



**NOTICE OF MEETING**

Del Mar Race Track Authority (RTA) Board Meeting  
 March 21, 2025, at 10:00 a.m.

Del Mar Fairgrounds Board Room 2260 Jimmy Durante Boulevard Del Mar, CA 92014	Department of Finance Conference Room 1021 O Street, Suite 3110 Sacramento, CA 95814
--	---

*While the Del Mar Race Track Authority Board meeting will be conducted in person per Government Code section 11133, the Del Mar Race Track Authority will also provide for remote participation by Board Members and members of the public. If you prefer to participate remotely, please check the 22nd DAA's website ([Public Information](#)) for the ZOOM link and/or ZOOM dial-in instructions on how to participate and/or view this meeting.*

**RACE TRACK AUTHORITY MEMBERS**

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

*\*President to be elected*

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

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

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

# DEL MAR RACE TRACK AUTHORITY (RTA) AGENDA

**Friday, March 21, 2025  
10:00 A.M.**

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

1. **Roll Call**
2. **Election of Officers** [Action Item] 3
3. **Approval of Minutes** 4-5
  - A. August 2, 2024 [Action Item]
4. **Reports** [Information Item] 6-9
  - 22<sup>nd</sup> District Agricultural Association Financial Report
  - RTA Financial Report
  - Amortization schedule for Del Mar Race Track Authority Revenue Bonds, Series 2015
5. **Unfinished Business** 10-12
  - Update on accounting for assets built or improved upon using bond revenue [Information Item]
6. **New Business**
  - A. Consideration and vote on whether to authorize RTA Secretary Moore to create and install a plaque recognizing each individual that has served as a Board Member of the Del Mar Race Track Authority since its inception in 1990 [Action Item] Verbal
7. **Public Comment on Matters Not Appearing on the Agenda**

This item is for public comment on issues **NOT** on the current Agenda. No debate by the Board shall be permitted on such public comments and no action will be taken on such public comment items at this time, as law requires formal public notice prior to any action on a docket item. Speaker's time is limited to **two** minutes and may be modified based on the number of public speakers. No speaker may cede their time to another speaker.
8. **Recess, if needed, to allow further State Race Track Leasing Commission actions related to this meeting**
9. **Adjournment**

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

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

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

Per Section 3(E) of the Joint Powers Agreement, the Board shall elect a President and a Vice-President of the Board from among its members and appoint a Secretary, who may, but need not, be a member of the board. Per Section 2.4 of the Bylaws, the Secretary shall be the Chief Executive Officer of the District or other designee of the Authority Board.

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

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

**DEL MAR RACE TRACK AUTHORITY (RTA) MEETING**  
**Minutes – Friday, August 2, 2024**

The Del Mar Race Track Authority (Authority) met on Friday, August 2, 2024, in the Board Room hosted by the 22nd District Agricultural Association (District), 2260 Jimmy Durante Blvd., Del Mar, CA.

**ROLL CALL**

Authority President Mark Arabo called the meeting to order at 11:22 a.m. with all members present:

Mark Arabo, President; District  
Michele Perrault, Vice President; Department of Finance  
Michael Flores, Member; Department of Food & Agriculture  
Jennifer Osborn, Member; Department of General Services  
Lisa Barkett, Member; District  
Kathlyn Mead, Member; District

Joshua Caplan, Authority Counsel, Office of the Deputy Attorney General

District Staff to the Authority  
Carlene Moore, RTA Secretary  
Michael Sadegh, RTA Treasurer

**APPROVAL OF MINUTES – MARCH 20, 2024**

Public Comment on the Meeting Minutes of March 20, 2024 (see page 23 of the transcript)  
Martha Sullivan

Member Mead moved to approve the March 20, 2024, meeting minutes with a correction to the typo found on page 3. Member Osborn seconded the motion. President Arabo, Vice President Perrault, and Members Flores, Osborn, Barkett, and Mead were all in favor, and the motion carried 6-0.

**REPORTS**

There were no reports.

**UNFINISHED BUSINESS**

There was no unfinished business.

**NEW BUSINESS**

Item 5A: Discuss timing of disposition of the grandstand asset and all related improvements under Section 9 of the Joint Exercise of Powers Agreement and vote on whether to direct staff to investigate options to restructure or refinance the Del Mar Race Track Authority Revenue Bonds, Series 2015 and return to the Authority to discuss those options at a future meeting. [Action Item]

RTA Secretary Moore introduced Kevin Civale of bond counsel firm Stradling Law, and Mark Young from KNN Public Finance, municipal advisors to the Authority, to present possible opportunities for refinancing or restructuring the revenue bonds.

Public Comment on Item 5A (see pages 52-55 of the transcript)  
Jane Cartmill, Martha Sullivan, Oscar de la Torre

Member Mead moved to direct staff to investigate all available options to restructure or refinance the Del Mar Race Track Authority Revenue Bonds, Series 2015 and return to the Authority to discuss those options at a future meeting. Member Flores seconded the motion. President Arabo, Vice President Perrault, and Members Flores, Osborn, Barkett, and Mead were all in favor, and the motion carried 6-0.

Item 5B: Discuss and vote on whether to amend Article IV, Section 4.1 (first paragraph) of the By-laws of the Del Mar Race Track Authority as follows: "Regular meetings shall be held at least once per calendar year at the location specified in Section 1.3 hereof or at such other place as the Authority by resolution may designate ~~on dates and at a time as fixed by Resolution of the Authority~~. If at any time the regular meeting falls on a legal holiday, such regular meeting shall be held on the next business day at the same time." [Action Item]

Public Comment on Item 5B (see pages 59-60 of the transcript)  
Jane Cartmill, Martha Sullivan

Member Flores moved to amend Article IV, Section 4.1 (first paragraph) of the By-laws of the Del Mar Race Track Authority as recommended. Member Osborn seconded the motion. President Arabo, Vice President Perrault, and Members Flores, Osborn, Barkett, and Mead were all in favor, and the motion carried 6-0.

**PUBLIC COMMENT ON MATTERS NOT APPEARING ON THE AGENDA** (see pages 61-67 of the transcript)

Jim Coleman, Jane Cartmill, Oscar de la Torre, Martha Sullivan

### **RECESS**

Recessed to State Race Track Leasing Commission meeting at 12:34 p.m.

### **ADJOURNMENT**

President Arabo adjourned the meeting at 12:34 p.m.

**22nd DAA**  
**Consolidated Balance Sheet (DAA, RTA, RTLC)**  
**As of December 31, 2024**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>			
Cash	\$ 32,039,871	\$ 36,141,483	\$ 31,955,381
Restricted Cash - JLA	79,212	57,578	44,917
1 Restricted Cash - F&B Equipment Fund	18,718	51,157	172,903
2 Restricted Cash - RTA	10,907,102	12,872,543	14,371,195
<b>Total Cash and Cash Equivalents</b>	<b>43,044,903</b>	<b>49,122,761</b>	<b>46,544,397</b>
Accounts Receivable	1,930,801	2,584,830	1,755,442
Prepaid Expenses	432,551	311,897	384,672
3 Deferred Outflows Pension	5,298,571	5,298,571	5,298,571
<b>Total Current Assets</b>	<b>7,661,923</b>	<b>8,195,298</b>	<b>7,438,685</b>
Land and Land Improvements	45,166,113	45,166,113	35,011,899
Building and Improvements	217,564,033	217,564,033	197,145,152
Equipment	39,479,144	38,849,439	38,306,559
Capital Projects in Process	5,702,160	1,806,615	30,729,783
Accumulated Depreciation	(191,722,134)	(191,722,134)	(181,302,229)
<b>Total Capital Assets</b>	<b>116,189,317</b>	<b>111,664,066</b>	<b>119,891,163</b>
<b>Total Assets</b>	<b>\$ 166,896,142</b>	<b>\$ 168,982,125</b>	<b>\$ 173,874,245</b>
<b>Liabilities</b>			
Accounts Payable	8,615,701	7,859,060	6,657,992
Payroll Liabilities	992,528	786,788	537,676
Accrued Liabilities	1,657,267	1,898,178	1,930,760
Other Current Liabilities	358,510	546,363	1,703,998
5 Deferred Revenue	1,700,903	2,144,705	2,504,948
4 Current Long Term Debt	2,105,891	2,516,675	3,133,355
6 Accrued Employees Leave Liabilities	1,228,755	1,361,019	1,231,048
7 Long Term Debt	54,170,353	57,789,275	61,448,807
Reserve - F&B Equipment Fund	97,143	(1,301)	607,289
Reserve - JLA	43,292	36,607	16,305
3 Pension Liability	40,345,562	40,141,406	39,930,036
3 Deferred Inflows - Pension	1,754,199	1,754,199	1,754,199
<b>Total Liabilities</b>	<b>113,070,103</b>	<b>116,832,973</b>	<b>121,456,412</b>
<b>Net Resources</b>			
Contributed Capital	78,877,171	78,877,171	78,877,171
Less Contributed Capital to RTA	(34,358,470)	(34,358,470)	(34,358,470)
Net Resources - Unrestricted	11,515,553	11,783,919	(5,921,909)
Investment in Capital Assets	(3,891,786)	(3,891,786)	(3,891,786)
	52,142,468	52,410,834	34,705,006
Net Proceeds from Operations	1,683,571	(261,681)	17,712,827
<b>Total Net Resources</b>	<b>53,826,039</b>	<b>52,149,152</b>	<b>52,417,833</b>
<b>Total Liabilities and Net Resources</b>	<b>\$ 166,896,142</b>	<b>\$ 168,982,125</b>	<b>\$ 173,874,245</b>

- 1- Per Food & Beverage Services agreement, 1.50% of all Gross Revenues for unexpected or emergency expenses, including repair and maintenance of equipment.
- 2- Per bond Pledge Agreement, maintain Reserve account and District cash separately equal to at least Maximum Annual Debt Service.
- 3- Information provided by CDFA/State Controllers Office; results from changes in components of net pension liability; applicable to a future reporting period.
- 4- Current portion of long-term debt due within the next 12 months.
- 5- Advance payments for events/activities in the future.
- 6- Due to employees at time of separation for paid leave balances.
- 7- RTA Bonds \$29.0M; Ibank WQI \$6.2M; Ibank Sound \$13.0M; Premier \$1.3M; Energy Efficiency \$3.1M; CalPers SB84 \$1.5M.

**22nd DAA**  
Income Statement  
For the Period Ending December 31, 2024  
DAA

	December 2024			Year-to-Date			Full 2024
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
<b>REVENUES</b>							
Admissions Revenue	0	0	0	11,710,488	13,649,053	(1,938,565)	13,649,053
Gates	0	0	0	11,710,488	13,649,053	(1,938,565)	13,649,053
Concessions Revenue	512,452	554,849	(42,397)	45,966,918	53,102,000	(7,135,082)	53,102,000
Food & Beverage Contra	508,313	533,249	(24,936)	23,288,822	27,994,405	(4,705,583)	27,994,405
Other Food & Beverage	0	0	0	4,612,594	4,944,911	(332,317)	4,944,911
Midway	0	0	0	17,919,944	20,060,139	(2,140,195)	20,060,139
Facility Rentals Revenue	1,099,847	1,073,858	25,989	10,256,713	8,896,646	1,360,067	8,896,646
Commercial	0	0	0	3,584,970	2,501,590	1,083,380	2,501,590
Racetrack	725,000	725,000	0	1,825,000	1,825,000	0	1,825,000
Leases Revenue	49,168	48,781	387	568,239	577,851	(9,612)	577,851
Program Revenues	210,166	137,575	72,591	7,172,602	8,149,861	(977,259)	8,149,861
JLA	0	0	0	44,391	22,500	21,891	22,500
Parking	187,385	117,375	70,010	6,258,673	7,303,861	(1,045,188)	7,303,861
Participation Fees	735	0	735	340,435	335,000	5,435	335,000
Satellite Wagering	22,046	20,200	1,846	529,103	488,500	40,603	488,500
<b>OPERATING REVENUE TOTALS</b>	<b>1,871,633</b>	<b>1,815,063</b>	<b>56,570</b>	<b>75,674,960</b>	<b>84,375,411</b>	<b>(8,700,451)</b>	<b>84,375,411</b>
Contributions	(149,057)	(539,400)	390,343	3,854,805	2,273,110	1,581,695	2,273,110
Government Funding	560,500	0	560,500	2,045,000	0	2,045,000	0
Sponsorships	(709,557)	(539,400)	(170,157)	1,795,800	2,269,610	(473,810)	2,269,610
Other Non-Operating Revenue	396,725	261,691	135,034	2,036,064	1,258,512	777,552	1,258,512
Interest Earnings	389,702	255,000	134,702	1,633,639	1,020,000	613,639	1,020,000
Reimbursed Costs	323,899	182,907	140,992	2,106,192	1,412,314	693,878	1,412,314
Prior Year Revenue	0	0	0	62,394	0	62,394	0
<b>NON-OPERATING REVENUE TOTALS</b>	<b>571,567</b>	<b>(94,802)</b>	<b>666,369</b>	<b>8,059,455</b>	<b>4,943,936</b>	<b>3,115,519</b>	<b>4,943,936</b>
<b>TOTAL REVENUE</b>	<b>2,443,200</b>	<b>1,720,261</b>	<b>722,939</b>	<b>83,734,414</b>	<b>89,319,347</b>	<b>(5,584,933)</b>	<b>89,319,347</b>
<b>EXPENSES</b>							
Payroll & Related Expense	1,134,750	1,263,633	128,883	17,858,901	20,021,458	2,162,557	20,021,458
Professional Developer	18,021	19,950	1,929	174,310	354,509	180,199	354,509
Professional Services Expense	1,349,103	1,419,861	70,758	29,223,519	35,271,131	6,047,612	35,271,131
Food & Beverage Expens	743,148	599,728	(143,420)	19,575,590	21,081,505	1,505,915	21,081,505
Insurance Expense	226,751	162,209	(64,542)	2,018,217	1,877,804	(140,413)	1,877,804
Facility & Related Expense	368,510	448,964	80,454	7,129,365	6,967,696	(161,669)	6,967,696
Equipment & Small Ware	0	0	0	147,686	330,000	182,314	330,000
Telephone & Internet	8,987	9,524	537	101,647	101,998	351	101,998
Repairs & Maintenance	3,739	60,505	56,766	1,010,968	748,456	(262,512)	748,456
Utilities	351,561	371,000	19,439	4,362,981	4,020,000	(342,981)	4,020,000
- Electricity	142,473	-	-	2,515,181	-	-	-
- Water	115,147	-	-	799,417	-	-	-
Supplies Expense	32,992	27,050	(5,942)	1,547,178	1,740,934	193,756	1,740,934
Marketing & Related Expense	7,285	0	(7,285)	1,250,600	1,499,150	248,550	1,499,150
Program Expenses	26,464	31,949	5,485	15,466,887	16,939,508	1,472,621	16,939,508
Prizes & Premiums	0	0	0	18,197	0	(18,197)	0
Artists & Entertainment	0	0	0	5,020,791	5,411,350	390,559	5,411,350
Midway Operator Expen.	0	0	0	10,024,157	11,117,754	1,093,597	11,117,754
Other Operating Expense	79,144	79,649	505	3,525,017	2,937,616	(587,401)	2,937,616
Bank & Service Fees	10,931	11,364	433	1,641,519	2,064,546	423,027	2,064,546
Interest Expense	68,216	68,285	69	1,743,377	841,570	(901,807)	841,570
<b>OPERATING EXPENSE TOTALS</b>	<b>3,224,999</b>	<b>3,433,315</b>	<b>208,316</b>	<b>78,019,684</b>	<b>87,255,297</b>	<b>9,235,613</b>	<b>87,255,297</b>
Other Non-Operating Expense							
Prior Year Expense	21,398	0	(21,398)	4,665,124	0	(4,665,124)	0
<b>NON-OPERATING EXPENSE TOTALS</b>	<b>21,398</b>	<b>0</b>	<b>(21,398)</b>	<b>4,665,124</b>	<b>0</b>	<b>(4,665,124)</b>	<b>0</b>
<b>TOTAL EXPENSE</b>	<b>3,246,398</b>	<b>3,433,315</b>	<b>186,917</b>	<b>82,684,807</b>	<b>87,255,297</b>	<b>4,570,490</b>	<b>87,255,297</b>
<b>NET INCOME (LOSS)</b>	<b>(803,198)</b>	<b>(1,713,054)</b>	<b>909,856</b>	<b>1,049,607</b>	<b>2,064,050</b>	<b>(1,014,443)</b>	<b>2,064,050</b>

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

Note1: Government funding of AB-1499 was unanticipated; these funds are reserved for CAPX.

## Del Mar Race Track Authority

### Consolidated Balance Sheet As of December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Restricted Cash - RTA	7,544,761	9,572,543	11,071,195
<b>Total Cash and Cash Equivalents</b>	<u>7,544,761</u>	<u>9,572,543</u>	<u>11,071,195</u>
<b>Total Current Assets</b>	<u>-</u>	<u>-</u>	<u>7,500</u>
Land and Land Improvements	30,414,450	30,414,450	22,035,797
Building and Improvements	135,213,746	135,213,746	135,213,746
Equipment	26,944,346	26,944,346	26,944,346
Accumulated Depreciation	(133,634,337)	(127,642,302)	(121,549,703)
<b>Total Capital Assets</b>	<u>58,938,204</u>	<u>64,930,240</u>	<u>71,022,838</u>
<b>Total Assets</b>	<u><b>\$ 66,482,966</b></u>	<u><b>\$ 74,502,783</b></u>	<u><b>\$ 82,101,533</b></u>
<b>Liabilities</b>			
Accounts Payable	(65)	(65)	(65)
Accrued Liabilities	1,761,989	1,905,440	2,103,000
Other Current Liabilities	395,586	425,336	458,149
Current Long Term Debt	1,665,000	1,585,000	1,510,000
Long Term Debt	29,025,000	31,485,000	34,190,000
<b>Total Liabilities</b>	<u>32,847,510</u>	<u>35,400,712</u>	<u>38,261,085</u>
<b>Net Resources</b>			
Contributed Capital	34,773,454	34,773,454	34,773,454
Net Resources - Unrestricted	4,328,617	9,066,994	9,070,355
	39,102,071	43,840,449	43,843,809
Net Proceeds from Operations	(5,466,616)	(4,738,377)	(3,360)
<b>Total Net Resources</b>	<u>33,635,455</u>	<u>39,102,071</u>	<u>43,840,449</u>
<b>Total Liabilities and Net Resources</b>	<u><b>\$ 66,482,966</b></u>	<u><b>\$ 74,502,783</b></u>	<u><b>\$ 82,101,533</b></u>



## Amortization Schedule for Del Mar Race Track Authority Revenue Bonds, Series 2015



### Del Mar Race Track Authority Revenue Bonds, Series 2015

As of March 18, 2025 at 03:27 PM PDT

Debt Schedule only captures interest on fixed rate debt service. Interest on Variable Rate Bonds is not included.

	Debt Service Date	Principal Due	Interest Due	Call Premium / Discount	Paydown / Redemption	Total Payment	Ending Balance
+	04/01/2025	--	767,250.00	--	--	767,250.00	30,690,000.00
+	10/01/2025	1,665,000.00	767,250.00	--	--	2,432,250.00	29,025,000.00
+	04/01/2026	--	725,625.00	--	--	725,625.00	29,025,000.00
+	10/01/2026	1,745,000.00	725,625.00	--	--	2,470,625.00	27,280,000.00
+	04/01/2027	--	682,000.00	--	--	682,000.00	27,280,000.00
+	10/01/2027	1,835,000.00	682,000.00	--	--	2,517,000.00	25,445,000.00
+	04/01/2028	--	636,125.00	--	--	636,125.00	25,445,000.00
+	10/01/2028	1,925,000.00	636,125.00	--	--	2,561,125.00	23,520,000.00
+	04/01/2029	--	588,000.00	--	--	588,000.00	23,520,000.00
+	10/01/2029	2,020,000.00	588,000.00	--	--	2,608,000.00	21,500,000.00
+	04/01/2030	--	537,500.00	--	--	537,500.00	21,500,000.00
+	10/01/2030	2,125,000.00	537,500.00	--	--	2,662,500.00	19,375,000.00
+	04/01/2031	--	484,375.00	--	--	484,375.00	19,375,000.00
+	10/01/2031	2,230,000.00	484,375.00	--	--	2,714,375.00	17,145,000.00
+	04/01/2032	--	428,625.00	--	--	428,625.00	17,145,000.00
+	10/01/2032	2,340,000.00	428,625.00	--	--	2,768,625.00	14,805,000.00
+	04/01/2033	--	370,125.00	--	--	370,125.00	14,805,000.00
+	10/01/2033	2,460,000.00	370,125.00	--	--	2,830,125.00	12,345,000.00
+	04/01/2034	--	308,625.00	--	--	308,625.00	12,345,000.00
+	10/01/2034	2,580,000.00	308,625.00	--	--	2,888,625.00	9,765,000.00
+	04/01/2035	--	244,125.00	--	--	244,125.00	9,765,000.00
+	10/01/2035	2,710,000.00	244,125.00	--	--	2,954,125.00	7,055,000.00
+	04/01/2036	--	176,375.00	--	--	176,375.00	7,055,000.00
+	10/01/2036	2,050,000.00	176,375.00	--	--	2,226,375.00	5,005,000.00
+	04/01/2037	--	125,125.00	--	--	125,125.00	5,005,000.00
+	10/01/2037	2,990,000.00	125,125.00	--	--	3,115,125.00	2,015,000.00
+	04/01/2038	--	50,375.00	--	--	50,375.00	2,015,000.00
+	10/01/2038	2,015,000.00	50,375.00	--	--	2,065,375.00	--

© 2025 U.S. Bank

© 2025 S&P Global Market Intelligence. [S&P Attribution & Disclaimer](#)

© 2025 American Bankers Association

[Terms Of Use \(/Wmss/Web/Corp-Muni/Terms-And-Conditions\)](#)

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

## **Item 5, Unfinished Business – Accounting for Assets**

### **Background**

The Del Mar Race Track Authority (Authority) was formed August 1, 1990 through the Joint Exercise of Powers Agreement (Agreement) between the 22nd District Agricultural Association (District) and the State Race Track Leasing Commission (Commission) – and was subsequently amended in 1996, 2013, and 2015 – for the “purpose of financing the capital improvements, renewals, and replacements at the District’s fairgrounds.”

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

Following Authority Secretary Moore’s report at the meeting of March 2024 (included on the following pages), the Authority Board directed Secretary Moore, in collaboration with Authority’s bonds counsel and Certified Public Accountant, to further explore how to uncomplicate the asset accounting. Secretary Moore would then be expected to report back with a recommendation at a future Authority Board meeting.

### **Process/Approach**

After careful review and discussion with the municipal advisor, bonds counsel, and certified public accountant to Authority and District, it has been determined that while there is a historical basis for the accounting treatment of the Grandstand and other financed assets, it was unnecessary to account for them as Authority assets. In addition, upon further analysis, the ownership of the financed facilities does not impact the security of the bondholders.

As was reported to the Authority Board at the meeting of March 2024, Section 9 of the Agreement stipulates that “upon payment of all charges and obligations of the [Authority]...incurred in connection with the financing for the grandstand and all related improvements and betterments, as set forth in the Master Plan, *title* to the grandstand shall vest in the District” {emphasis added}. This language provides the context as to why Authority’s accountants have historically held those financed assets on the Authority ledger, as it was contemplated that Authority would hold title until final obligation payments have been made. However, this rationale resulted in an overly complicated accounting process between the Authority and District.

On the recommendation of Authority’s bond counsel, and in consultation with the certified public accountants for Authority and District, the Authority Board voted in

August 2024 to recommend that the Agreement be amended through the approval of the Commission and District at subsequent meetings to clarify that, for accounting purposes, the financed assets shall be reflected in the audited statements of the District as District assets.

Upon further review of the Agreement by Authority Secretary Moore and Counsel, in addition to amending Section 9, it was recommended to also amend Sections 8 and 10(2) of the Agreement to clarify the respective roles of the Commission and the District regarding the improvements to the grandstand located at District's fairgrounds and to extend the time to complete the report of the annual audit given the Commission's staff and resource-related constraints. Redline and clean versions of the Agreement can be found on pages 39-58 in the packet for the March 21, 2025, Commission meeting.

Section 18 of the Agreement provides that the Agreement may be amended or supplemented by the District and the Commission by written agreement, with the written approval of the state agencies approving the Agreement. The District approved the amendment on March 11, 2025. The Commission will meet on March 21, 2025, to consider and vote on the amendments.

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

## **Item 5, Assets Determination**

**March 20, 2024**

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

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

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

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

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

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

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