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BOARD OF DIRECTORS MEETING
22ND DISTRICT AGRICULTURAL ASSOCIATION
STATE RACE TRACK LEASING COMMISSION
DEL MAR FAIRGROUNDS
2260 JIMMY DURANTE BOULEVARD
DEL MAR, CALIFORNIA 92014

(TELECONFERENCE)

TUESDAY, DECEMBER 16, 2025

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Transcribed by:

QuickCaption, Inc.
3457 Arlington Avenue, Ste. 104
Riverside, CA 92506

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IN ATTENDANCE

22ND DAA OFFICERS AND DIRECTORS PRESENT:

- SAM NEJABAT, CHAIR
- LISA BARKETT, VICE CHAIR [VIA ZOOM]
- MARK ARABO, DIRECTOR
- DONNA DEBERRY, DIRECTOR
- MICHAEL GELFAND, DIRECTOR
- KATHLYN MEAD, DIRECTOR
- FRED SCHENK, DIRECTOR [LEFT AT 1 P.M.]
- JOYCE ROWLAND, DIRECTOR [LEFT AT 1 P.M.]
- PHIL BLAIR, DIRECTOR [ARRIVED AT 11:57 A.M. AND
LEFT AT 2 P.M.]

22ND DISTRICT AGRICULTURAL ASSOCIATION STAFF:

- CARLENE MOORE, CHIEF EXECUTIVE OFFICER
- KATIE MUELLER, CHIEF OPERATIONS OFFICER
- TRISTAN HALLMAN, CHIEF COMMUNICATIONS OFFICER
- MIKE SEYLE, CHIEF ADMINISTRATIVE OFFICER
- BRAD MASON, FACILITIES DIRECTOR
- HENRY RIVERA, PRODUCTION DIRECTOR
- MOLLY ARNOLD, ADMINISTRATIVE ASSISTANT

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22ND DISTRICT AGRICULTURAL ASSOCIATION COUNSEL
JOSHUA CAPLAN, OFFICE OF THE ATTORNEY GENERAL

OTHER SPEAKERS:

JOSH RUBINSTEIN, PRESIDENT & COO, DEL MAR
THOROUGHBRED CLUB

PUBLIC COMMENTERS:

MARTHA SULLIVAN
ALLISON PRATER

1 CHAIR NEJABAT: Good morning.

2 Today is Tuesday, December 16th, 2025, and the time

3 is 9:37 a.m. I now call this meeting of the 22nd District

4 Agricultural Association to order.

5 Roll call.

6 MS. ARNOLD: Chair Nejabat.

7 CHAIR NEJABAT: Here.

8 MS. ARNOLD: Director Barkett.

9 MS. BARKETT: Here.

10 MS. ARNOLD: Director Arabo.

11 MR. ARABO: Here.

12 MS. ARNOLD: Director Blair is not here.

13 Director DeBerry.

14 MS. DeBERRY: Here.

15 MS. ARNOLD: Director Gelfand.

16 MR. GELFAND: Here.

17 MS. ARNOLD: Director Mead.

18 MS. MEAD: Here.

19 MS. ARNOLD: Director Rowland.

20 MS. ROWLAND: Here.

21 MS. ARNOLD: Director Schenk.

22 MR. SCHENK: Here.

23 CHAIR NEJABAT: It looks like we have a quorum.

1 The board will now move to our closed executive
2 session described under item 3 on the agenda.

3 As noted we intend to return to open session around
4 11:00 a.m. the current time is 9:38.

5 Pursuant to Government Code 11267A, B, and E, the
6 Board of Directors will now meet in closed executive
7 session on the items described on the agenda.

8

9 [The Board recessed to executive session at 9:38
10 a.m.]

11

12 [The Board reconvened into open session at 11:33
13 a.m.]

14

15 CHAIR NEJABAT: The time is 11:33 a.m., and we have
16 returned from our closed executive session. And the 22nd
17 DAA Board of Directors considered the advice of counsel
18 on the items listed on the closed session portion of the
19 agenda and it has nothing to report. We also met in
20 closed session to evaluate the performance of its CEO
21 consistent with the Government Code and has nothing
22 further to report.

23 With that, we'll move onto consent calendar. Before

1 we begin, I'm pulling revenue agreement, L-2988 AM1, the
2 telecommunications lease project number 15091 from the
3 consent calendar. At our staff's request I'm moving it to
4 item 8A4, consideration and vote on whether to authorize
5 the District to replace and modernize three existing
6 video display boards, as the telecommunications project
7 is connected to the infield grandstand video board.

8 With that being said, do we have any members of the
9 public with us today who would like to speak on the
10 remainder of the consent calendar as presented in the
11 agenda? Seeing nobody in the room, we do have one public
12 speaker on Zoom. As I call on you please indicate the
13 item you would like to have pulled from the consent
14 calendar and hold your comments until the board takes up
15 that item under general business.

16 With that, Martha Sullivan.

17 MARTHA SULLIVAN: Hello, this is Martha Sullivan from
18 Imperial Beach. And I actually wanted to request a
19 correction to the minutes for your November 18th meeting.
20 The public comment was actually on item 8E1, the DMTC's
21 request to update three video boards with reimbursement
22 from the district, not just item 8E, which is how it's
23 presented on page 7 of the board packet. I think it's

1 important that it's clear what the public comment was on.

2 CHAIR NEJABAT: Are there any requests from any board
3 member to remove any additional items from the consent
4 calendar for further individual discussion? Seeing none.
5 Do I have a motion for approval of the consent calendar?

6 MR. GELFAND: So moved.

7 CHAIR NEJABAT: Director Gelfand.

8 MR. ARABO: Second.

9 CHAIR NEJABAT: Second, Director Arabo. Thank you.
10 Please roll call for the vote.

11 MS. ARNOLD: Chair Nejabat.

12 CHAIR NEJABAT: Aye.

13 MS. ARNOLD: Vice Chair Barkett.

14 MS. MOORE: Do we have Director Barkett.

15 MR. RIVERA: She's muted. Can you open up and show
16 the speakers? Thank you.

17 MS. ARNOLD: Vice Chair Barkett.

18 MR. RIVERA: You are still muted. There we go.

19 MS. ARNOLD: Vice Chair Barkett.

20 MR. GELFAND: Director Barkett, can you hear us and
21 vote?

22 MS. ARNOLD: Director Arabo.

23 MR. ARABO: Aye.

1 MS. ARNOLD: Director DeBerry.

2 MS. DeBERRY: Aye.

3 MS. ARNOLD: Director Gelfand.

4 MR. GELFAND: Aye.

5 MS. ARNOLD: Director Mead.

6 MS. MEAD: Aye.

7 MS. ARNOLD: Director Rowland.

8 MS. ROWLAND: Aye.

9 MS. ARNOLD: Director Schenk.

10 MR. SCHENK: Aye.

11 CHAIR NEJABAT: All right. Motion Carries.

12 We'll now move on to public comment for items not on

13 today's agenda.

14 The board will, as a reminder, not debate nor act on

15 any comments heard today. For any public comment

16 opportunities each speaker will be given two minutes. We

17 now have an alarm on there. It will queue folks for

18 speaking in person. For those online, we will mute your

19 microphone after two minutes. Do we have any public

20 speakers in the room? Seeing none. We'll move onto Zoom.

21 We have three speakers starting with Allison Prater.

22 ALLISON PRATER: Hi, this is Allison Prater from

23 Imperial Beach.

1 Okay. From the Pleasanton Weekly, a report by the
2 Alameda County Fair this year. Without the Pleasanton
3 Races for the first time in over 100 years, except for a
4 year or two during World War II it has thrived without
5 horse racing. The fair's food is one of the highlights in
6 this year's data as guests devoured a whopping 102,490
7 corn dogs, 27,423 funnel cakes, a staggering 155%
8 increase from last year. According to the fairgrounds,
9 the fair's carnival saw a surge in attendance with sales
10 up 27% compared to last year. People were coming out for
11 different reasons reports said. There were just a lot of
12 new fun things to see. It was a really happy fair. He
13 said in terms of attendance, the numbers speak for
14 themselves. And added that people had more than enough
15 entertainment to make up the lack of horse racing. The
16 report also highlighted the Big O Tires Concert Series,
17 which saw bigger names, fewer cover bands, and 66%
18 increase in ticket sales. Our concerts were really packed
19 every single night, she said. Thank you for your time.

20 CHAIR NEJABAT: Thank you, Allison.

21 Martha Sullivan.

22 MS. BARKETT: Hello? Hello?

23 CHAIR NEJABAT: Yes, we can hear you, Director

1 Barkett. We're on the public comment.

2 MARTHA SULLIVAN: Hello, this is Martha Sullivan.

3 I'm going to share a quote from the U.S. Jockey
4 Club's media outlet BloodHorse last week. Reporting from
5 the Global Symposium on Racing at the University of
6 Arizona. Quote, California breeder and owner, Harris
7 Auerbach whose family has been involved with breeding for
8 almost 50 years noted his family has gone from being one
9 of the leading breeders in California to having a
10 boutique breeding operation with their mares at a farm in
11 Georgetown, Kentucky. California is one of the few states
12 without gaming to aid its industry and uncertain future
13 for the first racing owned Santa Anita Park has Auerbach
14 and others apprehensive. The property sits on valuable
15 Southern California real estate and elsewhere First
16 Racing has pursued phasing out racing at its Gulfstream
17 Park in south Florida. Quote, I just think people are
18 looking for certainty in our friends at First Racing to
19 sure add some by saying we're going to be around, he said
20 of racing as Santa Anita Park. Quote, we've had no such
21 assurances all I see are things about horse shows and the
22 Olympics. And I think they're wonderful but in order to
23 breed, we need to know that there's actually going to be

1 a place to race when those foals are racing age, end
2 quote by Auerbach. The article goes on to say, oh I'm
3 sorry, I apologize.

4 My observation is California now has three operating
5 horse racing tracks, last year it had nine. As I've been
6 saying to you for several years now, the end of live
7 horse racing in California is coming, plan for it. Thank
8 you.

9 CHAIR NEJABAT: Thank you, Martha.
10 Shane Harris.

11 MR. RIVERA: Shane is not in the queue.

12 CHAIR NEJABAT: All right. So with that, we'll now
13 move onto item 7 on our agenda. At this time I would like
14 to recognize our CEO, Carlene Moore, to provide her
15 executive report.

16 MS. MOORE: And in the interest of time, I will keep
17 my comments brief. A lot of the information is provided
18 in your packet. We're not just as update for the public,
19 we're not having a presentation from the Don Diego
20 Scholarship Foundation, we'll look to reschedule that
21 for January.

22 The monthly financial reports can be found in the
23 packet on pages 20 through 25. And one of the things that

1 the board we talked about last month, so included in the
2 packet and it's on pages 26 and 27, the calendar for
3 January and February. In part so that we could have a
4 brief discussion in terms of board member availability
5 for a second date for a strategy session in January. So
6 if as board members if you don't mind taking a look at
7 that if we could get some idea, or if anybody can let us
8 know times that they are unavailable so we could start to
9 narrow down the dates.

10 MR. GELFAND: In January?

11 MS. MOORE: In January.

12 MS. ROWLAND: Are you going to do kind of a Google
13 doc search. I mean, are you going to ask us for dates and
14 we put them in and your narrow it down?

15 MS. MOORE: Yes, and that's why I thought if I could
16 find out about sort of starting with any planned
17 vacation, like not being available during certain periods
18 of time so we can narrow that down and then that gets
19 circulated to the board.

20 MS. DeBERRY: Are you asking now?

21 MS. MOORE: I'm asking if you could let me know today
22 in terms of vacation. I will move on. Or again, any time
23 based on, and that's why the calendar is in here for you

1 to look at that you would not be available for a strategy
2 session meeting.

3 MS. MEAD: Carlene, can you just help me understand
4 what the strategy session is about? Is it about the
5 strategic site plan or is it separate strategy for our
6 business activities during the year or is it both?

7 MS. MOORE: It's a little bit of both. And actually,
8 I was remiss -- for them now, I was remiss in not
9 providing the documents back in this packet from last
10 month. If you recall, and this is based on some
11 discussion with the Executive Committee, but having some
12 strategic planning time around, and various topics could
13 include like review of our policies as well as discussion
14 of ideas for new policies, rules and responsibilities,
15 sort of near term business development visioning. And
16 then the transition work and sort of timeline around for
17 the Master Site Plan transitioning from the public
18 outreach and engagement into business discussion with,
19 and just sort of setting intention for the coming year
20 with the board, timing for agenda topics and
21 presentations as we're in essence mapping out the work
22 plan for the board, which is to help better inform that
23 for the chair for developing that work plan. If you

1 recall, here actually I will -- this was from last
2 month's agenda packet, the item 7 on this. And in the
3 past we have included in your board binders kind of a
4 roadmap of what to expect sort of by broader topics for
5 the coming year. And it would be updating that process
6 during the strategy session.

7 MS. MEAD: Thank you for that and the handout. I'm
8 wondering would it be -- is it business critical for this
9 to happen in January or could this be delayed until
10 February?

11 CHAIR NEJABAT: I think what we're planning on doing
12 is doing the CEO evaluation and this the same day.

13 >> [multiple speakers]

14 MS. MOORE: Take advantage of --

15 MS. MEAD: Make it a longer -- [multiple speakers]

16 MS. MEAD: That helps.

17 MS. MOORE: Versus three meetings. And our regularly
18 scheduled January board meeting is January 13th just as a
19 reminder for that. We're looking for a day outside of
20 that.

21 MR. SCHENK: Will it be at 9:30 again?

22 MS. MOORE: Mm-hmm. Yeah, I think based on the two
23 topics.

1 MS. ROWLAND: Are you looking for exclusions?

2 MS. MOORE: Exclusions.

3 MS. ROWLAND: Right now?

4 MS. MOORE: Yes, if you have them.

5 MR. ARABO: The one thing that I think the committee
6 for the conceptual plan hasn't met yet, so I don't know
7 if you want the committee to even meet before the board.
8 I think we have a committee on conceptual Master Site
9 Planning?

10 MR. GELFAND: No.

11 MS. MOORE: Yes.

12 >> [multiple speakers]

13 MR. ARABO: We do and the committee has not met yet.
14 So I do think the committee should at least meet once so
15 it could report out to the board any work. Before the
16 board sees it I think committee should look at it.

17 MS. MEAD: Whatever day --

18 MR. ARABO: I think maybe February might be the best
19 because of that.

20 MS. ROWLAND: And I know I'm not available the last
21 two weeks of January, because you were asking for broad
22 strokes, there's a broad stroke.

23 MS. MOORE: Okay. So the week of the 26th and the

1 week of the 19th.

2 MS. DeBERRY: Do you really want to go to February
3 with this?

4 MR. ARABO: There's a committee --

5 CHAIR NEJABAT: I think the committee could find a
6 date and meet prior to February, right?

7 MR. ARABO: No, we haven't had a chance to meet.

8 CHAIR NEJABAT: I'm saying you guys could.

9 MR. ARABO: There's a financial economic feasibility
10 and Conceptual Committee the Master Site Plan Phase Two
11 Committee that has not met yet since the chair has set
12 these new committees. I think the committees should at
13 least meet once prior to the board looking at it.

14 MS. MOORE: I just want to clarify, there isn't
15 something for the board to look at. Absolutely we can
16 have that committee meeting ahead of time. This strategy
17 session discussion was more just broad level strokes of
18 what is the board's intention for the coming year,
19 information and things like that that it wants to see.

20 MR. SCHENK: Carleen, just for clarification. Are we
21 looking at the first two weeks of January due to Director
22 Rowland's absence? I'm fine with that, I just want to get
23 clarification. My answer to that is I always have things

1 going on in my calendar, it doesn't mean I'll be out of
2 town but I'll be at my desk in a meeting. I can give you
3 my entire calendar. It's not a matter of absence from San
4 Diego, it's an obligation elsewhere within an hour or two
5 during the day. Those are I'm sorry sure not just for me
6 but for everyone.

7 MS. MOORE: For today I was just looking for broad
8 strokes of unavailable, going to be out of town and then
9 I will be circulating out potential dates and times to
10 the board.

11 MR. GELFAND: Is there a quorum issue for these
12 meetings in terms of how many people need to be present
13 in person?

14 MS. MOORE: We need five people present otherwise we
15 have --

16 MR. GELFAND: In person?

17 MS. MOORE: In person here, otherwise we have to on
18 the notice identify every location that board members
19 would be remote from.

20 MR. GELFAND: Okay.

21 MS. DeBERRY: May I just ask real quick, the week
22 between the 12 and 16th, is anyone not available the week
23 between the 12th and 16th? The dates between the 12th and

1 16th.

2 MR. GELFAND: I'm around.

3 MS. DeBERRY: Let's just knock it out.

4 MR. ARABO: We have a board meeting on the 13th.

5 MR. GELFAND: So quorum can be achieved if someone's
6 on Zoom as long as you publish where they are?

7 >> [off mic - multiple speakers]

8 MS. MOORE: So I will circulate some dates and times
9 it sounds like for that week of the 12th?

10 MS. DeBERRY: Well, it looks like our board meeting
11 is on the 13th?

12 MS. MOORE: Yes.

13 CHAIR NEJABAT: 14th or 15th is an option?

14 >> [multiple speakers]

15 CHAIR NEJABAT: Okay, so we'll look at times then.

16 >> [multiple speakers]

17 MS. MOORE: We'll look at times on the 14th and 15th.

18 MR. GELFAND: You're around on the 14th? Are you
19 available?

20 MS. ROWLAND: Yes, the 14th would be wonderful.

21 MS. DeBerry: Oh, you are.

22 MR. SCHENK: Let's just pitch a tent.

23 CHAIR NEJABAT: Calendar hold for the 14th.

1 >> [multiple speakers]

2 MR. ARABO: Back to back, oh boy.

3 MR. GELFAND: Mark, we have tentatively scheduled a
4 Finance Committee Meeting on the 14th. But based on other
5 stuff we probably want to have it earlier.

6 MR. SCHENK: Should we block out the entire day for
7 each date, Carlene? Is that your expectation?

8 >> [multiple speakers]

9 MS. ROWLAND: It seems wise for the moment.

10 CHAIR NEJABAT: I don't think for the Board meeting
11 but the 14th, yeah.

12 MS. ROWLAND: If this holds it could be our most
13 efficient meeting setting ever. Is Lisa here? Is Lisa
14 hearing us?

15 MS. MOORE: Lisa, you're muted.

16 CHAIR NEJABAT: We can't hear you.

17 MS. DeBERRY: You're still muted.

18 MS. BARKETT: I am available on the 14th.

19 MS. MOORE: Thank you. Check with Director Blair.

20 Again, just keeping it short. I will as I mentioned
21 to you in a recent kind of one-way communication as well
22 as from last month's discussion we are looking, we've
23 looked at in terms of gaps in accessibility to our open

1 houses. We've identified like the two largest areas in
2 terms of gaps was sort of the Miramar, Mira Mesa, Convoy,
3 Paramount area within the City of San Diego and also the
4 Oceanside and Carlsbad area. As well as, and as was
5 requested looking for a site in southeast San Diego to
6 ensure adequate access to the community. So we are
7 working to actively get those scheduled and hope to have
8 them completed by the end of February. So just want to
9 give you an update back on that.

10 And then, in addition to the news to share with you
11 about the IAFE Convention, last week I attended the
12 California Construction Authority's first meeting with
13 our new executive officer. And on behalf of the CCA
14 Board, we're really looking forward to a new chapter with
15 him. I also last week attended the Department of Food and
16 Agriculture's collaborative exchange which included a
17 presentation from the office of the state fire marshal.
18 And part of it was about just regulation, changes,
19 updates they are working on.

20 One thing that I found interesting and given the
21 discussion we've had previously about a potential battery
22 storage is the regulations that they are currently
23 working on due to the dangers of these battery system,

1 energy system storage facilities when they catch fire and
2 the inability to put those fires out. So they'll be some
3 regulation things coming out on that. But as we think
4 about ideas and things for the future of the fairgrounds
5 and what may be possible.

6 So the week before that, I was joined by our Chief
7 Operating Officer Katie Mueller and our Chief
8 Communications Officer Tristan Hallman as well as some of
9 our other team members at the International Association
10 of Fairs and Expositions Convention, where along with the
11 sort of networking and educational opportunities that we
12 get to enjoy and take advantage of, we were recognized
13 with 26 awards including 8 first place awards for the
14 work that our team does. And in addition to that, we
15 accepted our Circle of Excellence recognition from the
16 Outdoor Amusement Business Association for our midway
17 operations. And receiving the Circle of Excellence Award
18 is going through a rather lengthy audit process of our
19 midway operations. So I just really want to acknowledge
20 Katie and the team for their really excellent work in
21 this area. This truly is a distinguishment for us and for
22 our midway operations.

23 MS. DeBERRY: Yes.

1 MS. ROWLAND: I really like the fact that we run our
2 midway, I mean, if I can put that out there. I mean, I
3 know there are other models and there are reasons why we
4 were leaning that way from a staff perspective a while
5 back. But I think this control we have over it is really
6 a good thing because we do it in a quality way,
7 obviously. So anyway.

8 MS. MOORE: And we do have a beautiful award for that
9 recognition. And that recognition is valid for three
10 years. And then we'll go through the process again.

11 MS. ROWLAND: I like the outside review aspect of
12 that. That's really good validation of an industry
13 standard.

14 MS. MOORE: And so with that, that then brings us to
15 the general business. That completes my report.

16 CHAIR NEJABAT: Any questions from the board?

17 MR. ARABO: Yeah, chair, for the general business for
18 the Finance Committee, can we take it in a different
19 order?

20 CHAIR NEJABAT: Yeah, noted.

21 Anyone from the public wishing to speak on the
22 executive report? We have one member online. Martha
23 Sullivan.

1 MARTHA SULLIVAN: Hello, this is Martha Sullivan
2 again from Imperial Beach. I just want to clarify from
3 the October Financial Report because it's muddled up
4 somewhat. That the food and beverage sales fell short of
5 the forecast by 11% for almost \$290,000 during the month.
6 And that was primarily due to an overestimation of food
7 and beverage revenue for day one of the Breeders' Cup
8 event. So I just want to clarify that because it's kind
9 of muddled up at the start of that paragraph on page 20
10 and 21. Thank you.

11 CHAIR NEJABAT: Thank you. With that, we conclude
12 public comment on the executive report.

13 Moving onto general business, which consists of the
14 items listed under section 8 of our agenda and any items
15 that were pulled from the consent calendar for further
16 discussion. Our general business today will begin with
17 four action items. As a reminder, under Robert's Rules of
18 action items our procedure is as follows. The item is
19 read into the record, next we will entertain public
20 comment, then we'll go directly to a motion and second.
21 Then only after we have a motion and second will we open
22 up for questions and discussion from the board. And
23 finally we'll have a vote. If we have no motion and

1 second to begin discussions we will then move on simply
2 to the next item.

3 >> [multiple speakers]

4 CHAIR NEJABAT: Director Blair has joined the
5 meeting, let the record reflect.

6 With that, we'll begin our Finance Committee report.
7 We have several budget action items today. At Director
8 Arabo's request, we'll begin item 8A3, which is
9 consideration and vote on 2026 delegation of authority or
10 temporary delegation of authority. This includes contract
11 authority, check signing authority, and credit card use
12 authority. This is an action item and you will find the
13 report beginning on page 56 of your packets. We'll begin
14 with public comment. Anyone in the room? Nobody online.
15 All right, at this time I'll entertain a motion.

16 MR. ARABO: The committee report? Okay. Well, thank
17 you, Chair Nejabat.

18 Action under Robert's Rules of Order, once the chair
19 recognizes me for my report, I have the floor. I will
20 present each item briefly and then move on to discussion
21 or motions as the chair sees fit. The first item,
22 delegation of authority, I want to first overall
23 committee meeting report. I want to thank you, to our

1 Chair Nejabat, your vision and leadership for assigning
2 different committee and different chairs and members.

3 I want to set the framework for my Finance Committee
4 report today. First, I want to be very clear, the Finance
5 Committee has not reached consensus on any items we're
6 about to discuss. Staff has provided in the packet
7 baseline recommendations which is appropriate and
8 appreciated. However, the role I see as the Finance
9 Committee is not to rubber stamp staff input. Our role is
10 to analyze, stress test it and provide the board with
11 options, context and data so the full board can make
12 informed decisions. As chair, I made the decision to
13 provide additional information and handouts to the
14 public. These are for information purposes only, these
15 are not committee recommendations. My goal is to be
16 collaborative and to broaden, not narrow conversation so
17 the board can do its job.

18 For delegation of authority, I'll pass out the first
19 item. I didn't have the opportunity to get this in the
20 packet. I want to give everyone their copy. Chair, with
21 your permission, I would like to ask we take a minute or
22 two for each board member to read the handout I just
23 passed out. And there's handouts at the table for the

1 general public. The main item I want to bring to the
2 board's attention today was the delegation of authority.
3 After one minute, I'll go into it.

4 There's a lot of items in the packet. The one that I
5 think we should consider to modify is the entertainment
6 contract. The proposal handout before you relates to
7 entertainment contracting authority. Staff has
8 recommended maintaining the current \$500,000 threshold. I
9 respect the recommendation and the operational rationale
10 behind it. With that said, I believe it's reasonable for
11 this board to at least consider whether we should lower
12 the threshold from \$500,000 to \$200,000, that can
13 strengthen oversight while allowing staff to operate
14 efficiently. This is not about micromanagement or slowing
15 down operations. It's about governance alignment.
16 Ensuring that higher risk, higher dollar commitments have
17 visibility at least to our chair or vice chair at their
18 level. I'm offering this as an option for discussion, not
19 as a directive. It's additional information and this is
20 not a committee recommendation. The committee did not
21 agree on it. With that information I would like to accept
22 the staff's packet of authority but change entertainment
23 down to, the motion is to change it from \$500,000 to

1 \$200,000. And we can open up discussion. That's the
2 motion.

3 CHAIR NEJABAT: Do we have a second?

4 MS. MEAD: You have to get a second.

5 >> [multiple speakers - off mic]

6 MS. MEAD: Before discussion, we need a second.

7 MS. DeBERRY: Oh, I'll second it.

8 CHAIR NEJABAT: Okay, second, Director DeBerry.

9 MR. GELFAND: Do we need public comment?

10 CHAIR NEJABAT: No public comment. There's no public
11 comment, we've already asked.

12 MR. ARABO: We looked at this item and I think we
13 were okay with all of it. That's one item I want to flag
14 to the board for consideration. That's the only one item
15 that I saw that. So it's open to my colleagues on the
16 board what you think.

17 >> [off mic]

18 MR. SCHENK: I know a little bit about the subject
19 area. Can you share with the board how many contracts in
20 the last five years have been at \$500,000?

21 KATIE MUELLER: Two.

22 MR. SCHENK: How many have been at \$200,000?

23 KATIE MUELLER: Maybe -- I don't have the numbers in

1 front of me but I want to say four or five.

2 MR. SCHENK: Can you give us a range?

3 KATIE MUELLER: Yes. National Touring Entertainment,
4 we're only talking about the grandstand that requires
5 these kinds of amounts has gotten exceedingly high after
6 COVID. The range of the acts is 175 to 500,000 easily.
7 And for acts that are going to sell tickets, which is
8 what we strive to do with the grandstand, they are
9 usually between two, 250, to 500. We don't go above
10 \$500,000, because we only have 8,000 seats to sell. And
11 we feel we can't keep prices reasonable for ticket buyers
12 after the \$500,000 limit. But there's very few things
13 that fall below \$200,000.

14 MR. SCHENK: It's been my experience that over the
15 years the price point has gone up unfortunately. I
16 recall, I'm playing you know, in my day, but it's true. I
17 mean years ago we were able to secure, I think we got
18 Bruno Mars folk at \$75,000.

19 >> [multiple speakers]

20 MR. SCHENK: And I know that because I was ecstatic
21 with that number. Try to get them at a million dollars
22 today. So the point here is we signed Bruno Mars before
23 his then well-regarded platinum album went platinum. And

1 we sort of did what I used to refer to as those of you
2 who know anything about Los Angeles know about Doug
3 Weston's Troubadour. You know about the Troubadour? Doug
4 Weston was famous for signing talent before they knew
5 they were going to be famous. I went to the James Taylor
6 concert where Carole King played. They did a 40th
7 anniversary of it in 2010 where Carole King had never
8 performed before.

9 The point is this, if we're able to secure talent
10 early, we're going to get it cheaper. But if we're going
11 to caucus in it my fear is that we will lose opportunity.
12 Mark, I just want you to be aware of this. To me, I know
13 Sam, we did a great job of getting electronic music last
14 season. It was a standing room only but that costs us a
15 lot of money. I'm concerned that by doing something at
16 this number as opposed to something perhaps in between,
17 we may be giving up -- timing is so important that we may
18 lose opportunities having to wait to caucus on it. It's
19 not the number, it's the timing that concerns me. And if
20 there are so few that are at that high number we have to
21 weigh the loss of potential revenue from getting a really
22 good act at the cost of saying, well, we got to wait
23 until we get everybody's buy in, that's my concern.

1 That's my experience from years past how it's gone from
2 one number to now, you know, very high numbers
3 unfortunately.

4 MR. ARABO: We discussed that in the committee. And
5 so the idea was, one option was if you get all the offers
6 say you put 60 offers out, someone, the chair, vice
7 chair, fair ops would sit down with the CEO and say,
8 okay, I'm good with all 60 and just give the green light.
9 Just some level of oversight over any amount, \$300,000,
10 \$400,000, \$500,000, and I think it was appropriate. I
11 think there's workarounds as far as not losing timing.
12 Because you could do a blanket, these 60 acts are
13 perfect. I'm okay with it. I'm not suggesting the whole
14 board. I'm just saying some oversight from either the
15 chair or the vice chair or someone in fair ops.

16 MR. SCHENK: May I share something? That is exactly
17 how I used to do it. We used to have, we would go to Las
18 Vegas on the Sunday after Thanksgiving and we would spend
19 three days meeting with the leaders in the industry, you
20 know, in the talent industry. And we would get a sheet
21 that had a cost per talent, whoever it was. Not all of
22 them were touring or routing as they call it on the West
23 Coast during the summer. So we would to find out who

1 would match up, who is routing with the cost is. I used
2 to say this, it would be like going to the butcher and
3 saying I need to buy meat for a week. One day I can only
4 afford hamburger, but one day of the week I can afford
5 filet mignon. But that's how I used to approach it. And
6 so we would then say what can we afford and we would pick
7 one, two, or three in the 26 day run that was filet
8 mignon and a lot of ground beef that we would select in
9 between. I applaud that but I'm just concerned about
10 having to have you know the entire board because we may
11 lose opportunities.

12 MR. ARABO: I know. The suggestion was definitely not
13 the board. Somebody, the chair, the chair of ops
14 collaborative, working with staff seeing all 60 or 80
15 talents and working with them as far as, yeah, just an
16 extra layer. Kind of like how you did it in the past
17 which we haven't done.

18 MR. SCHENK: It wasn't because of us that we stopped.
19 It was because the governor told us that when they moved
20 to Tennessee that we were no longer allowed to travel to
21 Tennessee.

22 >> [multiple speakers]

23 MS. MOORE: It was Texas at that time.

1 MR. SCHENK: But we couldn't travel to that state
2 anymore because of you know, relationships. And so we no
3 longer did that. But it wasn't because we choose to not
4 do it.

5 MR. ARABO: Got it.

6 MS. MEAD: Go around this side? I'm supportive of the
7 delegation of authority as presented to include the
8 entertainment contract threshold for two reasons. One, I
9 previously sat on the Fair Committee with Fred and my
10 experience working with Fred was just that, that staff
11 interacted with the fair op's committee chair. And Fred
12 knew everything that was going on because Katie who runs
13 fair ops is very communicative about what is happening.
14 I'm taking over as chair of fair ops this year and I
15 expect to model that in the same way I saw Fred do that.
16 And so, I do think that if you think about the role of
17 the committee chairs, what the current practice is and
18 how I would expect to operate is exactly what you are
19 looking for, Mark, which is chair participation,
20 committee participation, not just chair, but committee
21 participation and communication with staff. So I'm
22 comfortable with the level as it is.

23 MR. BLAIR: Level -- [multiple speakers]

1 MS. MEAD: As presented, yeah, the current level.
2 >> [multiple speakers]
3 MR. ARABO: The \$500,000.
4 MS. MEAD: Yes.
5 MR. ARABO: Not lowering it?
6 MS. MEAD: Not lowering it as suggested. I know
7 you're not recommending, but as suggested. I'm
8 comfortable with the current thresholds.
9 MR. ARABO: I want to be clear, this isn't something
10 I'm recommending.
11 This is something that I think we should look into,
12 consider, and stress test. We should look at it.
13 MR. GELFAND: Chair, I'm confused. Is the motion to
14 consider something at a future date or is the motion to
15 lower the threshold?
16 MR. ARABO: No, to open discussion we have to have a
17 motion. To open the discussion, to have this conversation
18 we had to open it up. And the motion to open it is
19 lowering the threshold. In doing that, in this discussion
20 I want to show the board members all the options to look
21 at it. This is something that I wasn't aware half a
22 million dollars -- [multiple speakers]
23 MR. GELFAND: Read you back the motion?

1 MS. MOORE: The motion is to lower the threshold.
2 That is the motion that is on the table that you were
3 discussing. Just keeping that straight in terms of when
4 it does come time to vote on the motion.

5 MS. DeBERRY: I'm literally, this is the first time
6 I'm hearing this because I'm new. I actually want to pass
7 for just a moment on this and get more feedback.

8 MR. BLAIR: I seem to recall a few meetings ago,
9 there are do not disclose agreements I don't -- we
10 couldn't bring names, you know, Bruno Mars, \$500,000,
11 right. They don't want that number out, you are not
12 allowed to talk about it. We got to be careful we don't
13 not get entertainment because they go, well they got to
14 bring it back to the committee of two or three people or
15 the board of nine people and it's public information and
16 that's how much people charge. So you know, to me, it
17 ain't broke, don't fix it, right? I mean, if 500 is
18 working and it's getting higher. No question at all, it's
19 getting higher and higher every year, I'm fine with the
20 \$500,000.

21 MS. MEAD: Just a clarification though, that when the
22 contract is signed at the current threshold, and then it
23 comes before us as the board, then that information is

1 public and it's noticed for the board. So the only time
2 that the information is embargoed is during the
3 negotiation and conversation.

4 MR. SCHENK: There's two times it might be embargoed
5 because of things like Coachella now that we didn't have
6 that back in the day. We would be embargoed as we were
7 last year or two years ago when we had talent ready to
8 proceed we couldn't identify it until after Coachella.
9 Once Coachella was over, we were able to reveal the
10 contracts. And then also we would hold back because we
11 wanted to do a media reveal. And that's another reason
12 why we would hold back usually it would be in March or
13 April so that we could do a big reveal and get the public
14 excited about it.

15 MR. BLAIR: Okay, so we're back to it needs to be
16 confidential until a certain point?

17 MR. SCHENK: Right.

18 MR. BLAIR: Right? I mean, on our board we never say
19 this group is 10,000, this group is 50,000 --

20 MR. SCHENK: You do. You do.

21 MR. BLAIR: By name?

22 MR. SCHENK: Yes. Absolutely. It's a public record.

23 >> [multiple speakers]

1 MS. MOORE: Perhaps after board feedback, then staff
2 can talk in terms of process and what that looks like.

3 MR. SCHENK: Phil, you can go back every one of the
4 entertainers, if you want to know, you can know if
5 somebody wants to know they can find it.

6 MR. BLAIR: So they do not disclose is --

7 MR. SCHENK: It's an embargo. It's only an embargo,
8 it's not a secret.

9 MR. BLAIR: I guess I'm one of the 60 groups or
10 whatever we end up paying for us to go through, oh, well
11 \$10,000 was too high for that, it should have been \$8,000
12 or this should have been \$12,000, it should have been
13 180, that's not my business. I trust staff to know. It
14 would take so long to educate me on why this one is this
15 much and this is this much that goes under micromanaging
16 to me.

17 MR. GELFAND: As I like to think is always the case,
18 I'm going to keep an open mind until I have as much as
19 information as possible. I would like to hear what you
20 have to say, Carlene, first, before I express an opinion.

21 MS. ROWLAND: So my understanding of it has been that
22 there is the existing safety rails of the committee
23 discussion. I think there might be legal issues

1 associated if we did a specific delegation to have a
2 committee chair get the authority as opposed to the
3 board. Is that correct, Josh?

4 MR. CAPLAN: The board certainly can delegate
5 authority to a single board member. And there won't be
6 implications for Bagley-Keene. That board member can be
7 provided with unfettered authority -- [multiple speakers]
8 -- limited authority, not the committee. I cannot
9 delegate authority to a two-person committee because then
10 it's now a delegated committee and that committee would
11 have to meet in open session, which I think would
12 frustrate the purposes of having these ongoing
13 negotiations.

14 MS. ROWLAND: Right. So I guess with the kind of the
15 robust discussion that occurs with committee and knowing
16 this is going to be an extraordinary circumstance if this
17 happened at that level that we would probably want to
18 quickly take advantage of. And given that we have
19 retroactive review and a bad thing would only happen
20 once, I don't have any problem with the existing
21 structure, especially if Orange County is going to be at
22 \$600,000 and they are on the same circuit. And I would
23 sure hate for them to be able to use their existing

1 authority to scoop something that we could have had. So
2 anyway, I'm good with the 500. Limited basis and
3 entertainment contracts, I think it's sufficiently guard
4 railed.

5 CHAIR NEJABAT: Director Barkett, any comments? We
6 can't hear you again.

7 MS. BARKETT: Sorry about that. Okay, so I love the
8 fact that the oversight of the committee will be there
9 from Kathlyn Mead and our chair who is chair, Sam Nejabat
10 our current president, because they both have great
11 expertise in this area. And I think they are being modest
12 so I'm going to expose them here that they have great
13 expertise in this area.

14 Last year, the most expensive bands were on Sunday
15 and they were very expensive. They were the ones in the
16 350,000 plus. And we paid the most for those bands except
17 for one, if I can remember, that was more in the lineup.
18 But we suffered a loss with those because what happened
19 to be historically sell outs for these concerts, they
20 were not. Now I would encourage you know, the staff and
21 the committee to look at that and maybe rethink those
22 because we have four of them. And because that definitely
23 hit into our revenue. Otherwise, I like the safety rails

1 that Director Rowland mentioned in terms of oversight and
2 selection and working as a committee with Carlene or the
3 designee whoever's going to be doing this with this
4 particular committee. I think with that, we don't need to
5 change the amount on the signing. So that's where I see
6 it. Thank you.

7 MS. MOORE: I'm going to invite our Chief Operations
8 Officer Katie, to join for this discussion in terms of
9 the process. One thing I do want is that the process that
10 was described, well, outside of how it used to work at
11 the IAFDE , and just the times have changed as well, the
12 talent agents and buyers don't attend that anymore. So
13 much now is done, you know post-COVID is just done via
14 email and things like that. But there are some
15 clarification points. But what was described with regard
16 to the Fair Operations Committee's process is something
17 that has continued. Katie will speak to that in terms of
18 soliciting that input from them.

19 But I also wanted for everyone's understanding,
20 because there might be some misunderstanding. When we
21 make an offer, it is a binding contract if they accept
22 it. And so, that's part of that ability like within that
23 moment. So in terms of understanding that. Those offers

1 are being made. And yes, because of the parameters that
2 the talent puts around it, we aren't bringing those back
3 to the board until such time we typically do that at the
4 February or March meeting with the bulk of them and then
5 the last few years because of the rise of Coachella and
6 Stage Coach and their influence in the entertainment
7 space. With that, I'm going to turn it over to Katie
8 because this is something she and the team are deeply
9 involved in.

10 KATIE MUELLER: Yeah. I just want to clarify a few
11 things that got mentioned here today because times have
12 changed since COVID in lots and lots of ways, including
13 that talent is extremely expensive. Anyone of you who
14 have been to a concert recently know that concert price,
15 ticket prices just keep going up and up. We're in a
16 unique position here in San Diego because there is so
17 much competition for entertainment. I mean, you think
18 about all the casinos, you think about all of the venues
19 large and small, that there is. So we are literally
20 scrapping for entertainment and the talent buyer that we
21 have a contract with does a great job of finding routing
22 to other venues, such, you know, Riverside, Santa Rosa,
23 other fairs, sometimes OC because they're later than us.

1 So a lot of times it's really dependent on the routing
2 they're able to put together as Fred mentioned earlier.
3 So you might have someone who's on tour but they're not
4 going to play California unless they have a close tie
5 somewhere. There's a lot of artists they won't play a
6 fair. They just don't want to be associated with a county
7 fair regardless of how wonderful our fair is and it is
8 the best in California and the nation. They don't want to
9 do that. And so, this gives us a lot of flexibility. Like
10 Carlene said, once we put in an offer on somebody, that's
11 binding. Like we don't get the opportunity to go, oh,
12 never mind, we don't, we're not going to sign your
13 contract, too bad so sad.

14 So the way that we started out with is like what
15 Kathlyn described is that we do get a list early on. And
16 we're putting in offers in August. It's no longer
17 October, November. That's too late. These guys are making
18 commitments early on. And so we do get a list. Happy to
19 have the Fair Operations Committee work on this and take
20 a look at it and see what the pricing is. We don't get
21 the people that we always want. You know, they decided to
22 tour in Europe. Or you know what, my kids are getting out
23 of school at that time of year and I want to take some

1 time off. Or you know, it's a million different reasons.
2 I've learned not to get my hopes up about anything
3 anymore. But having this delegation of authority for this
4 amount is, it really gives us the flexibility to be able
5 to make those offers. Thank you for letting me share that
6 information.

7 >> [multiple speakers]

8 MS. MOORE: I'm sorry. I'm not done in terms of
9 staff. Katie, could you please clarify about our Sunday
10 concerts and the thresholds? Because my recollection is
11 that those were not, when we're talking about the 350,000
12 plus bands, that was not our Sunday entertainment that
13 was other shows.

14 KATIE MUELLER: Correct.

15 MS. MOORE: And we did not lose money on the Sunday
16 shows.

17 KATIE MUELLER: No. We actually didn't even with the
18 decline in attendance that we had on a couple of those
19 shows. We still made our booking fee back, which is what
20 we always strive to do. Historically, those first two
21 that you saw we showed the numbers at a meeting or two
22 ago, have been sellouts for us. And so we anticipate
23 without all of the things going on in society at that

1 time that they will be back to where they were. Those
2 concerts not only is it very important to sell tickets,
3 it's also important our food and beverage numbers are
4 important as well with that. And we find certain genres
5 do really, really well for us economically and the
6 Hispanic genre is one of those.

7 MR. ARABO: I'm very comfortable with Katie's
8 presentation and I'm okay with withdrawing the motion.

9 CHAIR NEJABAT: Thank you, Mark.

10 MR. GELFAND: Does the seconder agree?

11 MR. SCHENK: Your seconder has to agree.

12 MR. ARABO: Thank you, Katie, for the explanation.
13 Very helpful.

14 MR. SCHENK: You know what, Mark?

15 I appreciate you bringing there motion because it
16 allowed us to have the conversation and educate
17 everybody, things that I knew about and Kathlyn knew
18 about, not everybody did. You helped us learn a little
19 bit.

20 MR. ARABO: That was the intent. You can't talk about
21 an item unless there is a motion and a second. So thank
22 you, colleagues. It's a learning experience.

23 MS. MEAD: Thank you.

1 CHAIR NEJABAT: All right. Any other comments? No?
2 Well with that, we'll move on --
3 >> [off mic]
4 MR. ARABO: We have to do a motion.
5 CHAIR NEJABAT: A motion?
6 >> [multiple speakers]
7 MS. ROWLAND: I'll make a motion that the delegation
8 of authority and contract authority, specifically that it
9 is as presented in the staff report that was put forward.
10 MR. ARABO: I'll second it.
11 CHAIR NEJABAT: Can we have a roll?
12 MS. ARNOLD: Chair Nejabat.
13 CHAIR NEJABAT: Aye.
14 MS. ARNOLD: Vice Chair Barkett.
15 MS. BARKETT: Aye.
16 MS. ARNOLD: Director Arabo.
17 MR. ARABO: Aye.
18 MS. ARNOLD: Director Blair.
19 MR. BLAIR: Aye.
20 MS. ARNOLD: Director DeBerry.
21 MS. DeBERRY: Aye.
22 MS. ARNOLD: Director Gelfand.
23 MR. GELFAND: Aye.

1 MS. ARNOLD: Director Mead.

2 MS. MEAD: Aye.

3 MS. ARNOLD: Director Rowland.

4 MS. ROWLAND: Aye.

5 MS. ARNOLD: Director Schenk.

6 MR. SCHENK: Aye.

7 CHAIR NEJABAT: The motion carries. Next we'll move
8 on to item 8A2, which is to consider and vote on whether
9 to approve the 2026 Capital Expenditures Budget.

10 MR. ARABO: Thank you, Mr. Chair. So I have a also
11 again still part of my Finance Committee report.

12 CHAIR NEJABAT: We need to do public comment. Any
13 members of the public wish to speak on this item?

14 MR. SCHENK: Which item?

15 CHAIR NEJABAT: Item 8A2.

16 MS. MOORE: Capital Expenditures Budget.

17 CHAIR NEJABAT: We have one member online, Martha
18 Sullivan.

19 MR. GELFAND: Excuse me.

20 CHAIR NEJABAT: Go ahead.

21 MR. GELFAND: Did I miss change in sequence of
22 iteration of these things?

23 CHAIR NEJABAT: Yeah.

1 MR. GELFAND: So capital improvements is going to
2 come before the budget itself?

3 CHAIR NEJABAT: That's what Director Arabo's request
4 was.

5 MR. GELFAND: Okay. Doesn't make sense to me but
6 okay.

7 CHAIR NEJABAT: Martha Sullivan.

8 MARTHA SULLIVAN: Yes, hello, this is Martha Sullivan
9 from Imperial Beach. I again want to just point out that
10 the \$15 million infield water quality improvement
11 described here as quote, and this is at page 45. Quote,
12 necessary to maintain the DMTC's annual fall race meet
13 and to allow the fairgrounds to occasionally serve as
14 home to the Breeders' Cup World Championships, end quote.
15 I just want to note that in the past the CEO has
16 contended that this \$15 million capital improvement was
17 not for the benefit of horse racing.

18 And I also want to ask does the DMTC contribute to
19 the debt service on this \$15 million capital improvement
20 that is said here to have been necessary to maintain the
21 DMTC's annual fall race meet and enable its host, the
22 Breeders' Cup World Championships. I think that's an
23 important thing to clarify because I have never -- I'm

1 not aware that the DMTC contributes towards this debt
2 service, I'm only aware of the 2015 bond debt. And maybe
3 I'm not clear on what that includes. Thank you.

4 CHAIR NEJABAT: All right. That concludes public
5 comment.

6 MR. ARABO: Thank you, Mr. Chair.

7 It's in the packets, the capital expenditure report
8 packets on page 45 to 55. I want to thank staff for
9 putting that together. With the chair's permission, I
10 want to do a handout. I'm okay personally with the
11 expenditure report. One item I wanted to flag for the
12 board that we could think about also adding to the
13 expenditure list, and that is the elevators, two of the
14 elevators. If it's okay with the chair's permission, I
15 would like to give one or two minutes for each board
16 member to read the handout for the discussion for
17 elevator replacement. This is currently not in the
18 expenditure budget. After a couple of minutes I could
19 read on and explain it.

20 MS. MOORE: Staff has a presentation on the budget
21 that's in your packet as well.

22 MR. ARABO: Right. Page 45 to 55 is the staff
23 presentation.

1 MS. MOORE: No, we have a presentation for today's
2 meeting as well. Because in part, this is also supposed
3 to be the facility's condition assessment report out.

4 MR. ARABO: Okay. Well, I want to go over this.

5 >> [multiple speakers]

6 MS. MOORE: So after all of yours. And just as a for
7 clarification on that. So we have two in essence two
8 reports, two presentations, Director Arabo's and then
9 we'll have the staff one. And then at that point in time,
10 so consistent with getting it into the record, which is
11 what we're doing now.

12 MR. ARABO: Right.

13 MS. MOORE: Would be taking any motion.

14 MR. ARABO: Correct.

15 MR. GELFAND: Mr. President, just from a procedural
16 standpoint, when board members pass something out to
17 review, a document like this, do we have an obligation
18 for the public to see this?

19 MR. ARABO: Sure.

20 CHAIR NEJABAT: There are handouts up front.

21 MR. GELFAND: To the people in the room. What about
22 the people who are on Zoom?

23 MR. CAPLAN: The documents should also at some point

1 either during or after the meeting should be made
2 available online as well.

3 MR. GELFAND: After the meeting is okay?

4 MR. CAPLAN: Yeah.

5 MR. GELFAND: Okay, good. I just want to make sure.

6 MR. ARABO: And I'll email it over to Carlene to do
7 that.

8 The current capital plan includes replacement that
9 the staff is going to present, replacement of one
10 elevator, which is definitely necessary and appropriate
11 and from my understanding it's what DMTC is asking for.
12 What I would like this board to consider is whether it's
13 also the right time to proactively replace two of the
14 elevators, specifically the Turf Club elevator and one
15 additional high-traffic elevator. We have, my
16 understanding, eight elevators across the property. Each
17 elevator costs approximately \$800,000 to replace. Waiting
18 until failure exposes us to operational risk, A.D.A.
19 concerns, guest experience issues, and emergency repair
20 premiums. The additional cost, approximately \$1.6 million
21 could be funding from surplus or reserves, which exists
22 precisely for essential infrastructure investments like
23 this. This is preventive, risk management, discussion,

1 not a criticism of the current plan. This is in addition
2 to. I do want to ask the staff if we know what our cash
3 position right now? Do we, reserves, what's the cash
4 reserves?

5 MS. MOORE: Well, if you recall, so that information
6 through October is in your board packet approximately
7 around page 20. So if you recall, this board back in
8 February designated \$11.25 million for reserves, so
9 that's what we have in reserves. And in terms of our cash
10 position through October 31st was outside of the reserve
11 was \$25 million. You have a minimum operating fund
12 balance that you also established in February of
13 approximately \$20 million in terms of that. And -- our
14 revenue-generating months are behind us just in terms of
15 understanding cash position. They are behind us, they
16 pick back up later in the spring.

17 >> [multiple speakers]

18 MS. ROWLAND -- the end of the year.

19 MR. ARABO: And also, this request is not replacing
20 the elevators immediately. This could be done in
21 coincidence.

22 MR. GELFAND: So is the \$11 million, \$250,000 in
23 designated reserves is that the total amount that those

1 reserves are supposed to be or are we supposed to be
2 building it up further? Where are we in terms of more
3 direction?

4 MS. MOORE: Good question. That was the initial start
5 to it was designating the \$11.25 million with the
6 intention and again, skipping ahead so I can quote it
7 correctly. With the intention to over the next 10 years
8 through funding strategies that are incorporated into the
9 annual budget planning, basically we would take 50% of
10 our net operations at the end of the year, 50% of that
11 then going toward the reserve fund and capital
12 replenishment funds. So we just did that in February. We
13 haven't designated anything yet. That would occur in 2026
14 --

15 MR. GELFAND: That's the net after operations and
16 capital improvements?

17 MS. MOORE: Yes, that's our -- yes.

18 MR. GELFAND: Okay, thank you.

19 MR. ARABO: So currently I think our target was what
20 million? What's our target for reserves over the next 10
21 years?

22 MS. MOORE: So reserve goal is to get it to a minimum
23 of 25% of ongoing annual operating revenues excluding

1 anything else held in other reserves or otherwise
2 committed funds.

3 MR. ARABO: Do you know what the number is?

4 MR. GELFAND: Well at \$90 million gross it would be
5 over \$20 million.

6 MR. ARABO: So we have a 10-year goal to get to that
7 goal, we have 10 more years hopefully we establish much
8 before then. We have an opportunity to make this district
9 a real juggernaut and not just self-sustaining. So
10 currently, based on our CEO, October 31st to recap the
11 board, we have \$11.25 million in reserves. That's the
12 Rainy Day Fund we established as a board. And then we
13 have a \$25 million cash position, but our main days of
14 cash have passed us, so it's going to come up this next
15 summer. This item is just for consideration capital
16 expenditure budget for 2026, which could be done anytime.
17 We currently have 12 elevators. I know a lot of us have
18 been on those elevators. Sometimes some of the Turf Club
19 elevators, you know, stop working and we fix them. I'd
20 like to see if there's any -- maybe get staff to do their
21 report. Or first do you want to do board discussion
22 amongst the board.

23 MR. SCHENK: We can do discussion because you're

1 going to lose me a little bit. And I support it this and
2 I just want to express my thoughts on it if I may please.

3 MR. ARABO: I think we have to do a motion to

4 MR. SCHENK: I'll make that motion.

5 MR. ARABO: Okay, what's the motion?

6 MR. SCHENK: To adopt the recommendation of Director
7 Arabo's, this document, I guess we'll call it a capital
8 expenditure for elevator replacement.

9 MR. ARABO: Okay.

10 MS. MEAD: Second.

11 MR. SCHENK: May we have discussion?

12 CHAIR NEJABAT: Yeah.

13 MR. SCHENK: So Director Arabo, I applaud this.
14 Because I'll tell you one thing that's not in here in
15 terms of your recommendations for doing it, you talked
16 about safety, A.D.A., and guest experience. What you
17 don't mention is something that I'm very familiar with
18 and that is the risk for personal injury. That's not in
19 here. And I can tell you that there cost of this is de
20 minimis compared to what it might be if people get
21 injured. Elevators are a form of public transportation
22 and it's a major form of public transportation. And there
23 have been incidents where people have had heart attacks,

1 they have attempted to try to get out of the elevator.
2 Rescuers try to get them out and they get horribly
3 injured. I've been concerned about this for a long time.
4 So I'm going to voice strong support for this. I think we
5 will save money in the long run knowing how many people
6 and during racing season, I could speak to the age of the
7 average person is not 20s and younger, it's people that
8 are at a higher risk. So I think that's another reason
9 not mentioned, but consider that reason as well.

10 MR. ARABO: I want to thank Director Schenk for
11 seeing it. And I definitely think the board should
12 regardless of any other report should definitely support
13 replacing two of the elevators. It's not where we want
14 get to ultimately, we have 12 elevators on the property.
15 But if we could do hopefully we do a great job
16 economically and chip at the infrastructure day by day.

17 CHAIR NEJABAT: Director DeBerry?

18 MS. DeBERRY: I'm just looking at the timeframe on
19 this, which is you're asking for it to be done in like
20 2026. Before the races start?

21 >> [multiple speakers]

22 MS. ROWLAND: Have you worked with elevator companies
23 before?

1 MS. DeBERRY: [off mic]

2 MR. ARABO: I never have.

3 MS. ROWLAND: Well, let me tell you, you -- they will
4 dictate when you get it done, let's put it that way.

5 MR. ARABO: Got it.

6 MR. SCHENK: I think this is the goal and obviously
7 you have to deal with contracts. So but this is in my
8 view a direction. We're giving a direction to staff that
9 this is a priority that we want to have done as timely
10 as possible. Obviously, the goal if it's 2026, great, it
11 may not be. But that's, that may mean that we have to
12 wait until the following season. But I think our goal
13 should be for this next year.

14 MR. ARABO: Is that in the motion? Do we have a
15 motion? What's the goal?

16 MS. DeBERRY: [off mic] -- that may be the goal, but
17 is that directed that this be done in the year 2026?

18 >> [multiple speakers]

19 MR. ARABO: I think we should try.

20 MS. DeBERRY: [off mic] -- we don't control it, but
21 would an elevator company say, I can't get to it for
22 years? I don't know that; I'm asking.

23 MS. MOORE: We would have to go out to bid. That'll

1 be a public works project. There is a timeline to this. I
2 would strongly suggest that you not put a timeframe on it
3 in terms of the when you expect to have it installed by.
4 I mean the direction --

5 >> [multiple speakers]

6 MR. SCHENK: I will amend my motion that it be done
7 in due course and as soon as we can achieve the goals of
8 getting it out for bid and get contractors retained and
9 then have it move forward as a high priority.

10 MR. ARABO: Would you do it as a goal, not a
11 directive of 2026?

12 MR. SCHENK: It's a goal but I think what Carlene's
13 comments are well taken that we had to do this in a way
14 that meets our obligations to have it put out to bid and
15 retain contractors, so in due course that should be the
16 goal.

17 MR. ARABO: Okay.

18 MR. CAPLAN: Did the seconder on Fred's original
19 motion agree to that change?

20 MS. MEAD: Accepted.

21 MR. CAPLAN: Thank you.

22 MR. BLAIR: I always thought it was strange, this is
23 one of the few elevator operators in it. In our

1 elevators, right? Is that tradition? Is that safety? Is
2 that union issues? Why do we have, my question is would
3 new elevators save us having our staff people in them?

4 MS. MOORE: No. And I would really like to have more
5 of this discussion with the presentation of the
6 facilities condition assessment report. But no, it would
7 not. We put during the fair and during horse racing we
8 have staff in the elevators for customer service. Often
9 times people don't know what floor they're going to and
10 so to help to facilitate that. And also during that time,
11 we are controlling in essence the elevators and where
12 they are going. But something that was mentioned and the
13 approach in terms of staff's and the facility condition
14 assessment report around fire, life, and safety at higher
15 risk than staff prioritize that are escalators over
16 elevators. But -- [multiple speakers]

17 MS. MOORE: And then there are just additional
18 questions around this, around this item in terms of if
19 you're seeing this as something that displaces something
20 else on the capital expenditure's budget. Is this, are
21 you saying we're going to take this out of reserves in
22 order to accomplish this project. There's just a lot of
23 structural questions around it.

1 MR. ARABO: I could ask the motion maker, Director
2 Schenk. Because the way the proposal is you take the \$1.6
3 million out of reserves. Are you okay with that, with the
4 motion, or no?

5 MR. SCHENK: Yes, I thought that was --

6 >> [multiple speakers]

7 MR. ARABO: Do we have to amend that motion?

8 MR. SCHENK: If it needs to be amended. I don't think
9 it does.

10 MS. ROWLAND: Where else would it come from?

11 >> [multiple speakers]

12 MR. SCHENK: Okay, well then I will offer that
13 amendment. I mean, it does talk about from existing
14 surplus reserves here. I'm assuming that that was the
15 intent behind the document. But if it's not so clear then
16 let's make that clear.

17 MR. ARABO: Okay, great.

18 MR. CAPLAN: Director Schenk, maybe for the benefit
19 of the record you can just restate clearly the motion

20 MR. SCHENK: Sure.

21 MR. CAPLAN: Director Mead can confirm that she
22 seconds the amended motion so that way the board is clear
23 on what it's voting on.

1 MR. SCHENK: The motion would be to have a capital
2 expenditure to replace two of the elevators assuming the
3 cost allocation would be based on information that I'm
4 assuming is correct, \$1.6 million. The goal would be to
5 have the process started in 2026, but in due course to
6 have it move forward for putting out to bid and to have
7 it begin construction as soon as possible. And that the
8 funds would be taken from existing reserves.

9 MR. GELFAND: And Director Schenk, do you mean repair
10 or replace or replace?

11 MR. SCHENK: Replace. I don't think these are
12 repairable.

13 MR. GELFAND: Is that what you had in mind?

14 MR. ARABO: Yeah. Mine was replace.

15 MR. SCHENK: Yeah, these are not repairable. Michael,
16 they're not.

17 CHAIR NEJABAT: Second?

18 MS. MEAD: Accept the --

19 MR. SCHENK: And I just want to point out the
20 elevators do not go to the upper floors. Turf Club is on
21 the fourth floor. And one has to take an elevator or
22 stairs. And there are people --

23 >> [multiple speakers]

1 MR. SCHENK: I'm sorry, escalators.

2 MS. MOORE: Escalators are just the first two stories

3 --

4 >> [multiple speakers]

5 MR. SCHENK: Escalators. And many of the more seniors
6 are going to be going up to the fourth and fifth floors
7 and that's what concerns me. I don't want to have to
8 spend the money but I am concerned about potential
9 liabilities for not making these corrections that are
10 clearly required in my view.

11 MR. ARABO: Director Schenk, a quick question.
12 Because in the two elevators in the proposal, one was the
13 Turf Club elevator and one was the high-traffic secondary
14 location. That's not in the motion. Do we have to put
15 that in the motion, Josh, specifically?

16 MR. CAPLAN: Well, the motion needs to specify what
17 are the capital expenditures that are going to be added
18 to this capital expenditure budget, is it one elevator,
19 is it two elevators? Is it 10 elevators?

20 MS. ROWLAND: I mean, I thought that's what we going
21 to record as the motion.

22 MR. SCHENK: The document speaks for itself.

23 MS. ROWLAND: Yeah.

1 MR. SCHENK: It's two elevators. One is in the Turf
2 Club servicing the Turf Club. And the other is servicing
3 high-capacity area.

4 MR. ARABO: Got it.

5 >> [off mic - multiple speakers]

6 MR. BLAIR: Is there dollar amount?

7 MR. ARABO: Yes.

8 >> [off mic - multiple speakers]

9 MR. ARABO: We got that number at the Finance
10 Committee, I was asking --

11 MS. MOORE: It's a number that's in the facilities
12 condition assessment report. If I could, I was just
13 sharing with Chair Nejabat that perhaps since the
14 consideration for this would actually be taking from
15 reserves and not impacting the capital expenditure's
16 budget, perhaps we could come back with more information
17 on it next month for the motion around this that would
18 frame up so much of this discussion around what exactly
19 it would be.

20 MR. ARABO: I think it's a delay. I think your
21 consensus, it's going to take time. I think everyone, not
22 everyone, consensus shows that we identified there's a
23 problem. And it's going to take a process. Going out to

1 bid, follows the rules and regulations. Dotting the I's
2 and crossing the T's. Delaying it just for the sake of
3 delaying it I think is just a delay.

4 MS. ROWLAND: So I have a little different
5 perspective on it because of -- I'm sorry.

6 CHAIR NEJABAT: We'll finish.

7 MR. GELFAND: So before I can form an opinion on
8 this, I'd like staff to clarify you submitted a capital
9 improvement budget that had escalator repair work, did
10 not include elevators or did it include one elevator?

11 MR. ARABO: Zero.

12 MS. MOORE: It did not.

13 MR. GELFAND: And can you clarify why you submitted a
14 capital improvement budget that doesn't include elevators
15 when I know you typically would take safety into
16 consideration in presenting us with a capital improvement
17 budget?

18 MS. MOORE: Yeah, and that would be part of the
19 presentation that staff is going to make on the capital
20 expenditures budget but there was thought and reason in
21 that. And again, what we really prioritize as fire, life,
22 and safety. The elevators, and I understand, we all use
23 them, actually do not fall into that category in terms of

1 their overall condition. And I don't want to speak too
2 much about it. But when we get to that point, I will
3 invite our Chief Administrative Officer, Mike Seyle and
4 our director of facilities, Brad Mason for this report.

5 MR. GELFAND: And that condition was assessed by
6 third parties, not you?

7 MS. MOORE: Correct.

8 MR. SCHENK: To be clear, I'm not willing to modify
9 the motion to delay it. I really want this to move
10 forward.

11 MR. ARABO: Great, thank you.

12 CHAIR NEJABAT: Director Rowland.

13 MS. ROWLAND: Yeah my question is, I know that on the
14 capital budget you can kind of vet the numbers. So my
15 question is \$800,000 an elevator, it might not be the
16 number? It might be more probably not less?

17 MS. MOORE: Mike, could you speak to that?

18 MIKE SEYLE: It's an estimate only because until we
19 go to bid --

20 MS. ROWLAND: With what level of engineering
21 certainty --

22 MIKE SEYLE: Sorry? What level of engineering
23 certainty? I'll give you probably 2 sigma. Does that

1 help?

2 MS. ROWLAND: I don't know.

3 MIKE SEYLE: :\$800,000 was the estimate that we have
4 for each of the elevator replacements. But we don't --
5 once we go to bid we'll know more.

6 MS. ROWLAND: Yeah, and my only other question is you
7 know, are there other -- I mean, I'm not opposed to
8 elevator replacement. I don't know if these are the two
9 elevators, the other thing is that are these the two
10 elevators that if you were going to replace them, that
11 would hit the highest priority list. Because I know there
12 are some that are down a lot so there's just some
13 uncertainty. I don't mind the highest priority or the
14 they're the most frequent downtime, if that's going to be
15 the list. But at least let's get the most needy elevators
16 on the list. I don't know that those are it. So I mean,
17 I'm not opposed to elevators being updated. I don't know
18 if they can be repaired or if it's absolutely
19 replacement. I mean, I don't know.

20 MR. ARABO: Well, the idea with the Turf Club was,
21 that seems to be highest traffic during the meet but also
22 the other one was the highest traffic secondly location
23 that staff sees fit.

1 MR. SCHENK: It's also during the concerts.

2 >> [multiple speakers]

3 CHAIR NEJABAT: Director --

4 MS. MOORE: Concerts might be the secondary one

5 because -- [multiple speakers] -- the west end of

6 grandstand and the Turf Club is on the east end. But that

7 might be the other one. And so, Mike, you had something

8 more to add?

9 MIKE SEYLE: The Turf Club has two elevators. Right?

10 So it would be those two.

11 CHAIR NEJABAT: Director Barkett?

12 MS. ROWLAND: I'm sorry, if you replace one, you have

13 to replace both?

14 MIKE SEYLE: No, I'm just saying that those are the

15 two most used elevators. And those are the two -- there's

16 two at the Turf Club if there was a thought there was

17 only one. We could do another one somewhere else. We

18 could do one Turf Club and the second most busy elevator.

19 We also have two service elevators that are in this

20 count. One of those needs to be replaced soon but it's

21 not critical.

22 CHAIR NEJABAT: Director Barkett, any comments?

23 MS. BARKETT: Yes. I would just say the only comment

1 that I have is you know, the elevators I think are
2 essential to be in working condition. We don't want
3 anyone stuck in them. And the next thing, is I do think
4 most people prefer them over escalators, especially
5 elderly people and handicapped. So they are very
6 important. Thank you.

7 CHAIR NEJABAT: And with that, we can take it to a
8 vote.

9 MR. GELFAND: I have a comment. I just was asking
10 questions. So first of all, fundamentally I see the
11 reserves, and I'm speaking as a member of the Finance
12 Committee but also as just a general member of the board,
13 who has concerns about the financial viability of our
14 organization. We set up reserves specifically so that we
15 would be prepared not only for a rainy day, but for
16 another potential pandemic. And to me, dipping into
17 reserves is not something we should do routinely. It
18 should be a very unusual, rare situation. So we have
19 recommendations from staff. We have outside assessments
20 that have been done of the viability of the equipment.
21 And so, and we have two elevators, so we have redundancy
22 leading to the Turf Club and the higher elevation to the
23 grandstand. So to me, this just doesn't make sense to do

1 in this context. If we, in the context of the overall
2 budget or the capital improvement budget itself and we
3 wanted to rearrange money so that we don't have to dip
4 into reserves, I'd be happy to consider this item. But as
5 is, as the motion was made dipping into reserves, I'm
6 against this.

7 MR. ARABO: Okay, vote no then.

8 CHAIR NEJABAT: You want to see the staff report and
9 then take the vote?

10 MR. ARABO: Take the vote.

11 MS. MOORE: That's really your call. One thing I just
12 -- and I understand the board's and everyone's interest
13 in the elevators is perhaps the decision of how to fund
14 them could be separate from the direction to, because
15 there's engineering work that needs to be done. Brad and
16 Mike can speak to, even in the course of our other
17 projects and things, the timeline that takes to get to
18 it, we don't know exactly what the cost will be. And
19 since we're -- if we're talking about something taking
20 from reserves, not reducing or changing the capital
21 expenditure's budget in some way, we can come back to you
22 with more information on that. I don't have it today. We
23 aren't going to have it. But it doesn't mean that the

1 project isn't moving forward. It is that we can get a
2 timeline of things, we can find out in terms of what is
3 necessary to generate the packets, CCA's oversight. So
4 absolutely we can come back with more so that you're
5 making that informed decision of the where. For example,
6 you're talking about this right now for 2026. Given the
7 timeline that it will take to develop, for CCA to develop
8 the package, go to bid with it and select someone, you
9 could actually be talking about something that impacts
10 the 2027 capital expenditures budget. In terms of the
11 actual timing of the outlay of the cash. So I just don't
12 want to see you potentially commit to like the reserve
13 funds versus being able to incorporate it into something
14 else. From a staff perspective, we just don't have that
15 information for you. I'm not trying to slow down the
16 project in any way.

17 MR. SCHENK: I would say that we have more than two
18 elevators that are in need. So I want to get us started.
19 And then we can look at 2027 for the other elevators in
20 terms of the actual budget. This, Carlene, this is really
21 critical. And I don't make motions often in which I feel
22 so strongly. This is something that I strongly believe we
23 need to do because of potential problems outside of the

1 ones that have been identified I'm well aware are
2 capable. I've seen it in my 45 years of practicing law.
3 This is a major problem that is out there. It can explode
4 at any time and people will get seriously injured. I've
5 seen people having problems on these elevators. And it's
6 worried me. It's concerned me since I first joined the
7 board. So I applaud this motion. And I'm sorry, I don't
8 think we can delay it.

9 MS. MOORE: I'm not asking -- I want to be very clear
10 to you on that, Director Schenk. I'm not asking for delay
11 on it. Simply the how it will be funded. Let us come back
12 to you with that for that mechanism as there seems to be
13 some confusion --

14 >> [multiple speakers]

15 MR. GELFAND: I have a question. Is there specific
16 data that we can hear about that indicates the problems
17 that have occurred with the existing elevators that
18 indicates that there's an impending danger to the public?
19 Maybe Mike can comment on that.

20 MIKE SEYLE: The facilities condition assessment
21 report reviewed all the systems and they identified the
22 escalators as needing immediate repair.

23 MR. GELFAND: The escalators?

1 MIKE SEYLE: Yeah, the elevators were not put on a
2 high priority list. They were considered not to be timed
3 out as far as their age. And they certainly weren't
4 considered to be dangerous. They're not on the life
5 safety list.

6 MR. GELFAND: So there's a disconnect between
7 Director Schenk's impression and staff's impression of
8 the elevator system?

9 MR. SCHENK: The elevators have broken down and have
10 not been in use in periods of time.

11 MIKE SEYLE: That's true.

12 MR. SCHENK: I know it's true.

13 MR. GELFAND: They have?

14 MIKE SEYLE: And the reason is generally overload.
15 The reason we have someone on the elevators managing --

16 >> [multiple speakers]

17 MR. GELFAND: Capacity.

18 MIKE SEYLE: People overload it and it will shut
19 itself down.

20 MR. GELFAND: That wouldn't change with new
21 elevators.

22 MR. SCHENK: Yes, it would. Absolutely. Because --

23 MR. GELFAND: Overload and shutdown?

1 MS. ROWLAND: It could.

2 MR. SCHENK: It absolutely could.

3 MS. BARKETT: Yeah.

4 MR. ARABO: You know, at the end of the day you got
5 to trust your eyes, what you see.

6 MS. BARKETT: Modernize.

7 MR. ARABO: And everyone that has been in that
8 elevator has mentioned to me that they are scared when
9 they go on it, even the people operating it. Oh, I don't
10 know if today it's going to work or not. Oh, today it
11 might stop. They've said that issue. People that are on
12 that elevator more than anyone in this room.

13 MS. DeBERRY: [off mic] -- my question is safety. I
14 mean, this is about risk.

15 MR. ARABO: It's a big risk.

16 MR. GELFAND: It wasn't considered by staff to be a
17 safety issue. When the elevator shuts down because of
18 overload, that means it is safe. It's basically saying
19 get people out of here or I'm not moving, so that's an
20 indication that the system is working fine. Again, I
21 agree, let's upgrade or replace the elevators. I just
22 don't think it should come out of reserves, it should
23 come out of the normal budget or the capital improvement

1 budget.

2 MR. ARABO: You don't have enough. And now we're
3 sitting on \$25 million in reserves as of October and \$25
4 million cash position, \$11.25 reserves. We have a very
5 healthy organization. And this is one lawsuit, take it
6 from the best lawyer in the room, Director Schenk. One
7 lawsuit personal injury you're going to spend a lot more
8 than \$1.6 million.

9 CHAIR NEJABAT: We have a couple of board members
10 that need to leave out. One last comment, Director Mead,
11 and then we'll take it to --

12 MS. MEAD: Thank you, Sam. Just two comments. First,
13 Carlene, I appreciate you off, to bring additional
14 information forward. I think that my perspective is the
15 vote should go forward and I do expect you and staff to
16 bring information to us to give us more information as
17 this process would continue. I see this as messaging that
18 having transportation for our guests is important to us.
19 And I see the reserves as messaging that that will be the
20 only way we can actually pace replacement of the
21 elevators if we take one elevator a year for the next few
22 years, we're not going to keep on the pace for all the
23 total 12 elevators that are available. So I just expect

1 both and I'm supportive of reserve funds so we can get on
2 pace to get them replaced. Thank you.

3 CHAIR NEJABAT: Thank you, Director Mead. With that,
4 we'll take a roll call.

5 MS. ARNOLD: Chair Nejabat.

6 CHAIR NEJABAT: Aye.

7 MS. ARNOLD: Vice Chair Barkett.

8 MS. BARKETT: Aye.

9 MS. ARNOLD: Director Arabo.

10 MR. ARABO: Aye.

11 MS. ARNOLD: Director Blair.

12 MR. BLAIR: Is the motion to take them out of
13 reserves now?

14 MS. MEAD: No.

15 >> [multiple speakers]

16 MS. MOORE: Yes.

17 MR. GELFAND: Ready to be spent.

18 MR. BLAIR: But that's we're spending reserves --

19 >> [multiple speakers]

20 MS. MOORE: -- some confusion over requesting that
21 that not be part of the motion. The motion was to pay
22 this from reserves.

23 MS. ROWLAND: Correct.

1 MR. BLAIR: Opposed.

2 MS. ARNOLD: Director DeBerry.

3 MS. DeBERRY: [off mic] Aye.

4 MS. ARNOLD: Director Gelfand.

5 MR. GELFAND: Opposed.

6 MS. ARNOLD: Director Mead.

7 MS. MEAD: Aye.

8 MS. ARNOLD: Director Rowland.

9 MS. ROWLAND: Clarification. As far as I'm concerned

10 this is all coming out of reserves in some form or

11 fashion so the distinct between the money isn't as

12 important to me as it is to other people. So aye.

13 MS. ARNOLD: Director Schenk.

14 MR. SCHENK: Aye.

15 >> [off mic - multiple speakers]

16 MR. ARABO: Thank you to the board. And now staff

17 wants to present the facilities assessment report.

18 MS. MOORE: And our capital expenditure budget.

19 Coming up to the podium is our facilities director, Brad

20 Mason. Brad, would you like the remote to control it?

21 MR. CAPLAN: This is Josh, can you hear me?

22 MS. MOORE: Yeah.

23 MR. CAPLAN: How many board members will be in the

1 room once director -- are two directors leaving now?

2 MS. MOORE: Yes. We will still have six board members
3 in the room.

4 MR. CAPLAN: Okay, thank you.

5 MS. MOORE: All right.

6 BRAD MASON: Do you hear me now? I'll stand back
7 here. We received the facility condition assessment. And
8 what it is a snapshot of all our facilities. That
9 includes this property, Surf and Turf, and Horse Park. It
10 helps support our operational budget and capital
11 improvement planning. It identifies the deficiencies and
12 long-term needs. And a lot of the deficiencies and long-
13 term needs they identified is end of use. So when you
14 look at what they suggest we do in year one and two, and
15 three to five, some are need to have, some of them are
16 nice to haves. But what they do is they say it's the end
17 of useful life. So we need to take that into
18 consideration.

19 The next step is for us to prioritize the funding
20 decisions and update long-term planning. So the condition
21 assessment was completed in August of this year. Like I
22 said, it has all 32 building and sites. This property,
23 the backstretch, all the Barnes, jockey quarters,

1 everything that is on the property that the district
2 owns. What we discovered from that is the structure of
3 all the buildings are in really good condition. It's the
4 components of buildings that need a little help.

5 So they look at the architectural and structural
6 components, the site conditions, it includes everything
7 from mechanical, electrical, plumbing, some conveyances,
8 carpet, wall paper, it looks at everything. So with this,
9 they gave immediate needs. And when you look at that
10 you're going to see large numbers in years one to two,
11 two to three, and so forth. And they provide cost
12 estimate and capital planning for it. They also do a
13 photographic documentation, which is great for
14 maintenance needs. But also when you look at those
15 numbers you have to realize they are going to put in
16 carpet as a 20-year lifespan, 15-year lifespan. And when
17 they look at your carpet, they're going to say, okay, I
18 need that in one to two years. But you may need an air
19 handler, you may need an air conditioning electrical
20 components before stuff like that. So what you're looking
21 at in those numbers can be a little bit skewed.

22 So what it doesn't provide is operational or usage
23 performance analysis. We're not occupied all the time. So

1 that end of life may extend because we only use it for a
2 portion of the year. There's no design or construction
3 analysis, there's no funding our financial strategy, and
4 there's no master planning or program analysis. So what
5 did I find?

6 Like I said, the structure of the buildings are in
7 good shape. What the district has is a lot of the
8 buildings were constructed at the same time. So we're
9 meeting end of use life all at the same time. And so,
10 when we're looking at our roofing, our roofing is 32
11 years old, a lot of our HVAC is 32 years old. All of
12 these high prices are hitting at the same time. So we do
13 have roofing needs, we do have HVAC needs, electrical
14 needs. Of course, we're at the coast so some of these
15 components that may normally have a 25 year lifespan, we
16 have an 18 year lifespan so we need to keep that into
17 consideration.

18 So the formula for the FCI is a little skewed. Zero
19 to 5% is good. 5 to 10% is serviceable. And it goes down
20 to 30%, which is renewed needs. When we're looking at
21 this, we're also looking at ways to repair things and not
22 just waiting for the end of life on how we can repair
23 things to extend the end of life instead of just

1 replacing. So immediate needs are the grandstand roof
2 leaks. I think we're all aware that the roof leak and the
3 grandstand, what we've done with that is we've identified
4 six separate areas in the grandstand roof and we're
5 prioritizing what needs to be done first, second and
6 third year. Binge Crosby hall roof leaks. Surfside air
7 handlers. So Surfside, we have four air handlers. Only
8 three are currently working and one is having issues. We
9 have transformers property wide that are in the facility
10 condition assessment that are needing replacement. And
11 then fire alarm panels, there's five halls that currently
12 need to be upgraded in the fire alarm panels.

13 So the facility condition assessment gives a 20-year
14 lifespan. It tells you what they consider to be needed in
15 the first and second year, all the way up to 20 years.
16 And when we complete something in that it allows us to
17 put in complete and it's a living document and it pushes
18 it back out. So again, roofing, electrical, HVAC needs
19 are high priority on this. Deferred maintenance will just
20 extend overall cost and impair operations.

21 So the next steps is to address the immediate needs
22 in the 2026 expenditure budget. Integrate FCA findings in
23 a multiyear capital improvement plan, along with the

1 knowledge that the staff has, and develop a long-term
2 maintenance plan. So the capital expenditure budget uses
3 information from the facility assessment. As long as what
4 we already know. So we've been working on this for a
5 while before we got the facility condition assessment.
6 That just corroborates what we already know and helps
7 prioritize things.

8 So this slide shows some items that we had in last
9 year's capital expenditure budget that were canceled,
10 some that are in progress, and what we have completed.
11 And then recommendations for the '26. So it will show
12 carryover from what hasn't been completed in the '25
13 budget as well as new items that we've discussed,
14 transformers, sections 2 and 3 of the grandstand,
15 escalators, fire alarm panels, air handler at Surfside,
16 as well as a central control system for all of our HVAC.
17 So we had a central air or central control system that is
18 obsolete now. You can't buy parts for it. There's very
19 few that is visible. So we are not being energy efficient
20 as we should be because we don't have complete
21 operational view of everything. We also have units that
22 are running longer than they should and they're also
23 losing lifespan because of that. So for the total budget

1 from last year the carryover is a little over 1.6. The
2 new budget we're recommending a little over 3.5 plus
3 equipment, brings us to a little less than \$6 million. I
4 don't know how to go back. There we go. Thank you. Does
5 anybody have any questions?

6 MR. ARABO: You know, I have a question on The Sound.
7 Great job identifying a lot of items. It'd be helpful I
8 think for the next assessment every item we have to have
9 it listed and the year, like years we have, and do we
10 have that? Years left.

11 MS. MOORE: If I could interject here. Following
12 today's meeting, I will be sending you -- we will be
13 posting the facilities assessment on our website. It's
14 about an 800 page document. It's a little big for your
15 binders for today. But we will be posting that on our
16 website and I'll send a link to you. And it would have
17 that type of information that you're looking for. Not to
18 say that in the future we can't provide a bit more with
19 this but you're going to get a lot more following today's
20 meeting.

21 MR. GELFAND: And I'd just like to make a comment
22 about that because these assessments I see it all the
23 time because I'm, you know, on boards of HOAs and you are

1 required in California to actually have that kind of
2 facility assessment. So just as an example, you know,
3 you'd get a facility assessment that says you got \$30
4 million worth of things you got to do, but in reality
5 there's like 1 or \$2 million that are pressing. And so
6 when you view that document, you know, be critical. You
7 know, you can't take it literally.

8 MS. MOORE: It's a formula that drives the numbers
9 and things.

10 MR. ARABO: It's a digital radio system that's a
11 system for all the team members now.

12 BRAD MASON: Yeah, that is the hand-held radio
13 system.

14 MR. ARABO: Great.

15 MS. MEAD: Hi. When you mentioned Surfside, is that
16 synonymous with The Sound or is, are some of these
17 things, will they benefit The Sound?

18 BRAD MASON: Absolutely.

19 MS. MEAD: Okay.

20 BRAD MASON: We still kind of differentiate with what
21 we've upgraded and what we haven't upgraded.

22 MS. MEAD: Okay.

23 BRAD MASON: And then some of these like the air

1 handler services both.

2 MS. MEAD: Okay. And then one of the items is
3 specific to The Sound was that not replaced when we --

4 BRAD MASON: The air handler?

5 MS. MEAD: Yeah.

6 BRAD MASON: So it wasn't replaced when we did The
7 Sound.

8 MS. MEAD: Okay.

9 BRAD MASON: The chillers, I know those were waiting
10 on the boiler, which hopefully will be put in in January.
11 So we've always had, not always but recently had a
12 problem conditioning the air. And so now that we have
13 both chillers running, we're going to get a boiler, we
14 can't move the air. All right. And so, we have I guess
15 three running, one on the brink. This will allow us to
16 have four running and then we look at the other three,
17 which have met their life expectancy in future years.

18 MS. MEAD: Fabulous. Thank you.

19 BRAD MASON: You're welcome.

20 MS. DeBERRY: So I want to actually commend you as
21 you start talking about energy efficiency. And I don't
22 know if you mentioned technology and things like that. I
23 think you did but even if you didn't, I want to know do

1 you have a cost analysis that will show cost savings by
2 maybe spending more over here then we would typically
3 spend but because there's a cost savings over "X" amount
4 of years. Is that in there at all?

5 BRAD MASON: So we can get that. I don't have that.
6 So right now, specifically for that central control
7 system. What that does is you can set schedules per room.
8 So everything that has its own VAV, you can set a
9 schedule for. When you know people aren't there, you can
10 have it turn off. Everybody has a different temperature
11 they like. So you can set that to go off an hour before
12 they get there, an hour before they leave. Right now
13 everything is just on thermostat because it doesn't
14 function anymore. So you have units running when people
15 aren't there. In that, you can set occupancy sensors.
16 Doesn't come on when there's nobody in the room. So
17 there's ways in that program to capture that energy
18 efficiency because right now you're just having
19 everything run because it's just on thermostat.

20 MS. DeBERRY: I guess really my point is, is that, is
21 this a time, I'm looking at the 2026 budget and anything
22 that needs replacing, is this a time to really talk
23 through leveraging technology and things that are energy

1 efficient that may cost more than we have to replace
2 later. In other words, we're just doing things at
3 baseline right now to just get it up to par as opposed to
4 say, let's spend the extra, I'm just making this up,
5 \$10,000 to really make it better than par.

6 BRAD MASON: So this system is expandable. And so you
7 can put your lighting system on it. You can put your
8 kitchen hood system on it. You can put a lot of this,
9 right now we're just looking at the HVAC but it is
10 expandable.

11 MS. DeBERRY: Okay.

12 MS. MOORE: And with that, and correct me if I'm
13 wrong here, Brad, but what you just described is the
14 approach that we take, which is if we need to take care
15 of this, we need to invest in this and how do we leverage
16 so that we have better energy efficiency because so many
17 of our systems are old and antiquated.

18 MR. GELFAND: Process question. Are we -- is this
19 part of item 8A2? That's the context within which we're
20 discussing this. And so when it's concluded we're going
21 to consider the capital improvement budget?

22 MS. MOORE: Yeah.

23 MR. GELFAND: And I just wonder why we're considering

1 the capital improvement budget separate from the budget
2 itself as opposed to both being considered at once.
3 Because they both relate to our finances.

4 MS. MOORE: So in terms of, so typically we have had
5 as two separate items we have just addressed the
6 operating budget first versus the capital expenditure
7 budget. But this was a --

8 MR. GELFAND: That makes more sense to me, but
9 because we talked earlier about the agenda and agenda
10 setting, I'm just wondering from you, Mr. President, why
11 are we addressing capital improvements before the budget
12 itself and why not do both at the same time?

13 MR. ARABO: Well, one of the reasons is it can
14 change. If you vote on a budget and you solidify it, like
15 right now, let's say you want to say let's add more
16 items. Let's change up the budget. The budget should, I
17 feel, should be the last thing, because everything you're
18 doing could change the budget. Does that make sense? Like
19 right now, if you say, well, I don't know.

20 MS. DeBERRY: Do you understand that? Because I don't
21 have clarity.

22 MR. GELFAND: I understand it. I mean, I understand
23 what he said. I don't think it would be the most

1 effective way to proceed. I mean, personally you're
2 looking at the normal operating budget and the capital
3 improvement budget as one complete whole in terms of the
4 finances of this organization. So to me, you would
5 capital improvements, you would consider the operating
6 budget, we would debate it and then we would vote on the
7 whole. And in fact, I might, when motions are made, if an
8 amendment or whatever, I might go in that direction if I
9 could.

10 MR. ARABO: Do you prefer that we don't vote on this
11 until we see the overall budget?

12 MR. GELFAND: Yeah.

13 MR. ARABO: Yeah, that's fine.

14 MS. MOORE: And that is -- has, like been our
15 typical. Which is to present on both of these things you
16 would still have separate motions on them but to present
17 on it. So if you would like to now pause this, we can
18 move to the operating budget.

19 MR. ARABO: No. The item, the next one is to the
20 screens.

21 MR. BLAIR: I've got a quick -- the total budget here
22 is the 5958. On page 47, 5,000,055, is this the new
23 number?

1 BRAD MASON: That might be without the equipment.

2 >> [off mic - multiple speakers]

3 MR. BLAIR: Page 47, 226 capital expenditure's budget
4 highlights.

5 >> [off mic]

6 MS. MOORE: That total I believe included the
7 equipment.

8 MR. GELFAND: The [off mic] I'm sorry, the equipment
9 is in the operating budget, if I'm not mistaken, isn't
10 it?

11 MS. MOORE: No. These are capital equipment
12 purchases, so I guess I would just say it was an
13 oversight on our part in terms of having 5255 in here
14 versus the budget amount for the capital expenditures,
15 which is \$5,958,930, according to page 55. So page 47 of
16 the report did not include the equipment portion of the
17 capital expenditure budget.

18 MR. ARABO: But page 48, it did, the next page it
19 does. It has 5958.

20 MS. MOORE: Oh, yes.

21 MR. ARABO: So it does include it.

22 CHAIR NEJABAT: So we'll pause on taking the vote on
23 this and move to 8A4.

1 MS. MOORE: If I recall, we don't have a motion on
2 this yet, we just have discussion.

3 >> [off mic]

4 MS. MOORE: Okay.

5 MR. BLAIR: We're spending all this time on the
6 strategic plan of which I imagine some buildings will no
7 longer be with us. Is it way too premature to consider
8 that? Are we building -- it didn't sound like anything in
9 here was for 25 years from now.

10 BRAD MASON: No, these are all immediate needs.

11 MR. BLAIR: These are immediate needs regardless of
12 whether we do a strategic plan.

13 >> [multiple speakers]

14 MR. GELFAND: Correct, like for example, if we
15 thought that one of the exhibit halls with a leaky roof
16 was not going to be here once we have a masterplan, we
17 still have to deal with the next five years where it's
18 going to be leaking, so do we want to spend the money.

19 MR. BLAIR: [off mic]

20 MR. GELFAND: No, on that particular building. Yeah.

21 CHAIR NEJABAT: Thank you.

22 MR. ARABO: Thank you.

23 CHAIR NEJABAT: So with that, we'll take up item 8A4.

1 Consideration and vote on whether to authorize the
2 District to replace and modernize three existing video
3 display boards located in the grandstand, the Paddock and
4 then Five Points, all in accordance with district
5 policies, California law, and the Race Track Operating
6 Agreement.

7 MR. GELFAND: And just to clarify, are we going to
8 move toward a motion on this particular item or are we
9 going to discuss this item in the context of a later vote
10 on the budget and capital improvement budget as a whole?

11 MR. ARABO: I think we move and motion on this one,
12 but we'll see how the board feels about it.

13 MR. BLAIR: [off mic] -- the one we just talked
14 about?

15 MR. GELFAND: The one coming up.

16 CHAIR NEJABAT: This is an action item. The report
17 begins on page 61 in your packet. Before we go to public
18 comment, I want to recognize our CEO to provide an update
19 on the information learned and discussions with DMTC
20 about this item since our November meeting and the
21 implications to revenue agreement L-2988 AM1
22 telecommunications lease project. 15091, which is pulled
23 from our consent calendar.

1 MS. MOORE: So at last month's meeting and during the
2 board asked for staff to go back and gather some more
3 information and come back to the board. So I'm actually
4 go to invite our Chief Administrative Officer Mike Seyle
5 up to present on this, including the meetings that have
6 been had with DMTC with -- it's right here. With right
7 now what is a single source, the vendor Daktronics as
8 well as other research into this of what this project
9 entails. So with that, I will turn it over to Mike.

10 MIKE SEYLE: Thank you very much. I got to figure out
11 how to use this thing.

12 MS. MOORE: Big green button.

13 MIKE SEYLE: Thank you very much.

14 So as Carlene said, we did some research, tried to
15 find out as much as we could in a short period of time we
16 had. We met with DMTC. We met with Daktronics, the vendor
17 that had been identified by DMTC as a potential
18 replacement. Daktronics had provided the other video
19 boards we had, and so it was a good idea to get to them,
20 kind of see what we're doing. What we want to do is come
21 up with as much information as we could about the
22 proposal, the constraints, the challenges that we might
23 have. We also needed to look at the permit method to make

1 sure that we understood how this might be procured and
2 what the opportunities were and whether there were any
3 restrictions on that. We shared that information with the
4 Finance Committee, had a good conversation with the
5 Finance Committee about what we knew at the time. We've
6 learned a couple things. In fact, this morning I got the
7 actual quotes from Daktronics about this didn't change
8 any of the information we had but it's good that we're
9 getting this information as we move forward. So the video
10 board replacement proposal is that there would be three
11 video boards under consideration. One at 5-Points, one at
12 the Paddock, and one at the grandstand or the track, it's
13 right on the edge of the track. Each of those boards has
14 a different model or approach that's going to be taken
15 toward the replacement or improvement. This is called
16 modernization/improvement Or replacement rather. The
17 Paddock board would be is simple replacement. It's the
18 same size board. There's actually three within that panel
19 and I can show you some pictures. The Paddock board would
20 be a simple replacement. So it wouldn't involve anything
21 other than pulling out the panels that are there and
22 replacing them with replacements.

23 And so this is the Paddock. You'll see in blue what

1 I think Daktronics has done this for us to kind of show
2 the footprint of it. But you see this is the way it would
3 look with the new board. So no changes to the Paddock
4 area. The footprint is the same, yeah. And so that's the
5 Paddock. 5-Points and the grandstand would have to be
6 larger. And so I've got pictures of how they would fit.
7 And you've seen pictures of that when DMTC did the
8 original presentation.

9 >> [off mic]

10 MIKE SEYLE: We'll do. Yeah, absolutely. So the 5-
11 Points sign could fit within the current structure there
12 way it's been designed or created with some modifications
13 which would require some construction. The grandstand
14 track would involve a new structure, and we'll talk about
15 that in a minute. So the Paddock there. This is the sign
16 out at 5-Points. And you can see that the current
17 existing sign the way it fits within there and the new
18 sign would take the entire space internally. At least
19 that's the proposal. It would be much larger. And
20 obviously that would require construction because it
21 would have to be built into that particular model. This
22 is how it would look. And then at the grandstand, and
23 this is the existing what we have there. And this is the

1 idea for making the screen larger. And you can see that's
2 considerably larger, more than two times larger. And it
3 would be quite impressive to have that large of a screen
4 on the track.

5 So I'll go back for a second to talk about some of
6 the issues. So the total cost estimate for this single
7 source quote we had so far is about \$3 million, which
8 includes the equipment and installation and a new
9 structure at the infield. The Paddock and the grandstand
10 video boards are about 8 to 10 years old. So they're
11 coming up on their useful life and probably do need to be
12 replaced. They're not as clear and obviously they are old
13 technology. The 5-Points sign was just recently replaced
14 prior to Breeders' Cup. September, October we replaced
15 that board at its current size. So if we replace that one
16 with a new one, we'd have to find a new place for that
17 sign, which I'm sure we could do. The 5-Points video
18 board size increase would require, as I said before, the
19 alteration of that existing structure. And advice we've
20 been given in looking at that contracting rules and the
21 rules around doing that kind of work, any installation
22 that involves tearing, cutting, replacing, is considered
23 public works. And public works require, in general,

1 require compliance with state and district procurement
2 law.

3 >> [off mic]

4 MIKE SEYLE: Even more so, and we'll get to that in a
5 second.

6 MR. ARABO: And if you get documentation, I'd like to
7 finish about the public works. Because I don't think it's
8 a public works project but you could continue. I'll
9 continue my presentation.

10 MIKE SEYLE: Yeah, absolutely, no problem. I mean, I
11 would love for it not to be because it's obviously more
12 challenging and involves more expense. We've gone through
13 those pictures already.

14 So the grandstand track video board expansion is
15 quite different in the sense that in that one what
16 Daktronics is proposing since the board that's there and
17 the space that's there, that's a building, if you've not
18 seen the other side of it, it's a building with a roll-up
19 door. It's got bath rooms on the back side of it. And
20 there are antenna above in the back for Verizon to use
21 for a cell tower. That building's not big enough to hold
22 the size of the structure that they're talking about. So
23 what they're proposing is about 8 feet in front of the

1 existing structure they would eject in essence
2 scaffolding that would hold the video boards. Those would
3 require digging out the current concrete that is in front
4 there. That would be about 8 feet of concrete that would
5 have to be removed, about 60 feet to 80 feet wide. And
6 then digging out new footings and putting in new footings
7 that would have to be engineered. That one I think is
8 more likely a public works because of the construction
9 aspect of it. But it would also include electrical and
10 cabling and all the things that have to be moved from the
11 current building to that 8-foot forward.

12 The potential interference with the cell tower issue
13 is that if we look at the pictures again, behind on
14 either side, and I think there's pictures further back.
15 But on either side of that structure in the back are
16 antennas that Verizon uses. And those antennas are facing
17 towards the grandstand and also toward, you know, Solana
18 Beach and other parts of the county. But specifically
19 toward the grandstand so people can bet on their phones
20 while the race track is occurring. The screens that are
21 in front of those so that we can't see them are actually
22 a special material that allows the signal to go through.
23 It can't just be stucco, it wouldn't work. Putting up --

1 we don't know because we haven't talked to Verizon, and
2 that's why that item was put on the agenda, I believe. We
3 do not know Verizon hasn't told us yet whether or not
4 there's a way to ameliorate that issue. If the screen is
5 that tall it may be that we have to put the antenna
6 taller. Now that might be visible. That might be a
7 problem. Or we'd have to locate them to another site on
8 the property at our expense. And we don't have any idea
9 what that would cost. But that's the information we don't
10 have yet as we look at this.

11 We're also looking at, you know, the one of the
12 question from the board was, what other uses might this
13 video board offer. Obviously, the Paddock is used in
14 other parts of the year during the fair. So that Paddock
15 screen would probably be used. The 5-Points sign,
16 wonderful to have a larger screen there so that we could
17 advertise things that are going on at the fair. That
18 video board though on the track is on the other side of
19 the two parts of the race track quite distant from what's
20 going on in the fair any other events. And as you can see
21 in this picture, our current set up for the grandstand
22 stage and the grandstand seating is kind of awkward and
23 away from that video board. And in addition, it's about

1 350 feet away from where people would sit if they were
2 sitting in the grandstand to see that board and they'd
3 have to be kind of looking through. And in other pictures
4 you'll see, yeah, you'll so we already have the set up
5 for the way the stage is to give plenty of stand seating
6 plus there's standing room only plus the seating behind.
7 And on either side, the possibility there are small video
8 screens on this picture but they could be bigger if the
9 act wanted them to be bigger. But you can't see from here
10 the screen at all. So we don't really see a way that that
11 video board would be helpful for the fair or for the
12 grandstand concerts.

13 >> [off mic]

14 MR. GELFAND: [off mic] -- but it's still too far
15 back.

16 MIKE SEYLE: Right. If you don't -- you can't really
17 see it here but you can see how the grandstand and the
18 track are not parallel. And so as you get farther to the
19 right you lose a lot of space. And so the track doesn't
20 allow us to have the stage farther to the right in this
21 picture. That's pretty much the only place. We could go
22 farther to the left but we can't go farther to the right.

23 So then there's the question of financing. DMTC's

1 original initial request was that they would pay for the
2 boards and that we would, the district would reimburse
3 \$600,000 per year. We've had to ask some questions about
4 that because it raises a number of issues. We're
5 concerned, we don't know for sure, we don't have a legal
6 opinion on this, but we're concerned that the operating
7 agreement that the State Race Track Leasing Commission
8 requires that all revenue that DMTC that flows through go
9 to the bonds before capital improvements. So we don't
10 know if DMTC could even do this on their budget or their
11 dime without having an impact or getting some kind of
12 exception from that leasing agreement. Because right now
13 if there's \$600,000 left because we gave it to them in a
14 year, it's supposed to go to the bond until that turbo
15 payment is made. You may have heard that turbo payment
16 term before.

17 MR. ARABO: How do we do the repair and maintenance?

18 MIKE SEYLE: Currently what we do for repair and
19 maintenance is is because it's repair and maintenance
20 it's not capital improvement, it falls within the
21 agreement. But anything that's not just repair and
22 maintenance, anything that's a capital improvement under
23 the agreement, at least our reading of the agreement,

1 would flow to the bottom line or the line that goes to
2 the -- [multiple speakers]

3 MR. ARABO: The screens could be -- I mean, it could
4 be public works but public works if it's a public works
5 project that dictates process, not feasibility. Just
6 shows you have you --

7 MIKE SEYLE: You're right, that's correct. It is how
8 you have to do it -- [multiple speakers]

9 MR. ARABO: -- we have to do it this way.

10 MIKE SEYLE: Right. We just wanted to raise as many
11 of the issues as we could see.

12 MR. ARABO: Repair and maintenance, what's considered
13 in the agreement repair or maintenance?

14 MIKE SEYLE: Generally repair and maintenance is
15 anything that's existing what you're doing is extending
16 the life of what you have or cleaning it. And repair and
17 maintenance in state contracting law is very narrow. And
18 we've gotten advice on that in the past.

19 MR. GELFAND: [off mic]

20 MR. RIVERA: Microphone please.

21 MS. MOORE: Microphone.

22 MR. GELFAND: Okay. I want to understand this because
23 I like the concept of the video boards but I want to

1 understand the economics. So the plan or the request to
2 the board is that DMTC will finance the acquisition of
3 the video boards. I understand that there may be public
4 works or Coastal Development permit issues associated
5 with getting it done. But that the DMTC will finance it
6 and that we will be committing to repay that expense,
7 that cost over five years.

8 MIKE SEYLE: That's what I understand.

9 MR. GELFAND: And, okay, so what if, just for
10 whatever reason, horse racing disappears in two years,
11 are we still obligated to repay that? Or how would the
12 financial arrangement between the DAA and the DMTC
13 actually manifest? What kind of documentation and
14 obligation are we entering into?

15 MIKE SEYLE: We haven't really looked at that. That
16 have to be laid out. We were looking at how the -- if and
17 again, we have to say, even if DMTC did the work, because
18 it's our property, they would be required to go through
19 the same procurement methods that we would, which would
20 be lowest bid or some other exception. And the financing,
21 as I understand it, is vendor financing. So it's not that
22 they're going to get a bank. Daktronics has offered to
23 provide vendor financing.

1 MR. GELFAND: Okay.

2 MIKE SEYLE: We don't have the amount of that.

3 MR. GELFAND: But I assume the DAA would be signing -
4 - [multiple speakers]

5 MIKE SEYLE: But we would have to sign some kind of a
6 pleasure agreement that would say we're agreeing to this
7 amount over five years.

8 MR. GELFAND: And then in terms of paying for it, the
9 model that's been proposed is that we provide \$600,000 a
10 year for five years. So we would be paying the vendor
11 directly or would we be paying DMTC who would pay the
12 vendor and did that get into the problem with --
13 [multiple speakers]

14 MIKE SEYLE: Who's the purchaser.

15 MR. GELFAND: Yeah.

16 MIKE SEYLE: Whether we're the purchaser or DMTC is
17 the purchaser, it would answer that question.

18 MR. ARABO: You could always do it as the board sees
19 fit, the district purchases it.

20 >> [multiple speakers]

21 MR. ARABO: And the purchase is paid, they pay the
22 \$600,000 a year. And then DMTC could take the lead on it.
23 And there's so many ways you could do it. It just finding

1 out exactly with due diligence of how you do it.

2 MR. GELFAND: Okay. And now next question related to
3 all this, I don't know if you can answer it is, to me, I
4 mean, the 5-Points sign just benefits the fairground
5 generally. The Paddock and the grandstand sign, or you
6 know, video boards are primarily I think to the benefit
7 of horse racing. And I'm just wondering if in terms of
8 coming up with this \$3 million somehow DMTC can raise
9 their prices and generate more revenue to help pay for
10 this. And if they did, would it actually work because
11 that money would just go to pay down the bonds anyways,
12 but in the long term that benefits the DAA anyways. But -
13 -

14 MIKE SEYLE: Yeah, I think I see where you're going.
15 And one thing I would say is currently, and we can talk
16 about this during the budgeting process, the way we get
17 money from DMTC, pay for the bonds, is through their
18 operations and what's left over after operations.
19 Currently there's not enough total after operations to
20 cover all the payments that we make on the bond and all
21 the other costs that are attenuated. So we're chipping in
22 every year to help make those payments. It varies each
23 year. If DMTC were to have a higher return at the end of

1 the year would be less burden on us, which would then
2 free us up, as I think you're saying to make that other
3 \$500,000.

4 MR. GELFAND: Thank you.

5 MIKE SEYLE: Right now we do have -- we would have
6 the double burden if we didn't have increased revenues
7 from DMTC.

8 MR. GELFAND: Exactly. Thank you.

9 MS. MOORE: So I think really what we are, what staff
10 is bringing back is there are options around how to do
11 this and it's just about having it structured
12 appropriately. And Director Arabo, you mentioned one
13 option could be that, so rather than the original request
14 in terms of DMTC financing it through the vendor, that,
15 in essence, the district could. Staff has, you know, some
16 answers but a few more things to finalize on that. But
17 that could be a way of going about it. Including but part
18 of it we also, and whether it's us or it's DMTC taking
19 the lead, the procurement rules apply in terms of we're
20 operating right now off of a single quote. It might be
21 the only one that we get going, you know, understanding
22 that we would have to, and whether it's us or DMTC, we
23 would have to adhere to the district's, which is in

1 essence, the state's policies around procurement. Because
2 of the threshold of it, getting multiple -- putting out
3 an RFP --

4 >> [multiple speakers]

5 MR. GELFAND: Right, and if the vendor essentially
6 lent the money to the DAA, can we have vendors loan us
7 money or do we have to go through some state approval
8 process.

9 MS. MOORE: No, the district can finance, can finance
10 the, in essence, the purchase and installation of it
11 through the vendor.

12 MR. GELFAND: Without going through state approvals?

13 MS. MOORE: Correct.

14 MR. GELFAND: Okay.

15 MS. MOORE: And that can be part of the -- [multiple
16 speakers]

17 MS. MOORE: Part of the procurement process would be,
18 you know, we would be outlining that's what we would be
19 looking for, if that's what the board wanted to do. You
20 have the option of pay it down from reserves, paid for it
21 all at once, not finance it, that is an option for the
22 district to finance it.

23 MR. ARABO: And I'm sure that the vendor will allow

1 if you finance it, you can pay a monthly payment. There's
2 so many ways we could do it. Just for the sake of time,
3 how much longer do you think for the report?

4 MIKE SEYLE: We just wanted to say that in the
5 instance or the attempt to try to make sure this didn't
6 get delayed and delayed, the recommendation is, the
7 cleanest one of us buying the boards, whether we vendor
8 finance or do otherwise whether that comes from capital
9 reserves, that's a question for the board but going
10 through us makes it, we can start tomorrow. If we want to
11 look into deeper whether or not there's going to be an
12 issue with DMTC buying the board and us reimbursing that
13 that we can't give you an answer of how long that will
14 take. So that's why the recommendation is what it is.

15 MS. MEAD: Thank you for your presentation. What I
16 see at this point is this is a what, not a how
17 discussion. And it really is right now the what is do we
18 want to preplace these boards. And the how, the best
19 process for how it will come after the work has been, the
20 research has been done. So I just really appreciate the
21 fact that we understand that we need to split those two
22 things up because we really understand the best way.
23 Although the recommendation is saying already, let's not

1 look at the financing that was offered through the DMTC
2 because we know it will take more time. Am I -- so this,
3 so you are coming -- [multiple speakers]

4 MS. MOORE: To streamline this with the fastest way
5 to streamline it would be for the district to, again,
6 either pay for it or finance it. And that ultimately
7 brought if we were financing it, that would ultimately be
8 brought back to this board for approval in terms of that
9 you know, the financing, the financial arrangement, the
10 loan.

11 MS. MEAD: And is there any value, I know Josh is out
12 there, I don't even know if he's interested in helping
13 with this, but is there value in using the support of the
14 DMTC given all of the other projects we have going on to
15 help quarterback this so that depending on who pays for
16 it but to help quarterback the task.

17 MS. MOORE: Absolutely, we will work very closely
18 with DMTC on this. Because it involves construction, not
19 only is there, the public works piece of it, there is the
20 procurement piece but what that also involves is
21 California Construction Authority. And whether we're
22 doing it or DMTC is, because it's taking place on
23 district property. Our option is the Department of

1 General Services for plan review, inspections and so
2 forth or the California Construction Authority, which is
3 the more, as frustrating as it sometimes might be, it is
4 the more streamlined process because these projects start
5 at a threshold that really draws the resources from the
6 department of general services. So it would go through
7 them in this and we would have to --

8 MS. MEAD: You see this, we'll get their manpower is
9 what I'm looking for. Getting more hands to help. And
10 then finally, I'm the person who said maybe we could use
11 that board for other reasons to include the fair and
12 concerts. And of course, I will defer to staff, but for
13 those of us who like use the director's room for the
14 meals and events that are in front, prior to the concerts
15 and we're sitting right in front of that board and the
16 room next to us. I don't go to stadium shows anymore but
17 I think you all know that stadium shows the cheap seats
18 sell out and most of people in the stadium seats where
19 watching the concert on the video. You can't see the
20 stage. And my suggestion was simply we could actually
21 sell some cheap seats with people who are not sitting
22 right in front of the grandstand but actually may be able
23 to have meal where we're in the director's room and not

1 have to run down. And so, of course I'm not looking at
2 that 350 diagonal but what can we do right in front to
3 include things like we've also talked about movie nights
4 and we would have a nice big screen for that. So I'm
5 thinking about it in not just the concert and the every
6 but what we could do from the seats that are right in
7 front of the stage, not during the baseball game, the
8 horse races. Thank you.

9 MS. MOORE: And perhaps there could be a
10 consideration a sellout shows. Because obviously we want
11 to drive. But if it's a sold out show, something there,
12 it's just -- hasn't been used in the past. We did inquire
13 if it was possible to actually have it be a mobile board
14 but because of its size, to where we could move it around
15 for use for other things but that just really wasn't an
16 option. So trying to be creative that way.

17 MS. MEAD: Sometimes, again, I see the Paddock as
18 getting filled up because that's for free and could also
19 be in the shows from the Paddock over there where people
20 are sitting. I'm not saying there's only one. I think
21 that we want to broaden our horizons a little. Thank you.

22 CHAIR NEJABAT: Director Barkett. Any comments?

23 MS. MOORE: You're muted.

1 MS. BARKETT: Here I wasn't going to mute.

2 I think the video boards would serve a great purpose
3 for all. I think we can do other things as Director Mead
4 mentioned. Other ways, thinking out of the box, selling
5 those seats would bring in, you know, more money. And I
6 feel that it just upgrades the whole facility in terms
7 of, you know, being updated with look, in looks and an
8 update in what the new technology is. So I know that
9 there's a lot here that I'm just having read for the
10 first time. And I don't know the answers. So I agree with
11 Director Mead is the what and the how. The question is,
12 do we want to replace the video boards. And if the
13 question is yes, the answer to the question, then the
14 question will be how. How can we do this and make it
15 work. And I'm always positive that we can make it work.
16 Great minds. And so, that's my position.

17 CHAIR NEJABAT: We need to be public comment.

18 MR. GELFAND: I was going to say public comment. But
19 you may want to say something.

20 MR. BLAIR: Yeah, we keep talking about the 5-Points,
21 you know, three projects. Is it really cost effective to
22 do all three at the same time? Or could we support two? I
23 mean, the 5-Points seems like a benefit to do

1 fairgrounds. The other two seem a benefit to the DMTC.

2 MR. GELFAND: Primarily.

3 MR. BLAIR: I mean, we're trying to find use for it,
4 but it doesn't sound like they're practical. It seems
5 like there's one vote that says does the fair board care
6 about 5-Points and/or the Paddock, and/or the other
7 screen instead of three in one. Unless 5-Points becomes
8 free if you do it as a package almost because you save
9 money.

10 MS. MEAD: [off mic]

11 MR. BLAIR: Two for. Right?

12 MIKE SEYLE: We didn't ask if there was a difference
13 in the price if we did them in three bids but we assume
14 putting them all together in one purchase is probably --

15 >> [multiple speakers]

16 MR. GELFAND: Mark, when you put into -- I mean, what
17 are the relative prices of each sign?

18 MR. ARABO: We don't know. We did ask on our side.
19 And I'd like to actually invite the DMTC up here too.
20 Just for the sake of time, I won't do the report because
21 I'm kind of hearing the consensus from the board, and we
22 should take public comment. But we did definitely, if you
23 could talk to that point specifically, the price

1 difference is if you do one screen or two screens or the
2 whole thing and the genesis of it. Because ideally when
3 DMTC brought it up they said we want to do this screen
4 and that screen. We brought up, we want to do the 5-
5 Points sign. And they said it will cost more money. And
6 our request to him was they have to throw it in for free
7 or we're not doing it. If you could talk about what
8 happened.

9 JOSH RUBINSTEIN: Thank you guys for the opportunity
10 to speak on this agenda item. And we very much the board
11 considering the video board project. Obviously, there's
12 just a billing facility and there's a lot to address with
13 your budget. So we very much appreciate the
14 consideration. I was hopeful to have a representative
15 from Daktronics at the meeting. Unfortunately, he's had
16 some travel issues. However, when we met with Katie and
17 Mike and some others, there is definitely some buying
18 power because Daktronics has to manufacture these LEDs.
19 So when they're manufacturing, you know, three board's
20 worth as opposed to one, one, one, you're going to get
21 better pricing. What that pricing is specifically, I'm
22 not prepared to answer that. I'm sure we can get that
23 directly from Daktronics, a breakout of all three boards

1 and then the savings of their purchase all at once.

2 MR. ARABO: I remember, Josh, is this accurate?

3 When we first brought it up, you said the first two
4 screens this is accurate it was around \$2.7 million, or
5 no?

6 JOSH RUBINSTEIN: So we --

7 MR. ARABO: And I'm going to ask let's do 5-Points so
8 it'll be more expensive, or this is our maximum, they
9 came back.

10 JOSH RUBINSTEIN: When we first looked at this
11 project, we were close to \$4 million. You twisted my arm
12 pretty good and said, you know, get better pricing. We
13 asked Daktronics to sharpen their pencil, and then the
14 liaison committee came back and said look, if we're going
15 to do this, we need a dynamic 5-Points sign, not just the
16 current structure we have. So we asked Daktronics to make
17 that part of the overall bid and somehow they had to get
18 to under \$3 million, which they've done.

19 MR. BLAIR: So you think the \$3 million is all three
20 or not?

21 JOSH RUBINSTEIN: Yes, no, it is. It's \$2.92 million
22 for all three boards, that includes construction.

23 MR. BLAIR: Okay. The other board I'm thinking about

1 is the one right by the main entrance, which is really
2 tiny. What do we call that?

3 MS. MOORE: Main entrance.

4 MR. BLAIR: Main entrance. Clever name. I guess my
5 question, I apologize for being late, but I have a hard
6 stop at 2:00. You know, over the big picture, my concern
7 is we see a need and we'll take it out of reserves. We
8 see another nice to have, we take it out of reserves.
9 Right, I mean, I think we need to give this a lot of
10 serious thought. This is an expensive upgrade, I started
11 to say toy. But it's a very expensive upgrade that makes
12 us a classier location, I get it. But I'm most interested
13 in how we pay for it. And I think we all need to be
14 careful that we want something, take it out of reserves.
15 Take it out of reserves, right? Reserves should be
16 sacrosanct, right? Like, the build's burning down, not we
17 think something might break eventually, or we think
18 something could happen. Well, anything could happen. So I
19 mean, that's my concern. There's no doubt these would be
20 wonderful additions to our facility but we got to be able
21 to afford it, guys.

22 JOSH RUBINSTEIN: If I may add one comment, we had a
23 lengthy discussion at the last meeting. One of the, we

1 believe, real benefits to having this approved for 2026.
2 And we realize that there are you know, everything needs
3 to be done with full compliance, and state by off and all
4 that, but as we discussed at length at the last meeting,
5 Del Mar has been very fortunate to host four of the last
6 nine Breeders' Cups. We wrapped up a terrific event in
7 November. And you know, the net benefit the district is
8 over \$1.5 million. We believe in you know 2026, the
9 Breeders' Cup will be making some long-term plans of
10 where the event goes the next several years. And as we,
11 you know, I won't get into the full discussion of last
12 time, but we're, the competition is fierce, right. The
13 event is going to Keeneland next year in Lexington,
14 Kentucky. They had just had a \$100 million Paddock
15 renovation. In 2027 they're going to New York., Belmont
16 Park, and that's a \$500 million new facility. We were
17 tasked by the liaison committee several months ago, is
18 there something within our price range, and we realized
19 \$2.9 million is still a lot of money for the district,
20 but is there something that would get us a, not only
21 benefit the customer experience for the fair, races and
22 other auxiliary events but would it make a noticeable
23 impact to the Breeders' Cup. So we came up with the video

1 boards project. And we believe that would be very helpful
2 in terms of Del Mar securing a Breeders' Cup post '27.

3 MR. ARABO: And then one thing in the Finance
4 Committee --

5 >> [multiple speakers]

6 MR. BLAIR: -- has to be taken into account.

7 MR. ARABO: The one thing during our Finance
8 Committee, one thing we did agree upon, Director Gelfand
9 and I, was the idea of, and we communicated that with
10 DMTC of DMTC raising their prices, raising their parking
11 prices to almost match, you know, our fair prices to pay
12 for the investment we're making. I want to you know thank
13 you, Josh, for bringing it up to us. You're one of the
14 best operator, the best operators that's outside the
15 district, bar none. And based on the bond language you've
16 given 50 million to the district over the last five
17 years. I know it's the bond language, I get that. But I'm
18 hoping now if the board decides to do this that the DMTC
19 will generate a lot more money for the district and money
20 for us to pay down the bonds. Because we want an
21 investment but we want a return. Not to invest to make
22 the look glamorous. We're about the return on our
23 investment.

1 MR. GELFAND: So is ticket pricing and parking, the
2 raising of those prices something that the DMTC could
3 entertain?

4 JOSH RUBINSTEIN: Absolutely. So we filed our budget
5 as required by the operating agreement yesterday, on the
6 15th. And Carlene I'm sure has read it all. But in that
7 budget we will be raising parking prices across-the-board
8 to help with revenues. Because we don't have the
9 Breeders' Cup next year, we don't have it in '27. So we
10 got very creative internally in terms of ways that we can
11 deliver additional revenues to the district. And I know
12 our budget will be on I believe it's the February agenda
13 item. But we are projecting to deliver more revenue to
14 the district 2025 compared to 2026, stripping out the
15 Breeders' Cup. So if you compare our fall meets '24-'25,
16 we're projecting more revenue fall meets '25, '26, excuse
17 me, in '26.

18 MR. ARABO: And then how did horse racing do? Because
19 one concern we always have is the state of horse racing.
20 I mean, if you want to invest in something but then you
21 see an industry, you know --

22 >> [off mic - multiple speakers]

23 MR. ARABO: All right.

1 >> [off mic - multiple speakers]

2 CHAIR NEJABAT: All right. Any other comments?

3 MR. ARABO: I withdraw my question.

4 MR. GELFAND: Because of Director Blair's timing, if
5 we could go to public comment.

6 >> [multiple speakers]

7 CHAIR NEJABAT: Any members of the public wish to
8 speak in person? No. We have two members online. Allison
9 Prater.

10 MR. RIVERA: She is no longer in the queue.

11 CHAIR NEJABAT: Martha Sullivan.

12 MARTHA SULLIVAN: This is Martha Sullivan again from
13 Imperial Beach. I'm going to read you something from the
14 Thoroughbred Daily News, which was published late last
15 month. Opening with the cancellation of the state's race
16 by the Del Mar Thoroughbred Club due to lack of entries.
17 Two times it was tried. Quote, news last week about the
18 loss of this year's grade three Bob Hope Stakes after
19 receiving just three entrants, all from the Bob Baffert's
20 stable, wasn't exactly a shock. But is it a canary in the
21 coal mine concerning the health of California's horse
22 inventory? Not on its own. It is, however, one among a
23 block of important indicators. As we approach the last

1 month of 2025, enough time has passed since the closure
2 of Pleasanton this March and with it a racing circuit in
3 the north of the state to gauge the health of a key
4 section of California's racing print, which is those
5 trainers from the north. A significant number of barns
6 have currently left the state, 12 in total. Another
7 notable number of trainers have called it quits
8 altogether, 22. For the barns that have maintained a
9 footprint in the state, the overall impression has been
10 one of shrinkage. An average 50% decline in both earnings
11 and starts. With only a few weeks left in the year to
12 make up the deficit. And the last available monthly
13 totals there were 2544 horses in Southern California in
14 October. That this constitutes a drop of 17% in
15 California as a whole from the corresponding month in
16 2024 when there was 2275 horses in Southern California
17 and 778 in the north, end quote.

18 This is an ongoing topic in the horse racing
19 industry and it's raging.

20 CHAIR NEJABAT: All right, that concludes public
21 comment. With that, I'll entertain a motion.

22 MR. ARABO: I have a motion.

23 CHAIR NEJABAT: Go ahead.

1 MR. ARABO: The motion is, I move -- and I have a
2 packet, I won't pass it out for the sake of time. But I
3 move the board authorize modernization and replacement of
4 the three video screens and their existing locations, the
5 grandstand, the Paddock and 5-Points with larger format
6 displays, approve a funding from work where DMTC leads
7 the project delivery and the district pays an amount not
8 to exceed \$3 million over five years at \$600,000 per
9 year. And direct staff to support implementation
10 consistent with applicable procurement, CEQA, and
11 permitting requirements.

12 MS. DeBERRY: Second.

13 MR. GELFAND: Bringing this to a head quickly. I'm
14 going to explain why I'm going to support this. Because
15 I've been skeptical in the financing of it. We don't know
16 yet what the process is going to be in terms of CEQA,
17 public works, et cetera. Those processes themselves could
18 add significantly to the cost of this project. We don't
19 know if we are forced into a competitive bidding sort of
20 approach, whether the costs are going to go down or
21 they're going to go up. This whole thing is kind of in
22 flux. So and the other context of all this is the fact
23 that DMTC is going to be raising their prices makes me

1 much happier. Because to me, they should primarily be
2 paying for this. And those price increases will happen
3 this coming race season. So it goes into effect
4 immediately. And I don't see horse racing going away too
5 quickly, so that makes me more comfortable. The other
6 side of it is these things are going to increase
7 attendance. And you know, and the other thing is getting
8 the Breeders' Cup back. In two Breeders' Cups we pay for
9 this thing for the most part. So finally if it does come
10 back that it's going to take a long time because of
11 public works, and it's going to end up costing four, or
12 five, or \$6 million, whatever it is exceeding the \$3
13 million, it's got to come back to the board. So given all
14 that, I support it.

15 CHAIR NEJABAT: We have a motion and a second. Roll
16 call please.

17 MS. ARNOLD: Chair Nejabat.

18 CHAIR NEJABAT: Aye.

19 MS. ARNOLD: Vice Chair Barkett.

20 MS. BARKETT: Aye.

21 MS. ARNOLD: Director Arabo.

22 MR. ARABO: Aye.

23 MS. ARNOLD: Director Blair.

1 MR. BLAIR: Aye, because of your excellent
2 presentation.

3 MS. ARNOLD: Director DeBerry.

4 MS. DeBERRY: Aye.

5 MS. ARNOLD: Director Gelfand.

6 MR. GELFAND: Aye.

7 MS. ARNOLD: Director Mead.

8 MS. MEAD: Aye.

9 CHAIR NEJABAT: Motion carries. All right.

10 Next up, we'll move on to item 8A1. Consideration
11 and vote on whether to approve the 2026 operating budget
12 or modify 2026 operating budget based on board discussion
13 and public comment, including rates and out-of-state
14 travel for employees and board members. You'll find the
15 report beginning on page 28 of your board packets. Before
16 we take public comment, I'd like to recognize our CEO to
17 present her operating budget for 2026.

18 MS. MOORE: So once again, we will be joined by our
19 Chief Administrative Officer Mike Seyle. He's going to
20 lead us through this presentation. And there's a lot of
21 information to cover, so perhaps right down your
22 questions as they come up through the presentation, we'll
23 kind of save them until the end. Because potentially we

1 may be covering something that's being asked in this
2 process. And I just want to first start off by, like on
3 behalf of our entire team, I'm really proud and pleased
4 of the 2026 operating budget that we're bringing forward.
5 It really is the culmination of hard work, diligence, and
6 collaboration to uphold the expectations that have
7 previously been conveyed. You know, a budget with net
8 operations to fund our capital expenditure. Something
9 that is realistic and in the context of actual spending
10 versus just historic budgeting. But also one that, and
11 Mike will speak to this some more, but one that really
12 also is challenging is to grow our business in terms of
13 some stretch goals. And so I just want to touch on for
14 example when I say about like actual spending versus
15 historic budgeting, that was something last year in terms
16 of the area of discussion with this board, because
17 especially when it comes to our estimations for staff,
18 professional services and things. So it's really an area
19 of work that the people spent quite a bit of time in. And
20 so with that, I will turn it over to Mike.

21 MR. ARABO: And then, just real quick, we have still
22 a Finance Committee report. After Mike will go, I'll
23 speak as well before we took motions, if it's okay with

1 the chair.

2 MIKE SEYLE: As Carlene said, we -- this is a long
3 process. We began this process in August to build it up
4 to get it to you by November and you've had the budget
5 before this meeting because we had it in the packet last
6 month but we'll go through it. What I want to do is be
7 able to go through the process with you so you can
8 understand that there are some required elements that may
9 seem kind of picayune that we'll have to go through,
10 including rates, out-of-state travel, those kinds of
11 things required for you to see before you vote. But we'll
12 get through those as quickly as we can. Then we'll get
13 down to the brass tacks. The brass tacks are basically,
14 we're going to try to increase revenue, reduce expenses,
15 increase the bottom line so that we have enough money to
16 do the things that we want to do. That was the ultimate
17 goal as we went through this. And didn't get that far
18 ahead. Trying to save money.

19 So 2025 year in review, just so you know, obviously
20 we know that revenues will end the year below goal. But
21 we've worked really hard to try to reduce expenses and
22 that will result in a positive net income for the year.
23 The fair was down by about 4%, but The Sound is going to

1 achieve its yearly end goal of 60 shows. We had a couple
2 of major events that didn't happen. But we did imagine to
3 hold our expenses to align with the activities and the
4 revenue changes, and so we anticipate that the \$2 million
5 that was budgeted will actually exceed that by probably
6 about one point or up to \$1.5 million. So we're looking
7 at 3 to \$3.5 million at the end of the year. Now, what
8 we've done in the past is we've shown you the balance
9 sheet. You've seen the balance sheets. This is the
10 balance sheet as of October 31st of 2025. And what we're
11 trying to highlight here is that obviously we start with
12 a certain amount of operating cash and reserves. And we
13 have our current assets, which are the assets we could
14 sell in a year. We needed to sell them, just so you
15 understand what those kinds of things are. But the
16 capital assets are all the buildings and everything else,
17 and that's the value. So our total assets are \$160
18 million. That number only grows if we have net operating
19 profit at the end of the year and that net operating
20 profit doesn't get spent for something that's not in the
21 budget. So after we pay all of our debts, we expect right
22 now as of October 31st our net proceeds from operations
23 are \$6.6 million. As Carlene mentioned, November and

1 December are cash poor months so we end up spending about
2 \$3 million. So when I mentioned to you that I think the
3 budget is going to end at 3.6 net proceeds, that's how I
4 get the number.

5 MR. GELFAND: On page 24, the income statement for
6 the period ending October 31st, at the end.

7 MS. MOORE: I was just saying, can we hold questions
8 until the end?

9 MR. GELFAND: Okay.

10 MIKE SEYLE: Thank you.

11 MR. GELFAND: Remember this slide.

12 MIKE SEYLE: Remember this slide. All right. And so
13 the key points for the budget this year are that the
14 Finance Committee and the board have set us goals to
15 develop a realistic budget that includes the improvement
16 of fair, includes The Sound, our continued environmental
17 stewardship, masterplan initiative, capital expenditure
18 budget to meet necessary investments. But the main thrust
19 was to keep the fair accessible through affordability. It
20 means hold prices as constant as we can. And to do that
21 what we determined was that after the pandemic, we
22 started we a zero-based budget, made perfect sense. There
23 was no way we could look at previous years and make sense

1 of that. So we used a zero-base budget. We've been doing
2 that for several years now. So we transitioned this year
3 to what is called an activity-based budget, which is
4 based on experience. What did you actually achieve, what
5 were you able to do, what does it actually cost. And we
6 used that activity-based budget process with our
7 department heads. Our fiscal year, just as a reminder,
8 runs through January through December. And the metrics
9 that matter for us for all these listed here that are
10 impacts to the community, are opportunities for
11 generating people's ability to build community within our
12 grounds, satisfaction of our customers, and all the
13 things that we measure to make sure that we're achieving
14 those goals.

15 The budget process for activity-based budget
16 involves a collaborative approach, an iterative approach,
17 it's not a carryover from previous years. And it's based
18 on experience. So we went through each department
19 basically starts from scratch, so it's not zero based but
20 they start from scratch and say is this a program we want
21 to continue, how much does it cost, how much if any will
22 it cost this year, is there anything we can do to reduce
23 cost, is there anything we can do to improve the

1 activity. Then we go through two rounds of review. The
2 department heads are challenged to stretch their revenue
3 goals. What more can we still achieve and attain a net
4 positive with the money that we have. The really causes
5 the team, gives them the opportunity to be creative, but
6 it also causes them a lot of angst in figuring out how
7 they can stretch the dollar to get as much out of it as
8 we possibly can. This all under the idea that we would
9 plan to keep admission and vendor food prices constant
10 and we would continue successful fair value deals on
11 admission parking and food. So the results after all that
12 work was a revision to a realistic net positive budget
13 for 2026.

14 These are some of the assumptions. You've seen this
15 before but the fair theme, the dates, our attendance
16 goals. 37 paid, 37,000 paid per day is about 3000 more
17 than last year. So it's a significant stretch for us, a
18 little less than 10%. And then we'll have to go through,
19 as I mentioned before, there's some things we have to do
20 going through the individual rate. The assumptions
21 include emphasizing customer experience, increasing the
22 amount of shows at The Sound, having shows during the
23 fair at The Sound. The equestrian center continuing in

1 operations for the full year instead of just a portion of
2 the year. And then the net operating revenue from '25
3 being available to fund capital investment in '26, so we
4 don't have to take it out of operating. Premier Food
5 Services is also going to pursue more private group
6 sales. And the RV Park operations will continued to be
7 managed by the district. They're profitable.

8 These are the parking rates that need to be approved
9 by the board, not specifically, it's not a separate
10 motion but as part of the budget you'll be approving
11 these rates. These are the rates that we will for the
12 most part continue to be the same as they were before.
13 There were a couple minor adjustments. We've increased
14 the rates for advanced sales for -- because they were
15 \$16 at some locations and \$17 at others, so we wanted to
16 make them even across all of the vendors, \$17. And we've
17 increased parking. Parking was \$10 at Horse Park, we've
18 increased to \$15. Advanced sale parking is still \$20 but
19 preferred went from \$55 in advance and \$60 to day of. And
20 that was just an attempt to try to capture a little more
21 revenue and drive people to use either the free services,
22 offsite, or to use bear trip. And then other rates that
23 you have to approve as a board include the ride operators

1 percentage, the game operators percentage. These are all
2 the same as before. And the commercial vendor rates are
3 all basically the same before with some slight increases,
4 but it has more to do with the size of the vendor's
5 space. We are year-round camping at the RV park. And
6 these are the rates that we charge for year-round
7 parking. And the non-fair parking events advanced
8 purchasing is \$16 per parking and on site is \$20.

9 You also have to as part of the budget approve the
10 human capital. We have currently a 93 positions in the
11 district. 83 of those are filled so we have 10 positions
12 that we're looking to fill. In approving this you're not
13 identifying specific positions but you're giving us the
14 ability not to exceed 93 positions but to fill them
15 appropriately with the people that are available. The
16 salary ranges and fringe benefits are set by CalHR and
17 include all those items listed there, which comes to a
18 considerable amount, almost 45% of the total cost of our
19 employees is in those fringe benefits. We also have
20 seasonal positions, eight of those that you'll be
21 approving. And then we generally have about 1,200 people
22 for temporary services during the fair. And they're
23 limited in the amount of work that they can do in here.

1 You're also required to approve professional
2 development opportunities when that travel is outside the
3 state. As Director Schenk mentioned, there was some
4 restrictions on that in the past but those restrictions
5 have been lifted as long as you approve them. So these
6 are the different conferences and things where members of
7 staff and/or board members will go on that collaborative
8 shared experience concept. Learn more about fair industry
9 and to understand what's going on in the fair industry.
10 There's two pages of these. And these are all ones that
11 will be considered potentially parallel concept visits to
12 the ones in this list here would be with board members.

13 The thing that we want to make sure that everybody
14 understands is that environmental stewardship like a lot
15 of the expenses that we have, are not nice to have.
16 These are things that we both need to do that are
17 required by law but also the things we feel are necessary
18 and the board has said we want to be good environmental
19 stewards. The cost of all of this starts us off in the
20 hole about \$3.25 million. So our budget has to start off
21 covering that as a cost that most other fairs do not
22 have. So hard to read on purpose but you have an easier
23 version for you to read in your packet. But what you will

1 see is that this is -- you'll see a comparison was with
2 2025. And so you'll see that we are slightly different
3 than 2025 and because of the budgeting process that we
4 went through with about a \$88 million in revenue expected
5 this year versus \$90.9 million in the budget last year.
6 We didn't achieve it in 2025. We want to achieve it in
7 2025. But we think we have a better chance of achieving
8 the 88. This also factors in the fact that we don't have
9 the Breeders' Cup and we don't have some other events
10 that we've had in the past that just aren't going to come
11 to fruition like KAABOO and others. Some of the cost
12 items are a little higher on the next page in the
13 expenses, but you'll see the overall expenses have
14 dropped from 67.5 to 63, that's what gives us obviously
15 the bigger profit margin at the end of the process. This
16 is the expense budget is before payroll. And you'll see
17 in your packet that we share with you how payroll is
18 factored into the budget.

19 Not in your packet but for your review is just for
20 the concept of there are months where we do not have as
21 much cash. And this is a cash analysis that shows that
22 there are nine months during the year where we are
23 negative cash flow and three, which are so significant,

1 they make up the difference. And obviously that would be
2 the fair and horse racing. And this slide shares with you
3 the kind of net operations by program so you can see that
4 what the revenues are for each program personnel, like
5 non-personnel expenses, so give you net operation less
6 personnel as kind of attributed to each of those programs
7 and the net operating. And then the ultimate totaled at
8 the end. This is all before debt service. So in the
9 orange box at the bottom you'll see that the actual
10 principal debt that we have to pay on different things
11 like, for example, horse racing \$1.75 million and for The
12 Sound. This comes after profit.

13 So I've highlighted it here for you. The 2026 annual
14 goals for \$88 million. The fair is about 63% of that,
15 horse racing is about 22% of that. The Sound and other
16 activities we run round out the balance. With payroll,
17 total expenses about \$82 million. So the net before any
18 debt principal payment is about \$5.8 million. Again,
19 another hole we have to dig ourselves out of in the
20 beginning and we spend about \$5 million, including
21 interest and principal payments on all the debt that we
22 have. So we start with that \$5.5 million plus the \$3
23 million that we use for environmental services, we start

1 about \$8.5 million in the whole beginning of the year. If
2 you added that \$8.5 million to what we produce, we're
3 generating about 18 to 20% return.

4 MR. GELFAND: However, \$2.5 million net is before
5 capital improvements.

6 MIKE SEYLE: That's correct.

7 MR. GELFAND: Just it's important to point that out.

8 MIKE SEYLE: It is. And we're supposed to be the end
9 of a zero-sum game in a way, so that's the idea.

10 MR. GELFAND: Otherwise it comes out of reserves.

11 MIKE SEYLE: It would come out of reserves.

12 MR. ARABO: We could make adjustments. We can make
13 adjustments.

14 MIKE SEYLE: So again, some highlights. You're
15 approving a not-to-exceed budget for the civil service
16 personnel. The budget is based on our experience on
17 stretch goals, collaborative process. And as Director
18 Gelfand pointed out, operating income is what drives
19 capital expenditure spending. Unless we make the money,
20 we can't spend it. These are some of the key decision
21 drivers that we went through. We want to make sure you're
22 aware of them. Price sensitivity of customers. Technology
23 improvements and training that are required each year.

1 Continuing environmental investments. Responsible
2 regrowth from the pandemic. Continued investment in
3 safety and security, which is all in the operations
4 portion of the budget. Identifying efficiencies. And then
5 in the background always, the Master Site Plan. And
6 that's the budget.

7 Now, I want to share with you, and some of you have
8 seen this before. We've talked about how DMTC plays into
9 this. So if you start from the top, go right down the
10 center, DMTC makes a direct payment to the DAA for rent.
11 DMTC then generates whatever revenue it can, pays its
12 expenses, and whatever is left after its rent payment to
13 us and after all of its operating expenses, is pledged
14 revenue that go to horse racing. And that goes directly
15 to the State Race Track Leasing Commission. The State
16 Race Track Leasing Commission uses that to pay the bond
17 obligation. In the event that that purple line on the
18 corner is not enough to cover the bond obligation, then
19 the DAA uses the direct payment and/or pleasure revenue
20 from food and beverage to makeup the short fall. And so,
21 what you'll see sometimes is even though we have a nice
22 budget that has a nice return at the end of the year, we
23 end up shifting some money for the bond payment that puts

1 us into a negative position.

2 MR. GELFAND: So the \$2.5 million net, which is
3 before capital improvements, is reduced further by
4 whatever we make up on the bond payments, and what is
5 that likely to have totaled in 2025?

6 MIKE SEYLE: We don't have 2025's calculation yet
7 because it takes them about 60 days to get it out. They
8 have given us a payment of 1.745, it's about \$2.5 million
9 so they're 800 short.

10 MR. GELFAND: 800 short.

11 MIKE SEYLE: But they'll probably only end up about
12 300 short, 3 to 4 because they've got another payment
13 that's due in the beginning.

14 MR. GELFAND: Okay.

15 MIKE SEYLE: But in the past it has been more.

16 MR. GELFAND: Yeah.

17 MIKE SEYLE: And less depending on how they do. And
18 this is where it comes in, I think your comment about if
19 the -- and Director Arabo's comments about if DMTC
20 generates more revenue than they would have more money
21 and reduce the amount we have to contribute. And if you
22 put all those pieces together, it makes for a nice,
23 colorful pair.

1 So we're really proud of the fact that the team
2 really came together, pulled this together in a way that
3 wasn't just, hey, let's take the old budget and add 10%
4 or 5% to the old numbers. It recognizes the district is
5 unique. As we mentioned, there's a considerable amount of
6 money that goes out of the pocket of the firm or the
7 organization long before we make a profit. But those are
8 things that we've committed to do and we'll continue to
9 pay. And we will continue to seek additional new revenue
10 sources going forward and that's why we need the
11 strategic planning with you all going forward. So good
12 time for questions.

13 CHAIR NEJABAT: It's a good time.

14 MIKE SEYLE: Yes, ma'am.

15 MS. MEAD: I think that staff number is 93. Carlene,
16 do you remember if you're prepared to remind me what
17 staff was prior to COVID?

18 MS. MOORE: 160.

19 MS. MEAD: So we've come back about two-thirds, call
20 it.

21 MS. MOORE: But we don't anticipate going back to
22 that. We said that our sweet spot is probably somewhere
23 around 100.

1 MS. MEAD: Yeah, that's what I'm looking. We're right
2 there. Thank you.

3 MS. DeBERRY: So I have a question. So the 10
4 positions that you said that need to be filled, are those
5 essential positions?

6 MIKE SEYLE: Yes, positions that we either have where
7 people have moved on and we haven't filled them or
8 positions that haven't been refilled after the pandemic
9 That need to be filled now.

10 MS. DeBERRY: Okay. And then my second question, I
11 saw the slide about professional development. How are you
12 communicating to the board about those events that you're
13 attending so that we could also attend if we're
14 interested or be a part of that?

15 MS. MOORE: So one of the sections of that was the
16 list of like the parallel concept visits and things, so
17 we'll be getting information out to the board on those.
18 Some of those are like there's --

19 MS. DeBERRY: Can you go back to that? Never mind.

20 MS. MOORE: Some of them are specific training
21 opportunities and things at a staff level in terms of
22 like our accounting software training that occurs, Adobe
23 MAX, which is like with our graphic designers and so

1 forth. Some are around venue safety and security and then
2 and others. But basically it would be going forward,
3 putting that information out to the board. We've talked
4 about parallel concept visits but we haven't done that
5 other than this year both Director Barkett and Chair
6 Nejabat had planned to attend one of those, which was the
7 Texas State Fair. And then we share those opportunities
8 at the board meeting.

9 MS. DeBERRY: And there's a line item somewhere for
10 that, right?

11 MS. MOORE: It's in professional, there's a line item
12 for professional development.

13 MS. DeBERRY: Yeah, I see it. Here we go.

14 CHAIR NEJABAT: Especially your committee, you'd be
15 good at those conferences with the vendor committee that
16 you chair.

17 MR. ARABO: I have a question. But before I go to the
18 report if it's okay with the chair.

19 CHAIR NEJABAT: Yeah, Director Barkett too.

20 MR. ARABO: My question is -- I'll let Director
21 Barkett go. Sorry.

22 MS. BARKETT: Oh, that's okay. Actually my question
23 was semi answered. And it dealt with those 10 positions

1 that we still need to fill, which gets us to now, which
2 of course will increase payroll. I don't know the amount
3 because we have to see where those positions are set at
4 from payroll standpoint. But and I believe, Carlene, you
5 said 100 would be ideal, around 100 employees?

6 MS. MOORE: Yes, we've said kind of our sweet spot
7 quite honestly even at this 93, we're really sort of
8 reaching that. We just originally said in terms of the
9 growing back, we thought it would be somewhere around
10 100. I think it will most likely land somewhere between
11 this 23 to 100 ultimately.

12 MS. BARKETT: Over time.

13 MS. MOORE: Right.

14 MS. BARKETT: Let me ask you, since we had 160
15 approximately in the past and it seems to me like a big
16 staff cut, cutting 60, you know, out if you were to so to
17 say. Do you feel that we're being too tight at a sweet
18 spot of 100? Or do you think we should consider maybe
19 making, you know, life a little bit easier for everybody,
20 the staff, by going a little higher?

21 MS. MOORE: No, and I'm looking around here at my
22 executive team as well. And really, this question has
23 come up before. And if you recall, a lot of this has to

1 do with how we changed our operations, the things that we
2 are not trying to do through civil service staffing. And
3 Mike was very generous when he said the added benefit of
4 that was about 45%, it's actually about 70%. When you
5 load any civil service position. So in addition to their
6 salary plus 70%. But it is really come through just the
7 change in our operations and not because we're just
8 trying to save and cost cut on the staff. I mean, we've
9 had a very thoughtful approach to the investment in terms
10 of our team, our appropriate sizes, rules and
11 responsibilities.

12 MS. BARKETT: Okay, thank you.

13 MR. ARABO: Quick question. After the capital
14 expenditure's report, based on the budget we're negative
15 \$3 million for '26?

16 MIKE SEYLE: We'd be taking \$3 million from this
17 year's profit.

18 MR. ARABO: But for '26.

19 MIKE SEYLE: '26 would be -- [multiple speakers]

20 MR. ARABO: Negative \$3 million, is that right?

21 MR. GELFAND: No. That's a misstatement, I think.

22 Because it doesn't take into consideration capital
23 improvements.

1 MIKE SEYLE: Right, so I showed you the balance sheet

2 --

3 MR. ARABO: What capital improvements?

4 MS. MOORE: The 2026 budget is forecasting what would
5 be remaining at the end of 2026 for the '27 investment
6 of capital expenditure. Because it's actually based on
7 what we derived from this year.

8 MR. ARABO: So a snapshot, the profit of 2026 we're
9 expecting is \$3 million?

10 MIKE SEYLE: 5.5.

11 MR. ARABO: 5.5, got it.

12 MS. MEAD: [off mic] -- carry forward.

13 MR. GELFAND: I'm just looking at cash, okay. 2025 is
14 likely to end up after capital improvements, before DMTC
15 bond payment, you know, makeup, a negative \$1,877,000,
16 that's on page 42 in the lower right-hand corner. So from
17 a pure cash standpoint putting aside income statement
18 versus balance sheet because capital improvements are
19 capitalized, from a pure change in cash standpoint, we're
20 negative a million 877 before making up the difference in
21 the bond payments, which could be 3 to \$700,000. That
22 money ultimately has to come out of our reserves. This
23 budget forecasts a negative \$3 million, same page, 42,

1 negative \$3,365,000 after debt but before DMTC. Add a
2 negative to that of \$600,000 for the video boards, so
3 it's about \$4 million. Combined you got close to \$6
4 million of negative. That basically is going to have to
5 be funded by our reserves, isn't that correct?

6 >> [multiple speakers]

7 MR. GELFAND: Okay.

8 MIKE SEYLE: Remember one thing though. When you
9 ended '24, any money that you had left over in '24 pumped
10 up your cash. So if you looked at the balance sheet '23,
11 '24, '25, what you'd see is you'd see cash going up. Then
12 you start the year and you take some of that cash and add
13 it to the cash you generate during the year and that's
14 your negative that you're talking about. So you actually
15 start with a little bit higher balance sheet or a little
16 more cash in the bank and you spend a little more than
17 that. So let's just use a round number.

18 MR. GELFAND: Okay. So the \$6 million negative is
19 offset by a little bit of reserves that came, or a little
20 -- [multiple speakers]

21 MR. GELFAND: Earnings. Net, net, net earnings may be
22 from 2024. So the \$6 million is maybe \$4 million. My
23 concern though is this year we're looking at a million

1 877 before bond payments. This budget proposes
2 essentially \$4 million. The trend is in the wrong
3 direction. I mean, we're spending more than we're making.

4 MS. MOORE: I want to also point out that this is the
5 budget. If you go back to the audit, it's not how we have
6 actually performed. And what we've been working to do is
7 get tighter on that. But there are a lot of -- there are
8 many unknown factors in terms of from the type of
9 business that we're in. Also just to be clear, the 2025
10 budget, when you're talking about that negative 1.8, that
11 factored into the budget a certain amount being
12 contributed by the district toward the bonds. So this is
13 not necessarily where we're going to, it is how we
14 budgeted.

15 MR. GELFAND: Okay. That's good.

16 MS. MOORE: Same thing in 2026 where we are, so we've
17 created our, so staff has created our budget. And this is
18 what typically happens. And based on assumption that
19 we're contributing about half to the bonds based on
20 historically what we've done. So when DMTC raises their
21 rates and has more efficient operations and generates
22 more money toward the bonds, that's how it benefits us at
23 the district and reduces what we're estimating having to

1 contribute.

2 MR. GELFAND: Okay, so that's in the blue area on
3 page 42, the debt service principal only side, the
4 million 745,000 budgeted for 2025 and a million 6
5 something for 2025, that's what -- well that's principal
6 only, so that's not -- I'm just wondering where in here
7 it shows --

8 MS. MOORE: Because -- [multiple speakers]

9 MR. GELFAND: -- for the makeup.

10 MS. MOORE: Right. So the interest is already
11 included because that's an operating expense. And so I'm
12 trying to look for it. So if you look at the top of page
13 42, there's loan interest expense. And under horse
14 racing, that is the interest on the bonds.

15 MR. GELFAND: Okay.

16 MS. MOORE: And I believe the water quality
17 improvement.

18 >> [off mic]

19 MS. MOORE: In essence of our contribution. If you,
20 because if you go to page 41 in the green, there's a line
21 item about not quite, maybe a third of the way down. It
22 says SRTLTC revenue, 1.785. So we are budgeting the horse
23 racing is going to contribute at least 1.785. That is

1 offset then by this blue section down here of the
2 principal payment. So this is budgeting, if we receive
3 that amount from DMTC, if that's all we were to receive
4 from DMTC, we as the district would still have to
5 contribute \$1.6 million. So the better the DMTC does in
6 terms of their operation, reduces our expense. Now the
7 flip side can occur as well, but that is something that
8 we have changed in terms of our approach over my tenure
9 as your CEO versus an assumption that the bonds are just
10 going to be fully paid by horse racing.

11 MR. GELFAND: Okay, so the 2,000,745 numbers in 2026
12 offset each other and the loan interest expense at
13 2,000,002 is essentially what we're making up.

14 MS. MOORE: Yes.

15 MR. GELFAND: So that's good. So it is built into
16 this. But nonetheless, we have --

17 MS. MOORE: It works out this way. To your point,
18 yes, this is actually where we would end the year.

19 MR. GELFAND: So we would end the year at close to a
20 6 million or excuse me, a \$4 million negative. And so,
21 I'm just kind of generally concerned that it was around
22 \$2 million for this year, it's projected already to be 4.
23 And by the way, I want to frame all this by saying that

1 this year we didn't get our budgeted revenue but staff
2 did an amazing job saving about 4 million bucks in
3 expenses. I congratulate you on that. But going forward,
4 I'm concerned that the negative, the net, net, net
5 negative is growing. And this year we got to figure out
6 how to solve that going into 2027. And if you're saying
7 that this expense savings this year independent of the
8 budget, you know, I mean, to me we need a budget that
9 breaks even. You know, where we don't go negative and we
10 have a possibility of upside because we get more
11 attendance or whatever. But we can't consistently budget
12 negatives. That won't work.

13 MS. MEAD: Well --

14 MR. GELFAND: So I wonder what your plan is.

15 MR. ARABO: I think it's a good segue to the report.

16 Because I'll go very fast but I want to --

17 MS. MEAD: Okay, go ahead.

18 MR. ARABO: Is it okay?

19 CHAIR NEJABAT: Please.

20 MR. ARABO: Okay. Thank you, Carlene. And thank you,
21 Mike. Thanks to the whole team. I'm going to go through
22 the quick staff report. Great segue from my fellow
23 committee member, Director Gelfand.

1 Okay, I have this packet, I'll pass it out. Based on
2 -- this isn't something that I'm proposing. It's
3 something that I think we should consider though. The
4 operating budget. I want to look at the screen because I
5 hear what Director Gelfand is saying, we're looking at a
6 \$4 million negative, that's a trajectory, so how do you
7 fix it? We have to fix it. So I want to look at
8 inflation. And I know that our consumers are very cost
9 sensitive. And the last thing that I would want to do in
10 the inflationary period is raise prices because it's
11 inflation. We want to help. But something to consider. So
12 fair admission and parking prices will not increase in
13 '24 or '25. Same amount of period, inflation's increased
14 15.7%. 2025 because of external factors we have roughly
15 100,000 less people that came to our fair. But prices
16 have remained flat, which tells me that price was not a
17 primary factor for attendance. Although we don't know, I
18 encourage you to do some type of study to see what's the
19 best sweet spot of how we get there. But these are two
20 options we could look at against the backdrop of a \$4
21 million trajectory negative and inflation that's running
22 rampant in our economy.

23 Two options. Option one is we'll increase the front

1 line ticket price by \$1. If we increase that based on
2 staff attendance projections, the district would make an
3 additional \$1.31 million. If we increase it by \$2, it
4 would generate the district another \$2.6 million. I
5 obviously, if the board would want to do this, I would
6 say that we should not increase any price on any senior
7 citizens and really look at price as a very sensitive
8 thing because it is sensitive. Now, the concern obviously
9 would be if you raise prices attendance will go down.
10 Even at \$1, \$1 for a lot of people is a lot of money. But
11 even if it goes down 2 to 5%, net revenue remains higher
12 in both scenarios. This is not only about maximizing
13 revenue, it's about catching up to inflation. And so,
14 I'll give you time for everyone on the board to read the
15 handout and we could --

16 I also want to point out the other agencies have
17 recently raised prizes. The County of San Diego has
18 recently, San Diego County's Department of Parks and Rec
19 have just increased their fees. A full hook up campsite
20 is rising from \$40 to \$42. Picnic facility fees have
21 increased by \$25. These actions demonstrate a regional
22 trend. Public agencies must periodically adjust prices to
23 keep pace with inflation but maintain service quality. So

1 just like the County of San Diego, us as a district, we
2 face rises labor, equipment, insurance, and operational
3 costs. Our fair prices have not increased since 2023. Our
4 front line price despite inflation of more than 15%. So
5 something to consider, we could align with the San Diego
6 County's approach with a modest fair and parking price
7 adjustment that's consistent with how other California
8 public entities are managing rising costs.

9 So to summarize, I know it's a lot of information I
10 have in these packets. I hope in the future I could
11 forward it to our great chair, put in the general packet.
12 Prices have not increased since 2023, yet inflation is
13 almost 16% higher. Attendance has declined in '25 with
14 prices unchanged, showing prices was not the cause of the
15 decline. Modest price adjustments are normal and
16 responsible part of a public agency budgeting. These
17 options are provided solely as additional information.
18 This is not a committee recommendation. This is just more
19 information. And that gives the board the data you need
20 to make a decision on 2026 budget.

21 MS. MOORE: If I could. Director Gelfand, you had
22 asked a question in terms of the trends. I think one of
23 the challenges is you're looking at trends of budget

1 versus actual. And so, perhaps in the future coming back
2 to show actual regarding which would be the audit
3 performances. So my job is to manage within the
4 parameters of the budget. That is really, and that's
5 yours to hold me accountable to. This budget is informed
6 by the staff, by internal knowledge, by industry
7 knowledge, by trends that we're also seeing in terms of
8 in our industry, in the fair industry where a huge part
9 of these conferences and the discussions are for
10 everyone, how to hold price. And the fair is not the only
11 thing for us to generate revenue from.

12 We had some discussion, for example, at the Finance
13 Committee meeting about, and this goes back to continuing
14 to look at operations. Our food and beverage contract
15 comes up for this board's consideration later this year
16 by May so we can get potentially proper notification. And
17 are there opportunities to make our food and beverage
18 more efficient so that we're actually driving greater
19 revenue off of that contract.

20 There are other opportunities to look at as well. It
21 doesn't solely need to be born on the backs of our fair
22 patrons, which are so much of our, we talk about
23 affordability and accessibility and the fair program is

1 allow we do that. Prices have changed within there. And
2 we are raising rates at the R.V. park and things like
3 that. We've held the top line because coming out of 2021,
4 when we just had the home grown fund to the '22 fair, we
5 did a big jump. And what we've done is adjusted some of
6 the price points in there as well. We're very sensitive
7 to this organization and what it means to the broader
8 community. I would also like to clarify that we were not
9 down 100,000 guests during the fair. I'm not sure where
10 that information is coming from.

11 MR. ARABO: How much?

12 MS. MOORE: It's about 30,000. 3,000, I'm sorry. 3000
13 from Tristan Hallman.

14 MR. ARABO: What was the attendance in 2025 compared
15 to 2024?

16 TRISTAN HALLMAN: In 2024 it was 877,452. In 2025, it
17 was about 874,000.

18 MR. ARABO: What was the paid attendance , the
19 difference? Do you have that?

20 TRISTAN HALLMAN: I think that was closer to that
21 30,000 number.

22 >> [multiple speakers]

23 MR. ARABO: Sorry, this is a good point of

1 clarification.

2 MS. MOORE: If I could please just finish for a
3 moment.

4 MR. ARABO: I'm not done with my report. I was cut
5 off by you.

6 >> [multiple speakers]

7 MR. ARABO: I didn't end it but I yielded because you
8 wanted to -- if you want to finish, then I could finish
9 my report.

10 MS. MOORE: In addition, this is -- and I apologize
11 if I did cut you off. But this is also showing an
12 admission of a million 34 -- even at the numbers that we
13 just presented, if we said, 50,000 a day is our goal,
14 we're a 20-day fair. That's a million people. But our
15 paid attendance goal, which would be an increase even
16 from last year, is 37,000 people a day. And that comes
17 through the programming that we're doing. Also within
18 this budget, in addition to admission prices, we've also,
19 for again, hearing from this board last year the team has
20 worked to create some VIP experiences. So that because
21 there's -- how do you say it, Mike?

22 MIKE SEYLE: Shared wallet.

23 MS. MOORE: Shared wallets. We want a little bit of

1 both in order to achieve this. But I just would ask for
2 this board to, in taking this into consideration, and I
3 appreciate the thoughts around this, but in taking this
4 into consideration remember I'm bringing this forward to
5 you for you to hold me accountable to it. If there are
6 going to be great modifications to this, that's -- it's
7 sort of changing the standard, it's changing the bar that
8 staff has not informed that planning. And we have seen
9 historically, we talked about this at the Finance
10 Committee and conducting a survey for 2027 in terms of
11 price point. Because our experience has shown that every
12 year that this fair, the fair itself raised admission by
13 \$1, paid attendance declined. And that was historic prior
14 to my arrival here in 2019. So just for your
15 consideration as you consider all this in context.

16 MR. ARABO: Okay. Thank you.

17 Thank you, Carlene.

18 So I think the big takeaway is we definitely need to
19 study it. Because inflation has gone rampant. We have not
20 caught up. Other public agencies like the County of San
21 Diego are increasing their parks and rec's fees.
22 Attendance did go down in '25. I hope by the next meeting
23 we could have an exact number of the paid attendance.

1 Another part of my report, this is my first time
2 being on the Finance Committee. And I do see the staff's
3 work is very important. And I respect their work. And I
4 look at it as a baseline. Because I think the board, all
5 of us, have a unique perspective we should bring the best
6 we have to help out the district. I definitely think that
7 our board should consider how we could add or look into a
8 strategic budget for a strategic financial consultant via
9 outside vendor or budget for it.

10 I remember Director Mead I think last year was
11 mentioning we could have a CFO. But we couldn't have a
12 CFO because of the makeup of the organization and only a
13 few seat positions. I definitely think the district could
14 benefit a lot by engaging to an outside consultant as a
15 strategic financial consultant. It matters because a
16 consultant gives us a different view from the outside and
17 conducts a top-to-bottom finance review. The consultant
18 will identify new ways to save money, increase
19 transparency, and strengthen financial forecasting to
20 help us as a board modernize our long-term financial
21 planning and vendor models and will provide independent
22 verification and benchmarking of revenue opportunities.
23 The goal of the consultant for the board will consider to

1 be support a long-term financial plan that aligns with
2 revenue, spending and capital needs, giving the board
3 more tools to make better decisions.

4 I personally think our target, this is just a
5 target, a goal, should be our net revenue should be 10%
6 of our gross. I know that's a tall order, especially the
7 way it's set up now. But we do around, I don't know, \$90
8 million gross. It would be great if somehow, and
9 hopefully we can push DMTC and also the board knows The
10 Sound is really troubling. We lose money on The Sound
11 after the payments. And it's important to note that. That
12 they need to do a much better job making more money for
13 the district. Those are my thoughts.

14 I definitely think we need to do better. We need
15 outside help. And hopefully we'll increase everything for
16 the district. And I'll lastly say, attendance projections
17 I used 1,034,000 was based on the staff's report. So I
18 don't know how our -- we're budgeting a million people
19 and we get 850,000. I don't know how that's a good
20 budget, or 880,000. I think our budget needs to be very,
21 very accurate as far as numbers in and numbers out.

22 CHAIR NEJABAT: Director Barkett.

23 MS. BARKETT: Yes. I have a quick question. What is

1 the percentage of revenue for admissions to the total
2 revenue?

3 MIKE SEYLE: Admissions revenue is about \$15
4 million, so 15 of the 88. Can't do the math in my head.

5 MS. BARKETT: Yeah. \$15 million, okay.

6 MIKE SEYLE: So probably 17-18%.

7 MS. BARKETT: Yeah. Great. Thank you.

8 CHAIR NEJABAT: Anything else?

9 Go ahead.

10 MS. MEAD: Thank you. Thank you for the presentation.

11 A couple of thoughts. First question is., I thought
12 the budget you presented actually had a \$1.25 increase in
13 the ticket price. Am I wrong about that?

14 MS. MOORE: No, I think what you saw, you saw the
15 \$1.25 was on the tickets for the midway. That's the
16 individual cost of activities for the midway. It's not an
17 increase, that's the cost per ticket. The way that versus
18 raising price there, the way that you drive more revenue
19 is the number of tickets go up on potentially rides and
20 games.

21 MS. MEAD: Got it. Okay. Couple of things. Just I
22 feel like I'm pretty comfortable with the budget. I do
23 want to begin by saying that, Michael and Mark, you sit

1 on the Finance Committee. And I heard you, Michael, say
2 that your preference would be that we had a break-even
3 budget. I absolutely agree with you. And I believe that
4 it is the Finance Committee's responsibility to direct
5 the staff to create a break-even budget. And so --

6 MR. GELFAND: We did.

7 MS. MEAD: You did, okay, that's good to know. I
8 didn't know that, so that's good to know. So staff was
9 not able to meet that. What I will say is that I
10 absolutely believe that budgets are a plan. And I do
11 think that budgets need to be based on what our actual
12 assumption, what our actuals are. And it's different from
13 zero-based budgeting. It is taking into consideration
14 what our costs were.

15 So for example, if we're budgeting 50% of the bond
16 payment but, and I'll either just use our rolling 3 or
17 our rolling 5 average, isn't 50% that we're paying, it
18 may be and that's where the number may have come from.
19 But if it isn't, then we're over budgeting. We're -- and
20 so it's good to know, it would be good to know with some
21 of these numbers that appear to be like we're told we're
22 budgeted at 1.6 maybe but we'll likely spend, pay only
23 \$300,000 of that bond, we've over budgeted by \$1.3

1 million, and that's a lot of money that works towards
2 getting us to a break-even budget. So I would posit that
3 we approve a budget that is a plan with the expectation
4 that staff come back and get closer to what it would take
5 to have a break-even budget. And to have a break-even
6 budget, you have a revenue problem, we have an expense
7 problem. And that's the only thing you got, revenue and
8 expense. So that means you have to come back with a plan
9 to say this is how we plan to generate more revenue or
10 plan to control more expense. But if the board is
11 directing the staff to come with a break-even budget,
12 then we've to see what that would look like and there
13 implications on the organization. And I'm not saying that
14 we shouldn't approve a budget to get there. I'm just
15 saying that we should --

16 >> [multiple speakers]

17 MS. MOORE: That's okay. I'm just raising my hand for
18 when you're done.

19 MS. MEAD: I surely expected that. Second, I do
20 believe, and I understand, Michael, that your concern is
21 when you add the operating losses plus the capital
22 expenses then that's a greater loss. But I will say that
23 I'm not as concerned about spending reserves. I see us as

1 a public benefit corporation. I don't know how we're --
2 we should be spending our money on improving the
3 experience. And we developed a plan to establish a \$20
4 million reserve over 20 years. And in, I think two years,
5 we're at 11. I think that one of the things we may want
6 to do is to ensure we're working on a target to get to
7 that 20-year reserve but we ought to be spending our
8 money on this organization. It's, I liken us to a non-
9 profit. We're not paying shareholders. We're not judged
10 by how much money we have sitting in the bank. We're
11 judged by the experience that people have and the safety,
12 the fun. And so I'm much more concerned about us working
13 towards that goal and spending money on improving the
14 organization for our community. And I'll stop there. But
15 I do have a couple of comments for Mark's presentation.
16 But I do want to give Carlene the opportunity to respond
17 to my comments.

18 MS. MOORE: I want to clarify something. And that is
19 that the, this team has put forward a budget that not
20 only is a zero, because of the budget is about
21 operations. And what we're forecasting in terms of cash
22 flow from, so our operating budget puts forward \$5.5
23 million, that is a budget. The request has been to then

1 factor in which our balance sheet items with regard to
2 the, which is the debt service and investment capital
3 improvements. It's after those things, which what it does
4 is it changes -- I don't know if we could go back to the
5 slide with the balance sheet.

6 >> [multiple speakers]

7 MS. MEAD: So what we're saying --

8 >> [multiple speakers]

9 MS. MOORE: Our assets because it enhances, yes, the
10 capital. So I just want to clarify that staff has put
11 forward a positive budget. It might not be a positive
12 cash flow when you consider investment back into the
13 property.

14 MS. MEAD: Well, then, I will say thank you. Because
15 I consider the investment back into the property separate
16 from the operating budget. And so that's why it's
17 important to always get these definitions and be sure
18 we're -- I look at a break even operating budget
19 different than our board's future view of how we're
20 investing in our future as an organization. Thank you.

21 A couple of points on your recommendations, Mark. I
22 don't necessarily agree that we ought to be spending
23 \$100,000 on what I would consider an external consultant

1 for this purpose. And the reason is that while I made a
2 point of saying I've felt like it was important for us to
3 have a CFO, what we did was combine those
4 responsibilities into the CAO role. And I want to give
5 Mike, I didn't know if he was Michael or Mike.

6 MIKE SEYLE: There's too many Michaels, so it's Mike.

7 MS. MEAD: Okay, Mike. I wanted to be respectful.

8 MIKE SEYLE: Thank you.

9 MS. MEAD: I want to give Mike the opportunity and
10 Carlene to have the opportunity to work together and look
11 to see how we're budgeting and how our operations flow
12 along with Katie. So I might be down for some sort of
13 forensic financial review in the future. But not on a
14 year that we first brought in a new CAO. We made an
15 investment. Let's see how this team works together. So
16 that's my feedback on that. And then, that's it.

17 CHAIR NEJABAT: Anything else?

18 MS. MEAD: Thank you.

19 CHAIR NEJABAT: Public comment. Anything else?

20 MR. GELFAND: Well, yeah. One thing. What Director
21 Arabo is proposing is an outside consultant, I believe,
22 is an outside consultant who would advise us on the
23 elasticity of demand relative to price. So if we were to

1 raise our prices \$2, what would the decrease in
2 attendance be. You know, how sensitive is it. For
3 example, and so I support that notion. As an example, if
4 our prices for admission are \$20 and we raise prices \$2,
5 that's a 10% bump in admission price, which sounds like a
6 lot to a lot of the people who attend the fair. But if
7 you look at it differently, what is the total price per
8 person that people pay to attend the fair even outside of
9 parking. When they're going to pay \$20 for admission, but
10 per person they may spend an additional 25 to 50 to \$100
11 on food and I mean, just to buy something to eat at the
12 fair has gone up immensely, and the rides. So that \$2 is
13 a percentage of \$50 is a whole different story. And I
14 think we need some outside guidance on that. And so, the
15 notion of that \$100,000 for an outside consultant to give
16 us some advice for the 2027 budget I support.

17 CHAIR NEJABAT: That's something I could take up at
18 the strategy session in January as well. More
19 appropriate.

20 MR. ARABO: Maybe I'll ask Mike. Simple math, Mike,
21 for the fair overall what's our revenue, everything,
22 ticket sales, food sales for the fair?

23 MS. MOORE: It's about \$55 million.

1 MIKE SEYLE: Yeah.

2 MS. MOORE: It's on page 41 of your packet.

3 MR. ARABO: \$55 million is our revenue from the fair
4 and we have 880,000 attendees, quick math.

5 MIKE SEYLE: So the challenge you are going to find
6 with the attendees --

7 MR. ARABO: Some of them are not paid, some are paid.

8 >> [multiple speakers]

9 MIKE SEYLE: Some are not paid, some are discounts.
10 [multiple speakers] -- a dollar a piece. The average is
11 \$20 per person, 740,000 people gets you \$14.08.

12 MS. MEAD: [off mic]

13 >> [off mic - multiple speakers]

14 MS. MOORE: Costco packages and things. And also that
15 \$55 million is not just from attendees, some of that is
16 also commercial boost sales, it's sponsorship revenue and
17 things as well.

18 MR. ARABO: You know what would be good to get for
19 next time. We could try a breakdown per attendee. There
20 has to be a way to get sponsorships back out so we try to
21 see what's the average spend a person spends when they
22 come to the fair.

23 MIKE SEYLE: Two different questions. One would be

1 the average or the price people actually pay from each of
2 those categories for admission, and then what we call the
3 cap rate, what they spend on other things.

4 MR. ARABO: Yeah, but everything.

5 MIKE SEYLE: Yeah, you combine the two and you have a
6 total.

7 MR. ARABO: Do we have that now?

8 MIKE SEYLE: No, I don't have it in front of me.

9 >> [multiple speakers]

10 MS. MOORE: Something that we track. We do have that.

11 >> [multiple speakers]

12 MIKE SEYLE: People come in to the fair, they get
13 scanned whether it's a ticket or their badge. So the
14 numbers of people who walk through the door includes
15 guests, could be vendors, could be employees, could be a
16 lot of different people. It could be the judges for the -
17 - you know, so it's hard when you look at just the scan
18 rates it's a little harder to break it down. That's why
19 you see these mix of the numbers. If it's a scan rate
20 number, it's going to be closer to \$900,000. If it's paid
21 attendance, are they paying \$1 for a ticket, are they
22 paying \$25 a ticket?

23 MR. ARABO: I'd like to see if we could also track

1 the paid attendance last year to the year before.

2 MR. GELFAND: I got another --

3 CHAIR NEJABAT: Go ahead. Director Barkett.

4 MS. BARKETT: Thank you. Mike, I just have a quick
5 question too. I know we do give away a lot of tickets. Is
6 there any way to see of the free tickets that are being
7 given away, how much do they spend as a group?

8 MIKE SEYLE: Probably not.

9 MS. BARKETT: No.

10 MIKE SEYLE: I mean, unless we put a personal tracker
11 on them, we wouldn't know.

12 MS. BARKETT: Okay.

13 MIKE SEYLE: Yeah. And it's a limited number. You
14 know, under state law we have a very limited number of
15 free tickets we can give away based on the prior year's
16 attendance.

17 MS. BARKETT: I think it was, what, 20 --

18 MS. MOORE: 4% of our total, of our sales, we can get
19 -- and these are the giveaway tickets that aren't in
20 exchange for something. So there's two different
21 categories of in essence complimentary tickets. And I
22 want to be careful using that complimentary because
23 there's credential admissions, sponsor, people who are

1 providing a service, some of the presenters that we have,
2 judges, things like that. And then there are the courtesy
3 pass admissions as they're referred to. And that is by
4 law, it is 4% of the previous year's paid admission
5 total. So we are always incentivized because we want to
6 give more in our community. So we're incentivized to
7 drive that paid attendance number because that's what
8 allows us to be able to contribute back and those are the
9 tickets that we distribute back through the Fair for All
10 Program with area nonprofits and I believe applications
11 are open; is that correct? Yes, applications are open for
12 that right now for nonprofits to apply for that and then
13 we look for mission alignment and so forth to really
14 distribute throughout it but we are limited.

15 MR. GELFAND: So I got a question. Sponsorship sales
16 is approximately \$2 million. How has that changed over
17 the past 10 years? Is it trending up? Is it flat?

18 KATIE MUELLER: So it's a little bit deceiving in the
19 budget because sponsorship sales are like true
20 sponsorship. That Toyota Summer Concert Series, Corona
21 Grandstand Stage. We also have a component of sponsorship
22 that's like premium booth sales. So when we sell T-Mobile
23 a space to advertise their products some some of the

1 other things you'll see in the commercial halls and
2 stuff. So all combined it's a little bit over \$4 million
3 actually.

4 MR. GELFAND: Okay.

5 KATIE MUELLER: And that's year our sponsorship
6 dollars were up compared to 2024 interestingly enough.
7 But that's why that attendance number is so important.
8 Because not only does it, you know, it drives revenue but
9 it drives revenue in food the more people that come to
10 the fair, the carnival is up. So but also sponsorship, we
11 attract sponsors based on the number of people that come
12 through the door.

13 MR. GELFAND: So how is sponsorship revenue
14 generated? Because I remember at one of our meetings in
15 the Director's Room I met a guy who was an outside vendor
16 who, a consultant who said he did all the sponsorship
17 sales for the fair.

18 KATIE MUELLER: Yeah.

19 MR. GELFAND: And he's been with us for 20 years.

20 KATIE MUELLER: We have a contract that's
21 competitively bid.

22 MR. GELFAND: So of that \$4 million, how much of that
23 does he typically sell?

1 KATIE MUELLER: Oh, he sells it all.

2 MR. GELFAND: He sells it all?

3 KATIE MUELLER: Yes.

4 MR. GELFAND: And he's been around for 20 years?

5 KATIE MUELLER: Probably 30. It is competitively bid.

6 >> [multiple speakers]

7 MS. MOORE: It is competitively bid. He has been
8 around since 22nd District Agricultural Associations were
9 authorized I think it goes back to 1989, if I recall. The
10 District Agricultural Association through legislation
11 were then allowed to have a sponsorship program. And he
12 has been our --

13 MR. GELFAND: So I would ask, I mean to me like I
14 think about KAABOO and their sponsorship sales were
15 incredible. And I'm not just talking about Toyota and
16 whatever having booths and signage and whatever, the VIP
17 suites that they had were unbelievable and had to have
18 made them when you look at all that probably more than
19 the ticket prices to KAABOO. We're not doing that. I know
20 when I come to the fair with my grandson I can't walk
21 around and keep up with him. I mean, I want a comfortable
22 place to sit down once in a while, you know.

23 MS. MOORE: Well, stay tuned for our VIP experience

1 rollout coming to you soon.

2 MR. GELFAND: That's what I'm talking about. So I
3 think there's opportunities to completely overhaul our
4 sponsorship sales program and our experience for, I won't
5 call them VIPs, but people who can afford to spend more
6 money. Like, you know, if you can park really close. I
7 mean just for example, I operate a property in Newport
8 Beach that sponsors the city's fireworks show on the 4th
9 of July. And we would, you know, charge \$20 for parking.
10 We realized we could charge \$100 for parking for people
11 who were closer to the thing. I mean, it's also, you know
12 there's people who will pay a lot more money. There's
13 experiences for people who have more money, you know,
14 that we're not offering enough.

15 KATIE MUELLER: And part of that is sponsorship but a
16 lot of that is us. Is we're producing this event and so
17 us offering those VIP experiences, parking, food and
18 beverage opportunities, you know, closer seats to see the
19 grandstand. You know, unique experiences like that, those
20 are programmatic elements that we can put together, we
21 don't need to sell that through sponsorship.

22 MR. GELFAND: Well, I don't know who, I guess it's
23 beyond fair ops, the sponsorships because he sells year-

1 round stuff, right?

2 KATIE MUELLER: He sells primarily the fair and he
3 also works closely with DMTC on some things. But his
4 sponsorship revenue generated is primarily the fair.

5 MR. GELFAND: I'm just wondering what committee would
6 have oversight of the sponsorship sales concept. Well,
7 but it's beyond fair potentially, but maybe it's fair
8 ops.

9 MS. MOORE: If you have ideas for sponsorship
10 opportunities, I would say to please share those. It is
11 something that is competitively bid in terms of a
12 contractor for that. And as Katie said, most things, and
13 it's because of that attendance that are tied in terms of
14 the sponsorship dollars are tied to the fair. But many of
15 them, all of our various alcohol sponsors, for example,
16 that's where and we work with DMTC on so because kind of
17 combined together, we get more from those sponsors. But
18 it's about that attendance. It's about their exposure,
19 how often are they going to be seen. That also has tied
20 to the, since we've added The Sound because that's
21 additional opportunity that we have for those.

22 MR. GELFAND: Is there a restriction on, for example,
23 cannabis businesses sponsoring?

1 MS. MOORE: Right now you have one. But I think we're
2 really --

3 CHAIR NEJABAT: I think we're going to move on at
4 this point. We could discuss cannabis options at another
5 point. Thank you. Okay. Great. Anything else? Great,
6 okay. Public comment? Anyone in the room? Seeing none. We
7 have one member online.

8 Martha Sullivan.

9 MARTHA SULLIVAN: Hello. This is Martha Sullivan
10 again from Imperial Beach. And very interesting
11 discussion. And I wanted to just share something that's
12 very puzzling to me at page 35, which describes the I
13 presume assumption behind revenues and expenses for the
14 horse racing segment of your budget. And I'm quoting. It
15 says that \$2,478,000 came from the 2024 race season to
16 debt service from the DMTC. The debt service in 2025 is
17 listed at \$3,199,500. And then down below, it's saying
18 that after payment of debt principal including payroll,
19 the net revenue will be assumed for the 2026 budget will
20 be \$3,595,275. Now I'm just trying to reconcile these two
21 paragraphs on the same page. Because at the top DMTC was
22 short about \$721,000 of the bond payment. And yet, for
23 the 2026 budget the assumption is that there's going to

1 be a net revenue after payroll and debt principal of 3.5
2 or \$3.6 million. So these two things don't square up to
3 me. You know, that's a pretty big leap it seems like to
4 me.

5 CHAIR NEJABAT: As you guys may recall, we didn't
6 vote on 8A2. So if someone could kindly bring a motion
7 for 8A2 and 1 so we can collectively vote.

8 MS. MEAD: I'd like to make a motion to accept,
9 shoot, I just lost the numbers.

10 CHAIR NEJABAT: 8A2 and 1.

11 MS. MEAD: 8A1 and 8A2 as presented.

12 MS. MOORE: So just for clarification, that would be
13 the 2026 Operating Budget and the 2026 Capital
14 Expenditures Budget.

15 MS. DeBERRY: As is?

16 MR. ARABO: Would you offer a friendly amendment? I
17 think, with Director Gelfand -- well, I don't know if
18 there's a second -- with Director Gelfand about adding
19 the \$100,000 investment on the budget to get an outside
20 third party to study the cost. How do you want to frame
21 it?

22 MR. GELFAND: Yeah, I would say approve the budgets
23 as presented plus an additional \$100,000 expense for an

1 outside consultant to address us on price sensitivity.

2 MS. MEAD: I'm sorry. I can't accept that. Thank you.

3 MR. CAPLAN: Director Mead, to clarify for your
4 motion. This is Josh. As presented by staff, is that
5 correct?

6 MS. MEAD: Yes. As presented by staff.

7 MR. GELFAND: Then I would move to amend the motion
8 to include the \$100,000 expense. Is that a second for
9 that?

10 MR. ARABO: Yeah, I would second that. I think it's
11 important that we study it.

12 MS. DeBERRY: Maybe let's amend that to I would say -
13 - huh?

14 MR. CAPLAN: Was Director Mead's motion seconded?

15 >> [multiple speakers]

16 MS. MEAD: No, it was not.

17 MS. MOORE: No, it was not.

18 MS. MEAD: So we're starting with a new motion
19 because I'm not seconded.

20 MR. GELFAND: Okay.

21 MS. DeBERRY: Well, I mean the cost was \$100,000,
22 right?

23 MR. GELFAND: Yes.

1 MS. DeBERRY: Up to. I didn't hear that at all.

2 MR. ARABO: Yeah, we changed that. We need to study
3 it, you know. Other jurisdictions are doing it, we're
4 not. There's a fear. I get that. So I think we need more
5 information. And by the way, to be very clear, I'm not
6 advocating to increase fees or fair tickets. But I wanted
7 to present it to the board because since I've been on the
8 board we've never spoken about inflation and inflation is
9 real. I think we could do a better job in our
10 communications to communicate that we're not raising our
11 prices even through inflation. People need to know that.

12 MS. MEAD: So I made a motion that was not seconded.

13 MS. MOORE: Because it went straight to an amended
14 motion. -- [multiple speakers]

15 MS. MOORE: Perhaps Josh can clarify.

16 MR. CAPLAN: Yeah, I think director -- yes, Director
17 Gelfand, I think before you offered an amendment, you
18 need to give the room an opportunity to second the
19 original motion, which was Director Mead's motion. And --

20 >> [multiple speakers]

21 MR. GELFAND: I apologize.

22 MR. CAPLAN: And then it would appropriate, I think,
23 to allow there to be a vote on Director Mead's motion,

1 and if it fails, you can then present your amended motion
2 so long as it has a proper second to proceed to a vote.

3 MS. MEAD: You offered a friendly amendment but it
4 was never seconded. It has the opportunity to get a
5 second if I turn down the friendly amendment.

6 MR. GELFAND: Well, where we are at the moment is
7 there is no motion on the floor.

8 MS. MEAD: No, my motion is still on the table.

9 MR. GELFAND: No, because there was no second.

10 MS. MEAD: But we haven't given it an opportunity to
11 get it.

12 MR. GELFAND: Give it an opportunity.

13 MS. MOORE: Based on what Josh just stated. So right
14 now there is a motion just for -- there's a motion on the
15 floor to accept the 2026 Operating Budget and the 2026
16 Capital Expenditure Budget as the included in the packet,
17 so for clarity, which was the -- that's the amendment
18 that's on the floor.

19 MR. GELFAND: It's not an amendment.

20 MS. MOORE: I'm sorry, the motion. I meant the
21 motion. I was reading amendment over here. That's the
22 motion.

23 CHAIR NEJABAT: We have a motion.

1 MR. GELFAND: But no second.

2 CHAIR NEJABAT: Not yet.

3 MR. GELFAND: We've now had two minutes for there to
4 be a second.

5 CHAIR NEJABAT: We have to just wait for someone to
6 second it if someone wants to second it. We have a
7 motion. Do we have a second?

8 Second.

9 MS. MOORE: You're going to second it?

10 CHAIR NEJABAT: Yes.

11 MS. MOORE: Okay. So Nejabat is the second.

12 CHAIR NEJABAT: Now we can take --

13 MS. MEAD: Now we can have discussion.

14 MR. GELFAND: And now I can move to amend it.

15 CHAIR NEJABAT: Correct.

16 MR. GELFAND: And so I move to amend it by adding an
17 additional \$100,000 expense for price sensitivity
18 consultant.

19 CHAIR NEJABAT: We have an amendment now --

20 MR. GELFAND: Is there a second for the amendment?

21 CHAIR NEJABAT: Correct. You might have been a good
22 board chair.

23 MR. GELFAND: You seconded it -- [multiple speakers]

1 MR. ARABO: I think it's important for this board to
2 have more data. And if we do revenue of \$90 million to
3 spend \$100,000 to get a professional that's outside this
4 room, this is all they do, to tell us if we raise it \$1
5 or \$2 it won't affect us. That \$1 increase is a lot of
6 money. Even though I'm not advocating for it but I think
7 we should study it.

8 MS. MEAD: I just want to be really clear with
9 everyone who I know in this room has hired consultants.
10 What consultants will do is to come in the door just as
11 we did today and ask the staff to educate them about fair
12 operations, about price, about expense. So they will get
13 smart on our staff to be able to come back to us. My
14 point is that we in not supporting this is we can ask our
15 staff to provide us with this information. And not pay a
16 consultant to do the same thing we have the ability to
17 do.

18 MR. ARABO: How about another mindset, perspective on
19 that. That's why the idea is getting a new fresh pair of
20 eyes that are not already entrenched in a position.

21 MS. MEAD: [off mic]

22 MR. ARABO: But also reports to staff. So the idea
23 is, from my perspective, or we could do a poll for the

1 residents of the County of San Diego. How about if it's
2 the money's towards a polling, a research firm?

3 MS. MEAD: How about if we express to staff what our
4 concern is about price elasticity and allow our staff to
5 come tell us what they would recommend to be able to give
6 us the answer to this question. Which may be, we'd like
7 to hire a consultant and give us a \$100,000 budget.

8 CHAIR NEJABAT: How about we propose to get that
9 prior to the January session. And if we're not happy with
10 that, we can then authorize it at the next board meeting.

11 MR. ARABO: Can we do a variance? Are you okay with
12 the variance if they come back and or would we amend the
13 budget then? This is the time to do it.

14 MS. MEAD: Well, I'm always of the mind that a budget
15 is a plan. And I always expect staff to improve the
16 bottom line of the budget. And so I don't know that we
17 have to preapprove a variance expecting that I think the
18 staff is going to beat the budget anyway so that's me.

19 MR. GELFAND: I mean, okay, so I don't just -- I
20 don't agree that consultants never are beneficial. Which
21 I think, okay, so maybe they can be beneficial. I think
22 what we have here is an opinion of staff that if we raise
23 prizing that we will lose attendance and come out net

1 negative or certainly not positive in any significant
2 way. And that's based on their experience being here,
3 talking to attendees, whatever. But I'm coming around a
4 little bit to Director Arabo's point of view, which is
5 that maybe the public and the attendees would be willing
6 to pay more without a significant drop in attendance.
7 Because we're living in an environment where inflation is
8 rampant and prices are going up everywhere. And while for
9 example, a \$2 increase is 10% of what they are paying
10 now, it's significant, it's a much smaller percentage of
11 what they spend in general at the fair per person. And
12 so, I just feel like we need outside input and that it
13 would be helpful. And in the scheme of things \$100,000 is
14 not that much.

15 MS. MEAD: Have you ever heard of performance-based
16 contracting?

17 MR. GELFAND: Yeah.

18 MS. MEAD: So I would absolutely agree that if a
19 contractor were to come in here and say raise your prices
20 and we had an increase or a flat attendance and if we
21 didn't, they returned the fee. I mean, the reality is --
22 [multiple speakers]

23 MS. MEAD: Yeah, nobody would do it. And the reality

1 is that because I look at this and I would just say not
2 saying that all consultants are not of value, but we have
3 never asked these questions of staff and asked them to
4 provide us information based on this. And I like the idea
5 as I think was floated a minute ago, staff has now heard
6 what our concerns and questions are. And staff can come
7 back and tell us at our strategy session that they feel
8 like they can do this on their own or they need support

9 CHAIR NEJABAT: When do we set our 2026 fair prices
10 publicly?

11 MS. MOORE: You are in essence setting them right now
12 with the adoption of the budget because it includes rates
13 and out-of-state travel. That does not mean, by the way,
14 that you couldn't change them. It creates some challenges
15 in terms of like because we're ordering ticket stock and
16 Costco packs and things of that nature, but you are doing
17 that as part of the budget.

18 MR. GELFAND: And this consultation could take nine
19 months to do and it would inform the 2027 budget.

20 MS. MOORE: Right, and that's what I hear in this is
21 the coming back with information -- what I heard in the
22 request was coming back with information to inform '27,
23 not '26, which may be a reason for not necessarily having

1 to package that with the approval of this budget right
2 now and instead to Chair Nejabat, as you mentioned,
3 discussing this more during the strategy session.

4 MR. GELFAND: Yeah.

5 MS. MOORE: But the motion is package that with the
6 approval of this budget right now, and instead to Chair
7 Nejabat, as you mentioned discussing this more during the
8 strategy. But the motion that you currently is the
9 amended motion.

10 CHAIR NEJABAT: Correct, which is to bring a --

11 MS. DeBERRY: Well, no, I'm just thinking, I'm
12 actually commenting based on what you just said about a
13 performance based. I don't agree that is the right -- I
14 disagree with that from the standpoint of this is not
15 that type of performance, right. So you can't say to
16 someone, look, if all of a sudden, you know, it doesn't
17 working out, you owe us money because a performance base
18 would be something very different than this, it's not
19 relevant. That's what I'm trying to get to. It's not
20 relevant to this.

21 MR. GELFAND: No consultant would take that --

22 MS. DeBERRY: I wouldn't.

23 MS. MEAD: [off mic] -- a consultant would --

1 MS. DeBERRY: Oh, but not a performance -- based on
2 what performance? That's a crapshoot based on possible,
3 you know, money, anything could -- there's so many
4 variables to that.

5 CHAIR NEJABAT: So would you like to bring it to a
6 vote then?

7 MR. GELFAND: Yeah, let's vote.

8 MS. MOORE: The motion that you have is to approve
9 the 2026 Operating Budget and including rates and out-of-
10 state travel for employees and board members and the 2026
11 Capital Expenditure Budget as presented in the packet,
12 with the amendment, to add up to \$100,000 for a price
13 elasticity study. That's the motion.

14 MS. MEAD: That's the motion.

15 MR. GELFAND: Okay.

16 MS. DeBERRY: I second that.

17 MS. MOORE: No, it's already seconded.

18 MS. DeBERRY: Oh, sorry. -- [multiple speakers] -- so
19 many times, I don't even know what's been seconded. So
20 what is it now, where are we?

21 >> [multiple speakers]

22 MS. MOORE: So that was it. Ready to vote.

23 >> [multiple speakers]

1 MS. DeBERRY: There you go. Thank you. And it
2 includes the study.

3 CHAIR NEJABAT: Okay. Roll call.

4 MS. ARNOLD: Chair Nejabat.

5 CHAIR NEJABAT: Aye.

6 MS. ARNOLD: Vice chair Barkett.

7 MS. BARKETT: Aye.

8 MS. ARNOLD: Director Arabo.

9 MR. ARABO: Aye.

10 MS. ARNOLD: Director DeBerry.

11 MS. DeBERRY: Aye.

12 MS. ARNOLD: Director Gelfand.

13 MR. GELFAND: Aye.

14 MS. ARNOLD: Director Mead.

15 MS. MEAD: Nay.

16 CHAIR NEJABAT: All right. Motion carries.

17 MR. GELFAND: And could I make one other, I don't
18 know, request to staff. And I don't know if maybe it will
19 come out of the strategic planning meetings that we're
20 having or whatever. But I would love for staff next year
21 to present us with a truly balanced budget all, you know,
22 changes of cash considered after capital improvements
23 that nets to zero or at least approaches that. Because we

1 this year we're digging into reserves. It's unsustainable
2 to do that forever.

3 MR. ARABO: I absolutely agree that our budget needs
4 to be accurate. That's the main thing. It can be up or
5 down. Whatever we show, we shouldn't go under or above,
6 it should be accurate.

7 >> [off mic - multiple speakers]

8 CHAIR NEJABAT: We also need to take a vote on the
9 telecommunications agreement that --

10 >> [multiple speakers]

11 MR. ARABO: We have a couple of items.

12 CHAIR NEJABAT: We still have a couple of more items.
13 Can we get a motion and a second for that or did you want
14 to --

15 MS. DeBERRY: Wait, what?

16 CHAIR NEJABAT: The telecommunications --

17 MS. MOORE: So it's the -- [multiple speakers] -- so
18 it's the revenue agreement --

19 MS. MEAD: [off mic]

20 MR. GELFAND: What budget item is that?

21 MS. MOORE: It wasn't a budget item -- well, it's a
22 budget item in terms of its revenue. If you recall we
23 pulled the item, the revenue agreement from the consent

1 calendar for discussion during the video boards because
2 that equipment is on the current structure. So now this
3 is, which they were -- DGS, so cell towers on DAA state
4 property that's negotiated by DGS. So this is an increase
5 in revenue. But understanding that the video board, the
6 grandstand video board may impact like the service on
7 that. It's part of what we'll be coming back to you with
8 regard to the total cost of that video board because of
9 how it might block, we don't know all of this information
10 for sure, I'm looking over at my team right now. But how
11 it may block that signal, which is part of the signal
12 that is necessary, by the way, when you are in the
13 grandstands for betting. We need approval potentially or
14 not, of the lease agreement for their expansion of their
15 system on the video boards, on the back side of the video
16 boards. That's where the location is.

17 MR. GELFAND: And the problem is, so if someone were
18 to make a motion to approve this, assuming we do, you
19 know, improve the video screens, we may be incurring
20 additional money because the whole, the towers have to be
21 rebuilt.

22 MS. MOORE: Actually, either way.

23 MR. GELFAND: Either way.

1 MS. MOORE: Because either way, even if you don't
2 approve this we may be incurring additional money because
3 the expansion of that video board may inhibit the signal
4 for the existing cell towers that are on the back of
5 this.

6 MR. GELFAND: So we're being asked to approve a lease
7 to them for what period of time?

8 MR. ARABO: Is it time sensitive?

9 MS. MOORE: Yes, it is. So that Verizon can move
10 forward with this project.

11 >> [multiple speakers]

12 MS. MOORE: They do I think it's 20 years, actually
13 25 years because --

14 MR. GELFAND: When does it expire and can it be sort
15 of renewed month to month?

16 MS. MOORE: No. So again, this is the lease that is
17 negotiated by Department of General Services on our
18 behalf. And actually, it dates back because DGS is behind
19 on their paperwork. So if you don't agree to this, we
20 would notify Verizon, no, you cannot proceed with your
21 project and we're not going to take the additional
22 revenue. Either way, so you can vote it down, I'm going
23 to encourage you to vote for it. Because either way with

1 Verizon's current lease on the equipment that is on the
2 video board display structure we will have to take that
3 into consideration as part of the potential expenses if
4 the equipment even that's there now has to be relocated.

5 MS. MEAD: What is the date of the current lease?
6 What's the term?

7 MS. MOORE: I don't have the current lease in front
8 of me. This amendment is changing it to August, well,
9 again, dating back to August 1st. And then they break
10 down the payments on an annual basis. Let me see if it
11 references the lease in here. I'm on page 17 of your
12 packet. So the Department of General Services approved
13 Verizon's application back in April. That's on the second
14 whereas. They run behind in terms of their paperwork.
15 Because at the time, nobody was anticipating that we
16 might be changing that location. So but I just want to be
17 clear, they are already in existence and we have that
18 image.

19 I don't know, Henry, if you can pull that image back
20 up.

21 MR. GELFAND: And if we wanted to amend this, it
22 would have to go back through the Department of General
23 Services.

1 MS. MOORE: Yes. Yes. I mean, yes, it would.

2 MR. ARABO: Well, it looks like they're giving let's

3 say \$72,000 a year.

4 MS. MOORE: I believe that's --

5 MS. BARKETT: Rent payments?

6 MR. ARABO: It's \$600,000 a month.

7 MS. MOORE: Yes, that continues to go up.

8 MR. ARABO: So we currently have it on property and

9 this is like we're back dating it.

10 MS. MEAD: So we would be considered we would be

11 considering, even if we looked at the initial term, it's

12 a 10-year commitment we would be making.

13 MS. MOORE: Yes, until the first renewal option.

14 MS. MEAD: Until the first renewal option.

15 MR. ARABO: But how about if it's a road block to the

16 screens? You have a contract that gives us \$72,000 a year

17 hurt something that will help the district so much. I

18 don't know if this is in the best interest. I'd like to

19 get more information or getting a person from the company

20 here to, just so we could --

21 MR. GELFAND: That's what I was suggesting amending

22 it to say in a location that --

23 MS. MOORE: You cannot amend this lease.

1 MR. GELFAND: Well, you could but you'd have to go
2 through DGS.

3 MS. MOORE: And just to be -- that's why I want to be
4 really clear on, there currently exists on that
5 structure, so no matter what with changing the video
6 board in the grandstand, we already are going to have to
7 circle back on and come with what is that going to look
8 like if the expansion is going to impede even the
9 existing structure. I mean, the existing equipment.

10 MR. ARABO: Well, but the big difference is if we
11 approve this we're locked into a contract. Right now,
12 there's no contract, it's just there. We could tell them,
13 we don't have a contract.

14 MR. GELFAND: It's there and they're paying.

15 MR. ARABO: Yeah. I would definitely not --

16 MS. MOORE: They've been on here for years. There is
17 an existing -- there's already an existing contract for
18 the existing equipment that's on there. This is the
19 addition of it.

20 MS. MEAD: But we don't know that it is termed.

21 MR. GELFAND: This is additional equipment?

22 >> [off mic] - amendment to add additional
23 equipment.

1 MS. MOORE: It adds more equipment and more revenue
2 to the district.

3 >> [off mic - multiple speakers] -- amendment that
4 adds more equipment.

5 MR. GELFAND: It is a little problematic as you point
6 out, Director Arabo, that what happens if we move ahead
7 with the video screens and their new equipment doesn't go
8 through, you know, transmit through it and they could
9 sort of stop the whole process. They'd have to go back to
10 them and negotiate a change. We'd have to go through DGS
11 which adds an extra step to the video screen process.

12 MR. ARABO: It would cost us more money.

13 MS. MOORE: Because again, even right now moving
14 forward with the video boards, we're already going to be
15 having that conversation with them because the new video
16 board expansion could inhibit the current lease that they
17 have.

18 MS. MEAD: But we -- [multiple speakers]

19 MS. MOORE: -- of it.

20 MS. MEAD: We don't know when the current lease ends.
21 And the construction could take place after the current
22 lease ends and we would commit ourselves to something
23 that we don't have any idea if this is moot because we

1 don't have a lease end date.

2 MS. MOORE: Okay, we'll come back in January.

3 MS. MEAD: Come back in January -- [multiple
4 speakers]

5 MR. GELFAND: And we could ask them to put it in a
6 position that's anticipating the video screen.

7 MR. ARABO: Correct.

8 MS. MOORE: And that was some of the presentation
9 that we talked about was made earlier.

10 MS. BARKETT: Excuse me. I mean, I understand this to
11 be a 10-year lease, right?

12 We entered into it in 2023. And we're just signing
13 it now because the first renewal option is 2034.

14 MR. ARABO: Right.

15 MS. BARKETT: So we're into this for two years.

16 MR. ARABO: Oh, yeah, you're right. Director, based
17 on the page 18, I see what director, Vice President
18 Barkett is saying. That the initial term is August 1st,
19 2025 until January 31st, 2034, tying the hands of the
20 District.

21 MS. MEAD: Page 17 reads, the agreement is dates
22 September 29.

23 MR. ARABO: But it's an amendment.

1 MS. MEAD: And it says it doesn't make lease payments
2 until August of 2025.

3 CHAIR NEJABAT: I think we have to come back for
4 more.

5 MR. ARABO: Yeah, we should definitely get more
6 information.

7 CHAIR NEJABAT: All right, so we'll table that. We'll
8 move on to item 8C. We're going to skip over 8B, nothing
9 to report out. Discuss and vote on whether to adopt --

10 MR. ARABO: Well actually, sorry, Chair Nejabat.
11 Chair Nejabat, is there a way -- the committee is not
12 here but can we do 8B real quick? I'll be very fast.
13 Because I'm referencing the packet, that's why.

14 CHAIR NEJABAT: Go ahead.

15 MR. ARABO: Okay, thank you. So the committee's not
16 here. The reason why I'm referencing this on -- but to my
17 colleagues, I'm on page 78 under legal report. And I want
18 to because I'm referencing, I want to correct, on the
19 record, correct media information regarding a media
20 article included in the agenda materials. The article
21 implies that I am anti-housing or opposed to
22 negotiations. That is not accurate. I've consistently
23 supported housing discussions with proper guardrails and

1 I've raised concerns only when process, site selection or
2 negotiating posture could disadvantage our district. In
3 fact, the board did not approve negotiations with the
4 City of San Diego at the time I referenced that I was
5 advocating for more affordable housing. And I made the
6 motion to try to push a study in the City of San Diego
7 for housing, which ultimately did not pass. I
8 respectfully ask that the staff be more careful in how
9 external media is framed in our board packets so
10 individual directors are not mischaracterized. I also
11 request that the district's communication's team correct
12 the public record when board positions are inaccurately
13 represented.

14 MR. CAPLAN: I Chair Nejabat, since there was
15 discussion on item 8B, you do need to call for public
16 comment on this item as well.

17 CHAIR NEJABAT: Yeah, nobody's signed up.

18 MR. CAPLAN: Okay.

19 CHAIR NEJABAT: Online and I don't see anyone in the
20 room.

21 MS. MEAD: Just a quick comment. My understanding is
22 that the document that starts on page 78 is just in our
23 packet as a clipping of what the Coast News Group

1 produced. I didn't see any comment from staff about this.
2 We get clippings each month. So I just want to be sure
3 that I didn't miss something or if it's mischaracterized.

4 MR. ARABO: So -- [multiple speakers] --

5 MS. MEAD: It's the paper that mischaracterized.

6 MR. ARABO: The district is in the paper all the
7 time. So as a staff, we choose what we highlight in the
8 packet or not. And by --

9 MS. MEAD: No, I think they give us most everything.

10 MR. ARABO: No, there's an L.A. Times article that's
11 not in here. We don't get everything. -- [off mic]

12 MS. BARKETT: Yes.

13 MR. ARABO: -- that are not in the packet. Staff gets
14 to pick and choose.

15 MS. MEAD: Okay.

16 MR. ARABO: What's in the packet. And I also on that
17 point, I like to discuss another article in the packet
18 that has to do with ENRA. It's with the reference to --
19 I'll tell you right now. Sorry, page 84. It's an article
20 about the state A.G. issuing a warning to the City of Del
21 Mar. I want to briefly flag a public development that I
22 believe is directly relevant to how this board evaluates
23 risk and governance going forward. This last week the

1 California Attorney General issued a formal warning
2 letter to the City of Del Mar regarding its handling of
3 state housing law. Specifically citing failures to
4 process applications and comply with statutory
5 requirements. Whether anyone agrees with the underlying
6 project or not is not the issue. What matters is the
7 State of California is now asserting that Del Mar is not
8 meeting its legal housing obligation. And it's exposing
9 itself to potential enforcement action. I raise this one
10 not as a policy argument but as a fiduciary one. When a
11 jurisdiction is under active scrutiny by the Attorney
12 General for noncompliance failures, it is not prudent
13 governance for this board to assume alignment,
14 transparency, or risk-free execution, especially when we
15 are asked to grant broad discretion, long-term financial
16 commitments, or automatic deference under agreements like
17 ENRA. To be very clear, I consistently supported lawful,
18 compliant housing solutions. My concern is not housing,
19 it is structure and accountability. So given the current
20 context I believe this board has a responsibility with
21 eyes wide open to ensure that any delegation of authority
22 includes clear financial caps, enhanced reporting, and
23 defined reevaluation triggers to protect the fairgrounds.

1 Blind trust is not governance. Especially when the
2 Attorney General is telling us that the other party is
3 already out of compliance. And I do think that the ENRA,
4 it's up to the chair, should be if any committee, it
5 should be in the Financial Economic Feasibility
6 Conceptual Committee, not the Legal Committee. That's for
7 the chair to decide.

8 CHAIR NEJABAT: Director Barkett.

9 MS. BARKETT: Oh, sorry. You know what, I was just
10 going to ask if we could have the articles as they come
11 out to be sent to each director from the various
12 newspapers. We just don't sign up for all the newspapers
13 that we're getting articles in now. It's just so
14 overwhelming. So if we could have those sent out on time,
15 you know, that would be wonderful. Appreciate it.

16 MS. MEAD: Rather than in the clippings packet?

17 MS. BARKETT: Well, the clippings packet always comes
18 with the board packet. And honestly, it makes it so much
19 more voluminous. It would be-- and I think untimely in
20 some aspects. I think it's better to get it at the time.
21 Then comments, for instance, from Director Arabo could
22 be, you know, relayed to the CEO in advance and we
23 wouldn't even have to deal with it at the board meeting.

1 CHAIR NEJABAT: We can discuss that at the January
2 session.

3 MS. BARKETT: Yes.

4 CHAIR NEJABAT: For preference, I think that's the
5 way to go. Yeah, we took public comments. And now we'll
6 move on to item 8C, which is to discuss and vote on
7 whether to adopt a district resolution confirming the
8 simulcast wagering conducted on the district's property
9 best serves the interests of the district. This is an
10 action item. You can find the info and draft resolutions
11 on pages 89 and 90 of your packets. With that, we'll
12 start with public comment. Seeing nobody online, nobody
13 in the room. That concludes public comment. I'll
14 entertain a motion at this time.

15 MS. BARKETT: So moved.

16 MR. GELFAND: Second.

17 CHAIR NEJABAT: Any discussion on the motion from the
18 board? No. Okay, can we get a roll call please?

19 MS. ARNOLD: Sorry, who was the second?

20 CHAIR NEJABAT: Gelfand.

21 MS. BARKETT: Gelfand.

22 MS. ARNOLD: All right. Chair Nejabat.

23 CHAIR NEJABAT: Aye.

1 MS. ARNOLD: Vice Chair Barkett.

2 MS. BARKETT: Aye.

3 MS. ARNOLD: Director Arabo.

4 MR. ARABO: Aye.

5 MS. ARNOLD: Director DeBerry.

6 MS. DeBERRY: Aye.

7 MS. ARNOLD: Director Gelfand.

8 MR. GELFAND: Aye.

9 MS. ARNOLD: Director Mead.

10 MS. MEAD: Aye.

11 CHAIR NEJABAT: All right. Motion carries. Next up,

12 we have item 8D. This is Board of Directors' one-way

13 requests for placement of information or action items on

14 the agenda for a future meeting. If any board members

15 have any requests for future agenda items, I'll entertain

16 them at this time. This is just a one-way request, so I'm

17 not going to get into discussion but if you want to see

18 anything on the board agenda for the next meeting, this

19 is the right place to make that request.

20 MR. GELFAND: Thank you for having that on the

21 agenda.

22 MR. ARABO: Yeah, thank you very much. I'd like to

23 request the ENRA be on the agenda and update an action

1 item for continuing discussions or pausing. I definitely
2 request that we get any work product that so far as far
3 as site locations and that the full board should see any
4 work product we have so far from the study we've done.

5 MR. GELFAND: In that regard, isn't there supposed to
6 be a monthly to continue the ENRA?

7 MR. CAPLAN: As a reminder for the board, this is a
8 one-way request, so you can't have discussions on what
9 should or shouldn't be on the agenda today.

10 CHAIR NEJABAT: 8B was an update but we can take your
11 note for the next --

12 MR. GELFAND -- well, okay.

13 CHAIR NEJABAT -- take the vote up. Is that what
14 you're requesting?

15 MR. GELFAND: No, I guess I was just clarifying that
16 8B was a Legal Committee report. Normally there's a staff
17 report but that's not on the agenda anywhere.

18 MS. MOORE: I don't want to get chided by our deputy
19 Attorney General.

20 MR. CAPLAN: I think the board needs to continue with
21 these one-way requests and you can't have discussion on
22 why something is or isn't on the agenda for today.

23 MR. GELFAND: I have a one-way request then. That at

1 next month's meeting there be a report by staff on the
2 status of our discussions with the City of Del Mar in
3 terms of location, et cetera. Well, I don't want use the
4 word "et cetera." In terms of location of housing sites
5 and the status of the deal in general. And if we are
6 required to do so, which I believe we are, a vote on
7 whether or not we're renewing the arrangement with the
8 City of Del Mar.

9 CHAIR NEJABAT: Noted. All right. That concludes --

10 MR. ARABO: I don't have anything else at this point
11 but if anything, I'll email you if that's okay.

12 CHAIR NEJABAT: That sounds good.

13 All right, moving onto -- and again, reminder, this
14 was an added board meeting that we tried to shorten.
15 That's why some items were not on there. It looks like we
16 weren't successful but moving on.

17 MR. GELFAND: I can only say that short is beautiful.

18 MS. BARKETT: We tried.

19 CHAIR NEJABAT: Yeah. Moving onto item number 9.
20 Yeah. Matters of information. That concludes the business
21 before the board today. Before we adjourn I'd like to
22 note that you can find matters of information beginning
23 on page 91.

1 MS. BARKETT: Sam?

2 MR. ARABO: I'd like to say something if possible.

3 MS. BARKETT: I have to - yeah, I'd like to speak
4 too.

5 Go ahead, Mark.

6 MR. ARABO: I want to raise an item under matters of
7 information related to governance and public confidence.
8 The Los Angeles Times recently published an investigative
9 article examining oversight and procurement practices
10 across California county fairs. I want to acknowledge and
11 thank them for bringing greater visibility to an issue
12 that affects public institutions statewide. When issues
13 like this are elevated publicly, I think it's appropriate
14 for board today pause and ask a simple question. Are our
15 systems as clear and as strong as they need to be. I also
16 wanted to clarify for the public how I understand this
17 district operates. From my understanding and consistent
18 with our governance structure, this board does not select
19 vendors and this board does not participate in vendor
20 selection. Those decisions are made by staff under
21 established policies and procedures. The board's
22 responsibility is different. Our role is to make sure the
23 process staff uses to make those decisions is well

1 defined, consistently applied and easy to explain,
2 especially to those outside of this room. In my view this
3 is a good moment for the district to raise the bar.
4 Strong institutions don't wait to be questioned. They
5 make sure the processes can with stand scrutiny at any
6 time. For that reason, I'm asking staff to come back to
7 the board with an action item to engaging independent
8 third-party expert to review our vendor selection and
9 procurement processes to provide best practices. The
10 intent would be forward looking to help staff strengthen
11 clarity, consistency, and documentation to ensure the
12 district can clearly discriminate how vendor decisions
13 are made. I believe this approach supports our staff,
14 that I greatly respect, fulfills the board's fiduciary
15 role and reinforces public trust. If this board isn't
16 choosing vendors, which we're not, then our
17 responsibility is to make sure the process used to choose
18 them is beyond question.

19 MR. GELFAND: I have a couple of comments. One, I
20 don't understand why this comment is even in order. It's
21 not on the agenda as a topic to be discussed. And if it
22 was appropriate to be discussed, I suggest that what
23 you're asking for makes us look bad. And I don't think we

1 did anything wrong as it relates to vendor selection, the
2 staff, or the board or anything. And it implies that
3 there's something inappropriate and there wasn't. So the
4 whole thing just seems a little strange to me.

5 MR. ARABO: I'm definitely not implying anything that
6 that anyone did was wrong. I'm just --

7 MR. GELFAND: Then why -- [multiple speakers]

8 MR. ARABO: -- to your information and it's important
9 that, you know, that article shed lights for California
10 fairs.

11 MR. GELFAND: I think that article was outrageous.
12 For example, -- [multiple speakers]

13 MR. CAPLAN: I'm just going to step in and say, to
14 the extent that Director Arabo's comment, to the extent
15 Director Arabo's comment was providing a matter of
16 information for the board regarding a published news
17 article in the L.A. Times, that's appropriate. But the
18 board can now not engage in a discussion on the contents
19 of that article on whether they were true or unfounded. I
20 think we need to move on if other board members have
21 other matters of information they want to share with
22 their colleagues and the public.

23 CHAIR NEJABAT: Do you have a separate comment you'd

1 like to make?

2 MR. ARABO: That was my intent, Josh.

3 MS. BARKETT: Yeah. Yes. Thank you. I would just like
4 to clarify my previous comments regarding under fair ops.
5 And I'm referring to the board packets of March 11th and
6 May 13th. Our most expensive contracts for the bands were
7 Banda MS, that was on a Sunday, 6/22/25 contract number
8 1023. That was that was \$350,000. The next highest
9 contract was on 6/13, 1003, summer solstice, something
10 like that. \$350,000. The next highest is Yeah Yeah Yeahs
11 on 6/26 for 300K. And then we go to Jon Pardi at 325 on
12 6/27. And Zedd at \$300,000, which is really that's the
13 biggest deal of the day. And then we go to Los Tigres on
14 6/15, another Sunday for \$250,000. And then we go to Los
15 Tucanes of 7/6 for 200K. And Banda on another Sunday,
16 these are all Sundays, 6/29 for 150. And I think there
17 was concern because, and a friend of mine did go to these
18 concerts. And the first two were very not attended well.
19 Yes or no what the numbers ended up being because they
20 said it was very empty. And there was a concern in the
21 community about I.C.E. showing up, which I believe I had
22 that conversation with Carlene in reference to. And as
23 far as, you know, as it came later, we did a very good

1 publicity work in terms of getting the message out there
2 that no, I.C.E. wasn't on our premises. So I just wanted
3 to clarify that because it didn't -- it did come out
4 apparently the way I think that Katie saw it and I saw
5 it, so I wanted to clarify my position. Thank you.

6 CHAIR NEJABAT: Thank you, Director Barkett. All
7 right, seeing no other business before the board today, I
8 want to wish you all a happy holiday. And with that, the
9 time is 3:46 p.m. on December 26th, excuse me, December
10 16th. Yeah. And we're hereby adjourned.

11 MS. BARKETT: Thank you.

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16 [Meeting adjourned at 3:46 p.m.]

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CERTIFICATE OF TRANSCRIBER

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