and non-infected animals to what is known
13 as the H5N1 avian influenza or bird flu. So with that,
14 our staff has reached out to CDFA as well as many other
15 fairs have. And actually tomorrow, the Department of Food
16 and Agriculture is hosting a meeting with fairs to talk
17 about this. But at this time should this continue, we
18 would not be having poultry or dairy cattle at the fair.

19 PRESIDENT FREDERICK SCHENK: Or dairy cattle?

20 MS. MOORE: Or dairy cattle.

21 All right, now I'll get a little bit science geeky
22 for you or maybe Dr. Mosier can.

23 MR. MOSIER: I just wrote an article about the bird
24 flu. But this strain of flu, which is different than the

1 common flu that's circulating, is called H5N1. And it's
2 been in birds for several years. But it recently got at
3 the beginning of 2024 got transmitted to cattle. And now
4 there have been both bird to human transmission and
5 cattle to human transmission. One death from a cattle to
6 human transmission in Texas last week. Two weeks ago.

7 And it's concerning because there was a report from
8 the Scripps Research in December issue of Science,
9 December 9th issue, that they took the flu H5N1 flu from
10 the Texas patient and did some mutations in it and it
11 turns out it only took one mutation to make it
12 transmissible from human to human. Okay, so that means
13 there have been many now, multiple cases including here
14 in California of cattle to human transmission. And so
15 far, there is no documented human to human transmission
16 of this virus. But if it only needs one mutation or even
17 a few, it's likely to happen. So that's why there is so
18 much wide-spread concern about it. And a lot of these
19 animal to human transmissions are not fatal, but the last
20 time this happened back in the '90s. There was a 30%
21 mortality rate for this H5N1 bird flu to human, so that's
22 scary.

23 And the other scenarios we're having a really bad
24 flu season from the ordinary flu. And if somebody who has

1 the circulating strain of flu and gets infected with
2 this, they start intermixing. And then you get a hybrid
3 flu that's not going to be good. So there's real concern
4 about this. And that's why it's easy to cull chicken
5 flocks, not so easy to cull cattle herds.

6 PRESIDENT FREDERICK SCHENK: I'm just excited that
7 our potential Secretary of Health and Human Services is
8 going to be very supportive of vaccines.

9 MR. MOSIER: Thank you for the insight, Fred.

10 MS. BARKETT: So how do we protect ourselves?

11 MR. MOSIER: Stay away from birds. Stay away from
12 cattle.

13 And you know, if this happens there will be a flu
14 vaccine that will be available probably in six months.

15 MS. BARKETT: But is that why they are getting rid of
16 all the eggs too.

17 MR. MOSIER: Yeah. That's why egg prices are going to
18 go sky high because they have to cull all the chicken
19 flocks.

20 MR. BLAIR: We had a customer in Ramona that had to
21 kill 2 million.

22 MS. MOORE: So --

23 MS. MEAD: Why aren't we talking about animal life

24 [off mic]

1 PRESIDENT FREDERICK SCHENK: Microphone please.

2 MR. MOSIER: So far this virus has only been in birds
3 and cattle, that's not true. There are some other animals
4 infected. Yeah.

5 MS. MEAD: I'm just thinking about our fair and all
6 the other animals. They're going to - [multiple speakers]

7 MR. MOSIER: I don't really know the answer to that.
8 There are some other species that have been infected with
9 this virus.

10 PRESIDENT FREDERICK SCHENK: We've got a lot yet to
11 cover, folks.

12 Anything else?

13 MS. MOORE: Yes. And so with that, we'll keep you
14 informed on updates with regard to and if any other
15 animals and things like that are added to it. But there
16 is more information coming.

17 I also wanted to just make sure that you all saw in
18 the, my one-way communications to you back in the middle
19 of December. And that was following up from having
20 attended the CDFA Collaborative Exchange in December. I
21 sent a note within that, we were joined by the deputy,
22 the assistant deputy appointment secretary at the most
23 recent CDFA Collaborative Exchange. And so I asked the
24 question of how do our Board Members who are serving out

1 of term even just convey the interest in continuing to
2 serve. Because the process has apparently changed.

3 And so I will resend following this meeting, an
4 email, just a one-way communication to all of you with
5 the contact information so that you can convey that
6 interest to the deputy appointment secretary. There is
7 now, the gentleman's name is Aubrey Anthony, and he's
8 overseen all of the appointments for the district
9 agricultural associations.

10 That being said, now just -- I'm going to just --
11 don't kill the messenger, just reiterated, which is that
12 they continue to focus on not only the DAA boards but
13 other boards and commissions throughout the state that
14 have potential, have quorum issues. And so that's really
15 where their focus is at and will continue to be the
16 priority.

17 PRESIDENT FREDERICK SCHENK: What you are saying is
18 rather than signing off on reappoints for the volunteers
19 who've been serving at the pleasure of the governor.

20 MS. MOORE: Yes, they are focusing on the new ones.

21 PRESIDENT FREDERICK SCHENK: All right. Thank you.

22 MS. MOORE: We have had a request to potentially
23 reschedule the February 11th Board meeting to either the
24 week before the fair. So as Board Members you -- the week

1 before the meeting, sorry. So the week of February 3rd
2 through the 7th or to two weeks later, the week of
3 February 25th through 28th. If before you leave today --

4 MS. BARKETT: Earlier is better for me. I can't make
5 the end of the February. Yeah.

6 MS. MOORE: Okay.

7 And I can -- we'll send out a request and --
8 [multiple speakers] -- and see what the date looks like.

9 PRESIDENT FREDERICK SCHENK: Okay.

10 MS. MOORE: We can still stick -- if it doesn't work
11 out, we will stick with our February 11th date.

12 I also wanted to just quickly address, as you all
13 saw, Del Mar's request for SANDAG to delay the bridge
14 replacement and seasonal platform. So we did send a
15 letter to SANDAG. We copied every individual member of
16 the SANDAG Board as well as other elected officials
17 advocating for them to continue with the planning and the
18 construction and really imploring them to proceed with
19 that project.

20 And I just wanted to reminded this Board and our
21 audience that SANDAG has what they have conveyed publicly
22 throughout this is they need to be under contract by the
23 end of this year. And any delays to this project really
24 risks the funding that is already in place both federal

1 and state. And so you know, just as the asset that we are
2 and our efforts to you know, evolve to a place without
3 traffic congestion, you know, and being able to provide
4 public transportation opportunity to get here. And so we
5 will continue to advocate for our position on that. That
6 sort of --

7 >> [Off mic]

8 MS. MOORE: Well that's for that project, it's for,
9 so what they, the request of SANDAG has been for them to
10 delay moving forward with that project. But that delay
11 puts the \$340 plus million dollars for that funded
12 project at risk. And potentially even future funding for
13 San Diego for transportation. So yes, it's to keep that
14 project on schedule.

15 PRESIDENT FREDERICK SCHENK: All right.

16 MS. MOORE: And so then with that, the LOSSAN Rail
17 realignment, which is part of the reason that they are
18 asking for the bridge replacement and seasonal platform
19 project to be delayed that values analysis process has
20 been underway. The participant, this is something that's
21 been sponsored by SANDAG. And I think I've mentioned
22 before that basically you have all the north coastal
23 cities have been a part of that. The North County
24 Transportation District, NCTD, Caltrans and so forth.

1 And in essence kind of the technical process has
2 been completed. And now they are finalizing the report
3 that will be made publicly available. We anticipate that
4 in this first part of 2025. It will be made publicly
5 available and then brought to the SANDAG Board. And so,
6 we will continue to be engaged in that process. And I
7 will keep you apprised of that as well.

8 PRESIDENT FREDERICK SCHENK: Would you speak about
9 our meeting with Senator Blakespear please?

10 MS. MOORE: Yeah, so President Schenk and I met
11 recently with Senator Blakespear. And she also, I think,
12 conveyed her support for, again, as a regional asset, the
13 project, this funded project moving forward. And so it
14 was a really great conversation that we had with her.

15 PRESIDENT FREDERICK SCHENK: She was very adamant
16 about her support, which was welcome to hear her say
17 that.

18 MS. MOORE: And then, again, before diving into the
19 few things on the agenda, I also wanted to just point out
20 you should have received an envelope today with some swag
21 in there for you, including your 2025 director's lot
22 parking, also a parking pass for if you are attending
23 events at The Sound then you're able to take the priority
24 lane with that. You have a magnetic name badge. If you

1 attend events that we're doing some of our outreach as a
2 representative for the 22nd DAA. There's some 2025 Summer
3 Pet-tacular themed items in there as well. And, also too,
4 we have, and we have some here on hand, some different
5 colors, and styles to look at, but branded apparel. And
6 so you have an order form in there for being able to make
7 those selections. So and with that --

8 MS. MEAD: They're not bright this year.

9 MS. MOORE: Well, this is Del Mar Fairgrounds. So for
10 as you again are attending events, not the fair, we'll be
11 bringing those for - [multiple speakers]

12 MS. MEAD: That comes later.

13 MS. MOORE: Yes. Those are more exciting colors.

14 [Multiple speakers]

15 MS. MOORE: Yeah, so and as a Board -- [multiple
16 speakers]

17 MS. MOORE: -- you'll each receive like an outerwear
18 piece, like a vest or a jacket and then a shirt as well.

19 And so with that, we on the agenda, I did want to
20 speak to, and we're going to share with you the awards
21 that we recently received at that International
22 Association of Fairs and Expositions.

23 And Katie is going to come up to present on that.

24 But before she does, just to -- this was a convention and

1 conference that our staff went to since our last Board
2 meeting. We took 11 employees that attended this
3 conference Phoenix. The programming of it was really
4 robust. Really quality programming and educational
5 opportunities that were being offered. And I thought I
6 would just share with you some of the key takeaways that
7 our staff had from that experience.

8 One of them was about creative layout solutions. And
9 that is just that space should have a purpose and a
10 personality. And then also, that California fairs, we
11 really are such trailblazers. And whether, I mean, there
12 was a presentation on economic impact studies. You will
13 be conducting one later this year. It was interesting to
14 hear some of the audience where it was like a novel
15 concept and idea. And yet, yes, California has done
16 economic impact studies for decades now and that
17 information. So in some ways we're such trailblazers as
18 an industry.

19 But then in other ways there's still things that we
20 can learn from others in this industry, as well. Whether
21 it's about foundation, best management practices,
22 leadership and so forth. So it's always a great
23 experience to just see that come together. And no matter
24 what size the organization is.

1 And then there was also a session on and a takeaway
2 from it was for us to think of ourselves as purchasing
3 agents for our community. You know sort of what is the
4 best we can buy with the dollars we have. And whether
5 that's investment into our facilities, whether that is
6 entertainment that we're buying for the fair and so far.
7 But to really think of our -- as these you know, stewards
8 of a public asset and public funds. How are we as that
9 purchasing agent operating for on behalf of the
10 community.

11 And then lasty just overall the big, I think the big
12 takeaway, and this is consistent throughout various
13 experiences that we offer to our staff through
14 professional development, visiting fairs, conferences and
15 conventions. It's just, it's an opportunity to be
16 inspired, to be reinvigorated in terms of the energy to
17 share and that we wind up with this cross-functional
18 sharing and team building that take place that doesn't
19 necessarily happen on a day-to-day basis in the office.
20 So I just wanted to share those themes with you.

21 And with that, I'm going to turn it over to Katie to
22 share with you our awards.

23 KATIE MUELLER: Thanks.

24 PRESIDENT FREDERICK SCHENK: Welcome.

1 KATIE MUELLER: Thank you. We were -- so we attend
2 this conference annually. Although we weren't able to go
3 in the few years where we had the moratorium on travel to
4 certain states. And it was actually held in Texas. But
5 now that's lifted so we're able to attend. And it really,
6 like Carlene was just passing on, is really beneficial to
7 all of our staff to be able to talk to other folks from
8 other fairs, hear presentations from folks at other fairs
9 and bring those ideas back and make this fair even
10 better. And it comes at a perfect timing because we're in
11 the midst of planning the 2025 fair when this happened.

12 We visited Phoenix, Arizona this year. And we were
13 really honored to be awarded a number of awards for
14 different various programs for the fair. We competed with
15 fairs whose attendance was 500,000 to a million people.
16 We were awarded 24 awards across several different
17 categories this year, which was really, really exciting.
18 It's the most awards that we've won in as long as I can I
19 remember but at least since the pandemic for sure. And we
20 also were awarded a best in category award, which I'll
21 talk a little bit about. Those are very prestigious and
22 hard to receive so that was exciting.

23 MS. MEAD: Katie, before we move on.

24 KATIE MUELLER: Yes.

1 MS. MEAD: About how many, doesn't have to be exact,
2 fairs are there that are 500,000 to a million? What's the
3 end there?

4 KATIE MUELLER: Oh, man.

5 MS. MEAD: Is it two competition - a competition of
6 two or 3,000?

7 KATIE MUELLER: No, no, no.

8 No, I mean, I would say it's probably a couple of
9 dozen fairs, maybe even more that I'm not thinking of in
10 that category.

11 PRESIDENT FREDERICK SCHENK: But most are state
12 fairs, not county fairs.

13 KATIE MUELLER: Correct. Correct.

14 MS. MEAD: That's interesting too, thank you.

15 KATIE MUELLER: Yeah. So of course near and dear to
16 my heart we won an award for our Plant, Grow, Eat
17 Program. And moving that pre-fair and having the schools
18 come on a field trip to learn in the various stations. So
19 we're excited about that. We'll be continuing that
20 program again this year.

21 Our communications received a number of awards. We
22 received a first place. And all of the awards are
23 displayed behind me on this table by the way.

24 We received a first place for our VIP media booklet,

1 which is something we distribute to all the media to
2 invite them to come to the fair the first week of the
3 fair and experience some of the food and some of the
4 rides. And hopefully take it back to their stations and
5 write about how great the fair is. Our outdoor
6 advertising received a first place and also our online
7 advertisers for our carnival rides received a first
8 place.

9 Our exhibits received a number of awards. The use of
10 the theme, Let's Go Retro. I think everyone that, you
11 know, visited the fair saw the theme touches throughout.
12 Especially the theme exhibit, which also won a first
13 place award. Interestingly enough, I will say that's one
14 of the things you learn when you go to conventions like
15 this that is about 3,000 fairs all across the United
16 States. Nobody does a theme like San Diego County.

17 So also our strategy to engaging participants we
18 used a QR code in our home arts exhibit so people who
19 came that might be interested in participating. Like,
20 hey, I can sew. Hey, I collect something. They can click
21 on this QR code and learn how to become an exhibitor. And
22 then also a contest that occurred during the year, our
23 Toast of the Coast Wine Competition, received a first
24 place, which is coming up again in February. And then

1 non-fair facility usage. This is where we got our best of
2 the category award. And it was for our capital
3 improvement plan and execution, as we should, because
4 that is quite a project.

5 So that was a team effort by our very own Tristan
6 Hallman and Dustin Fuller. Dustin wrote the environmental
7 part and why it was necessary and what was taken to
8 accomplish it. And then Tristan wrote about the media
9 plan and the media day, the pictures up here, how that
10 was executed. And the result. And so we got not only a
11 first place but a special award for that one as well.

12 And then we also received awards for our facility
13 social media, our post that promote environmental
14 programs. And also, our facility website. So the
15 DelMarfairgrounds.com, not SDfair.com. And this was just
16 a picture of Carlene accepting the award for the non-fair
17 facility usage. And then, oh, I'm sorry.

18 MS. MOORE: And just to clarify on that image, that
19 was the stage props, that is not it under construction.
20 But the theme of the convention was something about
21 building.

22 KATIE MUELLER: Building foundations.

23 And then we won a number of second place awards.
24 Again in agriculture, communications, non-fair facility

1 usage. Same thing with third place. So 24 awards in all.
2 And we were quite thrilled and honored to be awarded
3 those. So I would like to thank all of you for the
4 support of our budget that allows our staff to get
5 creative and put together programs like that. And also
6 thank, especially the marketing team and all of the other
7 teams that developed the entries for these various awards
8 categories. So anyway, that's it.

9 PRESIDENT FREDERICK SCHENK: Well deserved. Thank
10 you.

11 KATIE MUELLER: Oh, and then WFA is coming up next
12 week. That's the Western Fair Association. So we hope to
13 be the recipients of maybe some more awards which we'll
14 tell you about in February.

15 PRESIDENT FREDERICK SCHENK: It's like going from the
16 Golden Globes to the Academy.

17 KATIE MUELLER: Exactly. I'm picking out my gown now.

18 PRESIDENT FREDERICK SCHENK: All right.

19 KATIE MUELLER: Thank you.

20 PRESIDENT FREDERICK SCHENK: Thank you.

21 And just to remind, if you would, how many are
22 county fairs that are competing against state fairs for
23 this level of recognition?

24 KATIE MUELLER: You mean in this category for 500,000

1 to a million? I think the majority of them are state
2 fairs. Very few county fairs. The only other county fair
3 I can think of, maybe L.A. possibly.

4 PRESIDENT FREDERICK SCHENK: Yeah, I mean but it's -
5 [multiple speakers] -

6 KATIE MUELLER: Not many.

7 MS. MEAD: It's stiff competition.

8 [Multiple speakers]

9 PRESIDENT FREDERICK SCHENK: Very much so.

10 KATIE MUELLER: Yeah.

11 PRESIDENT FREDERICK SCHENK: So congrats to all of
12 you.

13 KATIE MUELLER: Thank you.

14 PRESIDENT FREDERICK SCHENK: Yeah.

15 MR. BLAIR: Carlene, what one great idea did you come
16 back with that we should do then? Or two.

17 MS. MOORE: Yeah, I don't know in terms of, I don't
18 know. That's like, the one?

19 [Multiple speakers]

20 MR. BLAIR: Because there were so many?

21 MS. MOORE: Yes.

22 [Multiple speakers]

23 MS. MOORE: I mean -- [multiple speakers]

24 MS. MOORE: We have now shared with that our teams

1 are working on. So --

2 KATIE MUELLER: This is awfully specific, but I deal
3 with our sponsorship program. And I went to a sponsorship
4 presentation and came back with the idea to develop a
5 sponsorship asset list. So in the past we've kind of all
6 just known off the top of our head what's sponsorable,
7 but actually putting it into an Excel spreadsheet what
8 all of our new programs are so we could communicate to
9 our sponsorship coordinator or contractor, these are all
10 the things that you could sell for sponsorship. So all of
11 our promotions and all of the new exhibits and new
12 programs and things like that. And then he uses the same
13 sheet, he assigns a value to it, we plug in who is a
14 potential sponsor, who is the actual sponsor. So it just
15 helps us all and we're all sharing the document.

16 MS. MEAD: Nice.

17 [multiple speakers]

18 MS. MEAD: Good brains.

19 KATIE MUELLER: Yeah, exactly.

20 MS. MOORE: Another one was the Wisconsin State Fair,
21 which I do believe is in that category we compete with.
22 Their hiring process for their temporary employees from
23 recruiting to on-boarding is a 60-day process. 60 days.
24 Ours is longer.

1 MS. MEAD: Is that better or worse than ours?

2 MS. MOORE: Ours is longer.

3 And but -- just so -- just but the idea and the
4 concept around that and what is being done that can help
5 to condense that time period. So that was a big takeaway
6 for us as well.

7 [Multiple speakers]

8 MS. BARKETT: Almost like the Florida that one you
9 are coming up on. The Florida one with the midway. That's
10 going to be very interesting about cashless and how was -
11 - if I'm remembering correctly.

12 MS. MOORE: The ticket hub that they have [multiple
13 speakers]

14 MS. BARKETT: That should be very interesting.

15 MS. MOORE: Mm-hmm, yes.

16 MS. MEAD: Very cool.

17 MS. MOORE: So kind of sticking with the fair theme,
18 we also want to -- and Tristan is going to come up to
19 speak to this some more. But our application period for
20 our Fair For All program has opened up. And if you
21 recall, this is the program that we have for distributing
22 our complimentary tickets into the community. We invite
23 nonprofits or service organizations to apply.

24 And so with that, I'm going to turn it over to

1 Tristan for an update on that. But the application period
2 is open now.

3 TRISTAN HALLMAN: Right, and this will be relatively
4 straightforward. So just wanted to update you on the Fair
5 For All program and provide you sort of a briefing of
6 information. And Carlene can give you even more
7 particular details if I get this wrong. But every year we
8 give out a certain number of free tickets to nonprofits.
9 These are for charitable purposes only. These nonprofits
10 are then sort of our partners in distributing these
11 tickets. It's meant to serve underserved populations. So
12 we call it Fair For All. In the past it's been called
13 Fair Cares. Regardless, this is the same program. So we
14 prohibit re-sale. We're limited, that specific number is
15 a limit that's actually set forth in statute. That is 4%
16 of the previous year's paid admission. So last year we
17 actually, and of course you know, it also depends on how
18 many requests we get. So last year we gave out almost
19 20,000 tickets ended up being distributed. We had
20 requests for more than that. But you know, the idea is to
21 get organizations, 501(c)(3) organizations that are
22 aligned with our mission and provide them with tickets to
23 distribute to various populations. So some ticket
24 requests might be, you know, 200, and they're going to

1 hand them out at the local YMCA. Some might be very
2 specific. We have 37 people in this program and we want
3 to provide them tickets for all of them.

4 This picture right there that you can see is
5 actually Lifeline Community Services. We were fortunate
6 enough, I believe they as part of one of our summer
7 social programs we invited Fair For All recipients to
8 come. And so we actually were able to set up and arrange
9 so we could take photos of sort of their journey. They
10 came on the train, Solana Beach Station. They took the
11 free shuttle over and they were able to enjoy their day
12 at the fair. So we actually have a few pictures of that.

13 But as Carlene said, the applications are available
14 online now. The deadline is April 15th. We have multiple
15 ways of getting the word out. But obviously any word of
16 mouth is huge. So any organizations that you may know. We
17 have obviously a well of partners that we draw from every
18 single year. And I'll just kind of run through. You know,
19 I don't expect you to read all these. But just to give
20 you an idea, there is well over 100 organizations that
21 we're talking about here. You might see some familiar
22 faces. There's obviously, or names I should say. Various
23 YMCAs. You'll see the -- I see Don Diego Scholarship
24 Foundation is on there. You know, some programs that are

1 affiliated with schools. Really, this is targeted at
2 getting kids to the fair. Again, schools, Make a Wish
3 Foundation is on there.

4 And there you have it. And I'm happy to scroll back
5 if you have any questions about any of these. Because
6 that is a program and we're very excited to do it. It's
7 one of the ways that we're able to serve our community.
8 And provide access to the fair regardless of ability to
9 pay.

10 PRESIDENT FREDERICK SCHENK: This is really
11 rewarding, Tristan. Do we -- other than here, and we have
12 an empty room in terms of guests, how do we share this
13 with the public?

14 Is it on our website?

15 TRISTAN HALLMAN: Yes, it is. So it's on sdfair.com.
16 We have it on there. Now, when we first announced the
17 program we put it out, actually one of the reasons we
18 decided to put out earlier this year was we did it in
19 sort of a collaborate -- not collaboration, but in
20 conjunction with giving Tuesday. So we actually put out a
21 large email blast to our audience saying, you know, we're
22 not asking for anything. We're actually just looking for,
23 we wanted to tell you about this program and launch it.
24 Now all of these programs that currently get it,

1 obviously, know about it. So that helps too.

2 We do social media around it. We're actually looking
3 -- and Carlene mentioned this but we're looking at doing
4 a new media event this year next month. So kind of giving
5 an earlier run to it but really focuses on the community
6 aspects of the fair of which this is a major component.
7 So we did a news release when we first did this as well.
8 Pretty much anyway we can get it out though.

9 Obviously, Board Members if you know any
10 organizations that you didn't see on this list that align
11 with our mission then we'd love to hear from them.

12 PRESIDENT FREDERICK SCHENK: All right. Thank you.

13 Any comments?

14 MR. ARABO: Yeah, this is great. I mean the big thing
15 for me is accessibility and affordability. So it's
16 amazing. I had a question maybe for the next time
17 information.

18 Do you have the breakdown, do you have a list of --
19 it's around 161 tickets for organizations. Is it spread
20 out like that?

21 TRISTAN HALLMAN: No.

22 MR. ARABO: Or do you have a breakdown of each one?
23 Can you share that later?

24 TRISTAN HALLMAN: Yes. It's -- I believe we shared

1 that on our form 802 Disclosures which are on the Del Mar
2 Fairgrounds website. So under public records.

3 MR. ARABO: I'm asking for the next board meeting or
4 next time you present it, can you bring the breakdown for
5 the Board to see? I know I could access it but since you
6 have it. Can you -- I understand. My question is can you
7 bring that from a website and disseminate it to the
8 Board.

9 MS. MOORE: Yes.

10 MR. ARABO: That's the question.

11 MS. MOORE: Yes.

12 MR. ARABO: Okay. Thank you.

13 >> [Off mic]

14 TRISTAN HALLMAN: How much does each ticket cost?

15 MS. MOORE: The value of the ticket, the average
16 ticket price is \$17.50 depending on the day that they use
17 it.

18 >> [Off mic]

19 TRISTAN HALLMAN: Yes, not all of them are redeemed.
20 So you might have a situation, yes.

21 [Multiple speakers]

22 MS. MOORE: Yes, but the value of what we're
23 distributing, yes.

24 >> [Off mic]

1 MS. MOORE: Yes.

2 PRESIDENT FREDERICK SCHENK: Yes, that's why I was
3 asking about how this is shared because I think this is -
4 -

5 >> [Off mic]

6 TRISTAN HALLMAN: Yeah, and --

7 PRESIDENT FREDERICK SCHENK: This is great.

8 TRISTAN HALLMAN: And part of that is also, if I may,
9 you know, we do give -- we have for example on Fridays,
10 the free tickets for kids 12 and under. Obviously, this
11 is geared really toward especially children. But we do a
12 lot of -- this is one of many programs that we do to make
13 sure that people are able to come to the fair and enjoy
14 themselves regardless of a situation.

15 >> [Off mic]

16 TRISTAN HALLMAN: Yes.

17 PRESIDENT FREDERICK SCHENK: Wonderful. Wonderful.

18 MS. MOORE: Well, and so that is -- that's the next
19 evolution of this. So this is a program that we have had
20 for a long time along with many other programs that we do
21 in terms of community programming. Even just getting the
22 press releases and things like this, this has been kind
23 of some iterations of bringing more awareness to this
24 over the last you know 18 months, two years. And so that

1 next step is as Tristan teased it, but it is to host a
2 media event, we're looking at next month, that will focus
3 on the community impact of our programs.

4 >> [Off mic]

5 TRISTAN HALLMAN: How do they receive the tickets?

6 MS. MOORE: Both ways. So some of them we send them
7 to. Some of them --

8 >> [Off mic]

9 MS. MOORE: -- right. That we -- they come and pick
10 them up.

11 >> [Off mic]

12 MS. MOORE: Yes.

13 MS. MEAD: It doesn't seem like -- it doesn't seem
14 like this is an issue for us yet. But we could
15 potentially be a victim of our own success if we broaden
16 this out. And then we're limited and you have to tell
17 people you weren't chosen or you got two tickets. I mean,
18 frankly getting two free tickets to be able to
19 distribute. But I just want to be sure that our criteria
20 for selecting who gets them is pretty clean. Because if
21 the Board, like I'm running down my list of organizations
22 in my head, if we all do that if we have a media event,
23 we could be hugely successful and then feel really bad
24 about it. So just a -- just make sure our criteria are

1 good.

2 MS. MOORE: Yes. And with that being said, it would
3 be great in some ways, it would also be great to get to a
4 level where if there are decisions that need to be made,
5 bringing that back to this board to weigh in on where are
6 our priorities. And do we have, you know maybe in this
7 year, these are the recipients and next year, these are
8 the recipients. You know, should we come across that.

9 MS. MEAD: It's a good problem to have.

10 MS. MOORE: Yes.

11 MS. MEAD: Just figure it out. I think it's a great
12 job -- [multiple speakers]

13 PRESIDENT FREDERICK SCHENK: It's not a problem to
14 figure out, anticipate the issue.

15 MS. MEAD: It's a great job -- [multiple speakers]

16 PRESIDENT FREDERICK SCHENK: It's the optics as you
17 would often say.

18 TRISTAN HALLMAN: I don't believe we gave more than
19 200 to any individual organization last year.

20 MS. MOORE: Well, collectively the YMCAs -

21 TRISTAN HALLMAN: We treated those as separate
22 branches.

23 PRESIDENT FREDERICK SCHENK: Well, the twins one
24 should have only gotten two.

1 TRISTAN HALLMAN: Well, and as a reminder though, I
2 mean, you know if we increase our paid admission every
3 year, we increase the number of tickets that we provide.

4 [Multiple speakers]

5 TRISTAN HALLMAN: So that's the remedy.

6 PRESIDENT FREDERICK SCHENK: That's the goal. That's
7 a noble goal.

8 MS. BARKETT: Tristan, I mean this is kind of segues
9 a little bit. But that UT article where you were
10 requesting, I don't know if you're the one that was there
11 actually --

12 TRISTAN HALLMAN: Mm-hmm.

13 MS. BARKETT: You were. So it was the 50K to go to go
14 outside desert communities like Arizona and I think Palm
15 Desert was mentioned or something like that. And there
16 was some feedback from Robert Gleason, who -- [multiple
17 speakers]

18 MS. BARKETT: Yeah, the hotel group. And he said,
19 well, how do you know that these people aren't coming
20 just because they're coming to San Diego. [multiple
21 speakers]

22 PRESIDENT FREDERICK SCHENK: -- coming anyway so why
23 --

24 MS. BARKETT: Yeah. [multiple speakers] coming

1 anyway, why would we have to put in 50 grand towards
2 advertising. And I found that, you know, pretty
3 interesting, which I kind of agree on. But just a caveat,
4 maybe you could get somebody from, you know, Palm Desert
5 or something, a group that may be one of these non-profit
6 organizations --

7 MS. MEAD: That's a great idea.

8 MS. BARKETT: Yeah, and to carry, to bring that and
9 bring, you know, come here.

10 It might be a little -- a nice little start to
11 outside communities that of course there's a
12 transportation issue. But I mean, we're giving this
13 amount away, it would be a great way to attract maybe the
14 word of mouth would get out with spreading out to some of
15 these other nonprofits that are outside the area.

16 PRESIDENT FREDERICK SCHENK: But my good friend, Mr.
17 Gleason is owner of the Catamaran and the Bahia. So
18 they're a little farther away. They're not really
19 geographically centered around. So I can understand that
20 he would think, well people aren't going to come to my
21 hotels anyway so I don't need to. But I'm sure you didn't
22 hear that message from more local hoteliers.

23 MS. BARKETT: No, I'm just thinking if we're really
24 trying to do that it might be a good gesture to reach out

1 to some of these nonprofits with some of the tickets. See
2 how it goes. Because it would defeat -- [multiple
3 speakers] --

4 MS. BARKETT: It would defeat, we'd be doing our own
5 test market actually on the issue. And you could say,
6 well, we give to these, you know, nonprofits and it might
7 change their mind in the future. I'm not sure that they
8 looked like they were going to grant it. But yeah, you
9 know, I mean you never know. But it could be our own good
10 little test market.

11 TRISTAN HALLMAN: I think any opportunity for growth,
12 whether it be in our community programs or especially in
13 drawing paid admission to the fair, which helps pay for
14 those community programs is something we would look at.

15 PRESIDENT FREDERICK SCHENK: Yeah.

16 Thank you very much.

17 TRISTAN HALLMAN: Thank you.

18 >> [Off mic]

19 MS. BARKETT: Everything.

20 MR. BLAIR: [off mic]

21 MS. BARKETT: Oh, I agree. I mean, I -- [multiple
22 speakers]

23 MS. BARKETT: Yeah.

24 I'm going to have to talk to Robert myself.

1 [Multiple speakers]

2 MS. MOORE: You and I both --

3 PRESIDENT FREDERICK SCHENK: Yeah.

4 All right, we have -- we still have much to cover
5 so.

6 MS. MOORE: All right.

7 PRESIDENT FREDERICK SCHENK: I don't see any public
8 comment on our executive report.

9 MS. MOORE: Wait, there's still more. There's one
10 more item, which is the bank, credit card and service fee
11 update.

12 [Multiple speakers]

13 PRESIDENT FREDERICK SCHENK: Right.

14 MS. MOORE: So with that, I would like to distribute
15 this report. There's one for each of you.

16 MS. BARKETT: And are you having construction and
17 facilities still too or no?

18 MS. MOORE: No.

19 MS. BARKETT: Okay.

20 MS. MOORE: That part will skip -- there's --

21 MS. BARKETT: Okay.

22 MS. MOORE: I don't really have enough update on
23 that. So just as you'll recall at our November meeting,
24 this board requested that staff look for cost saving

1 opportunities regarding credit card fees, bank fees,
2 service fees. There's still some research work to be done
3 on this, but wanted to provide you kind of this
4 preliminary and/or interim report on it. First off, so -

5 And actually, will you go to the next slide please,
6 Henry?

7 And thought first I probably should have started
8 with this one. But for understanding this line on the
9 income on our income statement, which is listed as bank
10 and service fees, it's really comprised of kind of three
11 major components. There are bank fees service fees, which
12 is really for our online ticketing software. And then
13 credit card fees. And as of October 31st, you can see the
14 totals there.

15 With that, then I've broken down in the green table
16 here, the credit card fees by source in terms of where it
17 is that we're paying fees on. And this information is
18 going to be of particular interest as we consider
19 surcharging with regard to credit card. Because there's
20 some opportunity within that.

21 Henry, will you go back to the previous slide?

22 So with that, again as I mentioned, so the service
23 fees, we don't have room to lower our costs on that
24 because that is a service that we procured through

1 competitive solicitation. And so we work with Sapphire
2 Tickets. Other options out all there are companies like
3 Eventix or Etix. Or what's most widely known
4 Ticketmaster. And so forth. We actually reduced our fees
5 from what they were previously through this process. So
6 that's the service fee portion of it. And that is the
7 software platform that supports our ability to sell
8 online ticketing.

9 Then there is -- and this is really where you know,
10 two -- in essence kind of two-thirds of those -- that
11 expense that we have is around credit card fee
12 surcharging. And historically as --

13 MS. ROWLAND: Is it credit and debit card?

14 MS. MOORE: Yes. It's credit and debit card.

15 MS. ROWLAND: Okay.

16 MR. BLAIR: [off mic]

17 MS. MOORE: Sure, yeah, we can go back to it.

18 MS. MEAD: Yeah, this is a good one.

19 MS. MOORE: Yeah. I'm not going to spend too much
20 time here on the numbers. But you have it for information
21 and I'm happy to send this out. And it will be posted
22 online following this meeting.

23 So historically, we as the 22nd DAA for the San
24 Diego Fair have had the practice of what is referred to

1 as all in pricing. And this is for all of our event
2 ticket types, admission, parking, carnival and now
3 concerts. That changed the adjustment on concerts was
4 made following the SB478 going into law on July 1st of
5 2024. So and this is a practice too that is consistent
6 across the network of California fairs. It's consistent
7 across and we surveyed the other what we call the big
8 fairs, the class seven fairs. There are four other fairs
9 that are in that category, including Orange County Fair,
10 L.A. County Fair, Alameda County Fair and the California
11 State Fair.

12 And so what this means is that our price point, the
13 pricing that we offer, it's already inclusive of credit
14 card and serve any fees that we have that go into it. So
15 what is advertised to the public and the public sees when
16 they go to pay for it is that price. Effective July 1st
17 of 2024, SB478 went into effect. And this is referred to
18 as the Honest Pricing Law or the Hidden Fees Statute,
19 either one. It is now a legal requirement that businesses
20 advertise the price to the public that includes all of
21 the required fees or charges. Now the key word here is,
22 "required fees or charges." If we are only offering
23 credit card as the option for payment, then those are
24 considered required fees. And if there are service fees

1 associated with those tickets because that's how they
2 purchase them, that becomes a required fee as well.

3 And so I've provided you with information from the
4 California Attorney General's website on it. And in
5 essence it's known as or kind of the philosophy behind
6 this is that the price that California sees should be the
7 same price as they pay. This action such as this or the
8 recent Federal Trade Commission action on the rule about
9 what they refer to as junk ticket fees on event tickets
10 and the hotel industry is meant to in essence combat the
11 issue of seeing advertised prices out there and then
12 people are spending a lot of time researching and trying
13 to find -- because when they go to make the purchase,
14 there's oh, we have this service fee and we have this
15 handling fee. And we have a credit card processing fee on
16 top of it. And so you know, major industries that have
17 been affected by all of this include the hotel industry,
18 but also the event-ticketing industry or at the federal
19 level they refer to it as the live event ticketing
20 industry.

21 So what I'm sharing with you is that when it comes
22 to the majority of our credit card fees, which are
23 highlighted in bold here in the green, those are items
24 where we only allow for the whether it's our fair

1 exhibitors entering their items in the fair or customers
2 purchasing tickets to the fair, parking at events and so
3 forth, their only option to pay is credit card. And so
4 we've been included in that in our pricing for covering
5 that expense.

6 In terms of cost savings though, some areas that we
7 can and have and in 2024 we did start doing this. That is
8 where we offer the ability to pay by cash, cash or check.
9 And that's with our agreements, so for sponsorship or
10 event rentals. And so you can see the breakdown of the
11 credit card fees. It's about \$100,000. I think it's
12 \$105,000 that's there. Of credit card fees that we
13 incurred as the 22nd DAA and in those instances we can
14 pass that on because the customer has the option to mail
15 us the check or pay by credit card.

16 MS. ROWLAND: So there's an income over here
17 somewhere. This is the expense -- [off mic]

18 MS. MOORE: Yes, there's an offsetting we call it
19 reimburse cost income that we have on our income
20 statement.

21 MS. MEAD: Is there a discount or if somebody mails
22 us a check?

23 MS. MOORE: Well the discount is they get it at the
24 published rate. So let's just say that that agreement is

1 a \$50,000 sponsorship, they send us a check, they're
2 paying \$50,000. If they want to pay by credit card, we're
3 surcharging on top of that 3%, 3.5%, whichever that is.
4 There is also -- so kind of presenting you the
5 information with where we're at on that and that
6 opportunity.

7 There's also opportunity for us to look to
8 potentially negotiate or reduce the fees that we are
9 charged by the credit card processor. So we will be
10 exploring that to see how we can, you know, lower that
11 rate.

12 There's also in that category at the very top in the
13 orange square, table, bank fees. So these are the fees we
14 incur with our bank. Because by the way, there are fees
15 you incur because people pay you with a check or cash.
16 But this is also an area where -- so we are in the
17 process of putting together a process for soliciting
18 banks for their proposals. Because let's be realistic,
19 you know, we're a sizable business. And they should be
20 competing for our business. So there are some cost
21 savings that can be found in here. And we will continue
22 to -- we will continue to pursue those.

23 But I also share this with you in light of -- and I
24 appreciate it having been deferred for feedback on the

1 policy 6.02 and 6.03 in your packet. It's not up for
2 approval today but think about that. Because for example,
3 on 6.03, which is about a cashless fair operations, we as
4 the 22nd DAA are already cashless. Again, all those
5 things that I mentioned that they purchased through us,
6 purchased by credit card. What we're looking to do from a
7 staff perspective, is to memorialize that in policy and
8 to include our food and beverage operators.

9 And with that being said, it's not in the current
10 draft that you have but the staff's recommendation when
11 we bring a red line forward through the Finance Committee
12 next month is going to be to require our food and
13 beverage concessionaires to do all-in pricing. That also
14 memorializes the practice that we have had with them.
15 Because that way our patrons when they are coming to the
16 fair for their experience, when it says, you know, \$10
17 for a corn dog, it's \$10, plus sales tax, they can add
18 on. Because we don't have the ability to regulate what
19 the food each food vendor what they could theoretically
20 being charging for their credit card processing fees. So
21 though restaurants and food concessions are carved out of
22 SB478 through and that information is provided to you,
23 SB1524, they actually can charge those surcharges and
24 things. We think it's important that our consumers, our

1 patrons coming to the fair, and our guests have an
2 experience that is equal across-the-board.

3 And so, with that, that's the update that I have to
4 provide for you at this time.

5 PRESIDENT FREDERICK SCHENK: Carlene, can you speak -
6 - thank you, by the way, for this. Can you speak to
7 something that I remember years ago when we went to
8 cashless. What some of the reasons -- what was the
9 motivation relative to, you know, pilferage or lack of
10 full accounting by some. And what -- what was the
11 variance what we did go to it, how much better did we do?

12 I want to be kind in here. I don't want to suggest
13 that vendors were stealing but sometimes, let's just say
14 we found a variance after we went to cashless between
15 what it was like before and after.

16 MS. MOORE: It's a very good question. And what's
17 interesting -- there have been some advancements in
18 software. And there's a software that we put into use
19 with the 2024 fair that actually allows us as the 22nd
20 DAA the behind the scenes view of the what our food
21 vendors, and that's what on a commission basis with us,
22 you know, what it is that they are doing, what they are
23 processing. So a couple of things.

24 One is we've already seen that 80% of what our food

1 vendors take in payments is already done through credit
2 cards. When -- where there are issues, they tend to be
3 around the exchange of cash. And whether or not that's
4 going into the till or whether or not it's going into you
5 know, a pocket. It does happen. So it really helps to
6 reduce that risk. And I shared this story with staff and
7 vendors. Very early on in my career, we had a food
8 vendor, it was a nonprofit organization. That they fair
9 was considering not having back to the fair for a number
10 of reasons. And one thing that was stated at that public
11 meeting by that organization's president was it's not
12 stealing if it's for a good cause. So ultimately, the
13 place -- but the place, it is, but the place we wound up
14 at in that -- for a win-win was that they had to -- we
15 would hire, we as the fair would hire the cashier. And
16 that was the only person who could handle the
17 transactions. And in the very first year of that
18 relationship, the organization, which was already the
19 highest grossing food sales at the fair their sales
20 increased 104%. And as an organization they came back to
21 us and said, the next year and said, we'd like that same
22 deal. They saw their sales increase the following year.
23 And what they ultimately shared with us was they did not
24 realize the extent to which the one for you, one for me,

1 one for the organization. So it just helps to minimize
2 even that potential for, you know, the cashier, the
3 person who's operating that to even be tempted, right, to
4 do something, or to not think about the implications it
5 has for that business. And you know, the cost of consumer
6 goods and all that ultimately gets passed on then to
7 what's being charged to our consumer, to our patrons at
8 the fair in the way of food items.

9 PRESIDENT FREDERICK SCHENK: Yeah, good point. Thank
10 you for sharing that.

11 Kathlyn.

12 MS. MEAD: Can you speak to the population loss that
13 we might have. There's a certain population that lives on
14 cash. And are there options for them to trade cash for a
15 one-time use card? How do we make sure we don't exclude
16 people as a result?

17 MS. MOORE: So since we went to the cashless
18 operating for ourselves we have offered what are referred
19 to as reverse ATMs. So rather than putting your card and
20 get cash out, you put in your cash, and you get a card
21 out. The first year we had a number of bumps because it's
22 pretty new technology. But and again, through a
23 competitive solicitation process, the vendor that we've
24 now had for two years, one year this past year, it was a

1 seamless operation for us. And we offer those, we have
2 those placed at like at the gates, at specific places and
3 near the food vendors and so forth. So that opportunity
4 is there. So we're not -- we should not be losings that
5 population. We recognize it.

6 Where it was a little bit of an issue was our
7 pricing on wristbands. Because, you know, parents would
8 give their child \$50 to go buy their wristband and we
9 adjusted the service fee on it, because they needed one
10 more dollar. And so that was something, but we were able
11 to quickly fix that during the fair. And again, it really
12 was a seamless operation.

13 MS. BARKETT: So do you charge anything on that for
14 that service?

15 MS. MOORE: On the?

16 MS. BARKETT: ATM. Reversed.

17 MS. MOORE: There is service fee on it. It's a \$3
18 transaction fee. It's very low.

19 MS. BARKETT: Wow.

20 MS. MOORE: Yeah.

21 MS. BARKETT: Okay.

22 MS. MOORE: And part recognition of the population.

23 PRESIDENT FREDERICK SCHENK: Do we accept foreign
24 currency in those machines?

1 MS. MOORE: No.

2 >> [Off mic]

3 MS. MOORE: It's a \$3 transaction fee.

4 >> [Off mic]

5 MS. MOORE: Mm-hmm. Yes.

6 >> [Off mic]

7 PRESIDENT FREDERICK SCHENK: Yes.

8 MS. MOORE: And so with that, that concludes my
9 report

10 PRESIDENT FREDERICK SCHENK: Do you have to leave?

11 MS. MOORE: Yes.

12 PRESIDENT FREDERICK SCHENK: Okay.

13 We do have closed session that -- so I'm going to --
14 we can do it in a variety of ways. We can address some of
15 it now and maybe have a second meeting. Carlene is
16 entitled to hear from us and for us to hear from her. And
17 so, look, we're at quarter to 5:00 folks. And this is a
18 late time to be doing the start of this. We had a lot to
19 cover and we did and I'm glad that we are able to do it.
20 But in fairness to us and in fairness to Carlene, I don't
21 want to rush it. But I, you know, we haven't even had a
22 bio break as Joyce would --

23 >> [Off mic]

24 PRESIDENT FREDERICK SCHENK: Well, good for you. But

1 I'm just saying, this is, you know, it could take a few
2 hours potentially or it could not.

3 >> [Off mic]

4 PRESIDENT FREDERICK SCHENK: Okay.

5 >> [Off mic]

6 PRESIDENT FREDERICK SCHENK: All right. So --

7 MR. ARABO: I think just for the sake of time, it's
8 such an important thing. Because this would be the 2024
9 review. And we're doing it in 2025?

10 >> [Off mic]

11 MR. ARABO: Okay, well because I was here last year,
12 we didn't do it. We'll clarify it then. My suggestion is
13 maybe even doing a separate meeting only for this. So
14 that way --

15 PRESIDENT FREDERICK SCHENK: I'm mindful of that. And
16 I did even have a conversation with Joyce about that.

17 MR. ARABO: Okay.

18 PRESIDENT FREDERICK SCHENK: But we'll get to that
19 and we'll have a conversation. We'll figure out what's
20 best. All right, we're --

21 >> [Off mic]

22 PRESIDENT FREDERICK SCHENK: But may I just -- yeah,
23 so are we done with executive report?

24 MS. MOORE: Yes.

1 PRESIDENT FREDERICK SCHENK: Is there anyone, not in
2 the audience but online, that would like to address?

3 MR. RIVERA: We do not.

4 PRESIDENT FREDERICK SCHENK: Great. Wonderful. Okay.

5 With that I'm going to move that we adjourn into
6 executive session. But we will take a 10-minute break and
7 --

8 MS. ROWLAND: Why don't we go right -- [off mic]

9 PRESIDENT FREDERICK SCHENK: Oh.

10 >> [Off mic]

11 PRESIDENT FREDERICK SCHENK: Then if anyone wants to
12 use restrooms go do that while we're --

13 >> [Off mic]

14 PRESIDENT FREDERICK SCHENK: Yeah. Okay.

15 MS. BARKETT: I'm going to be right back.

16 >> [Off mic]

17 [Adjourned to Executive Session at 4:45pm]

18 [Reconvened at 5:11pm]

19 MR. RIVERA: We are ready to go.

20 PRESIDENT FREDERICK SCHENK: All right, let's go back
21 on. Henry, let me know, will you tell us when we're live?

22 MR. RIVERA: We are live and ready to go.

23 PRESIDENT FREDERICK SCHENK: All right, I want to
24 welcome everyone back. It is now 11 minutes after the

1 hour of 5:00. We're back in session for our general
2 meeting on January 14th, 2025. We were in closed session.
3 The District's Board of Directors considered the advice
4 of council on items listed on the closed session portion
5 of the agenda. And we have nothing to report out. And
6 with that, I will entertain a motion to adjourn the
7 meeting.

8 MS. MEAD: So moved.

9 PRESIDENT FREDERICK SCHENK: There's a motion made.
10 Is there a second?

11 MS. ROWLAND: Second.

12 MR. GELFAND: Second.

13 PRESIDENT FREDERICK SCHENK: Seconded by acclimation.
14 We're adjourned. Thank you all.

15

16

17 [Meeting adjourned at 5:12pm]

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CERTIFICATE OF TRANSCRIBER

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I, Antha A. Ward, do hereby certify that the 22nd District Agricultural Association Board of Directors Meeting was transcribed from audio by me; that said digital audio recording of said proceedings are a true and accurate record to the best of my knowledge, skills, and ability; that I am neither a member for, related to, nor employed by the District in which this was taken; and, further, that I am not a relative or employee of any member or staff employed by the District hereto, nor financially or otherwise interested in the outcome of this action.

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