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STATE RACE TRACK LEASING COMMISSION MEETING

RACE TRACK AUTHORITY MEETING

DEL MAR FAIRGROUNDS

2260 JIMMY DURANTE BOULEVARD

DEL MAR, CALIFORNIA 92014

Monday, March 9, 2026

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Transcribed by:

QuickCaption, Inc.

3457 Arlington Avenue, Ste.

104

Riverside, CA 92506

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1 IN ATTENDANCE

2
3 COMMISSIONERS AND MEMBERS PRESENT:

4 MICHELE PERRAULT, DEPARTMENT OF FINANCE, SRTLIC CHAIR
5 AND RTA VICE PRESIDENT

6 MARK ARABO, 22ND DISTRICT AGRICULTURAL ASSOCIATION, RTA
7 PRESIDENT

8 MICHAEL FLORES, DEPARTMENT OF FOOD AND AGRICULTURE

9 ANA LASSO, DEPARTMENT OF GENERAL SERVICES

10 LISA BARKETT, 22ND DISTRICT AGRICULTURAL ASSOCIATION

11 KATHLYN MEAD, 22ND DISTRICT AGRICULTURAL ASSOCIATION

12 CARLENE MOORE, 22ND DAA, RTA SECRETARY

13 MICHAEL SADEGH, 22ND DAA, RTA TREASURER

14
15 RTA COUNSEL:

16 JOSH CAPLAN, OFFICE OF THE CALIFORNIA ATTORNEY GENERAL

17
18 22ND DISTRICT AGRICULTURAL ASSOCIATION STAFF:

19 HENRY RIVERA, PRODUCTION DIRECTOR

20
21 OTHER SPEAKERS:

22 JOSH RUBINSTEIN, PRESIDENT & COO, DEL MAR THOROUGHBRED
23 CLUB

1 PUBLIC COMMENTERS:

2 MARTHA SULLIVAN

3 JANE CARTMILL

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1 [SRTLTC meeting called to order at 11:02 a.m.]
2 CHAIR PERRAULT: All right.
3 We're going to go ahead and call the State Race
4 Track Leasing Commission meeting to order at 11:02.
5 Today is March 9th, 2026.
6 If we could please have a roll call by staff.
7 I'm not sure who's doing the roll.
8 MS. MOORE: All right.
9 Commissioner Perrault.
10 CHAIR PERRAULT: Present.
11 MS. MOORE: Commissioner Lasso.
12 MS. LASSO: Present.
13 MS. MOORE: Commissioner Flores.
14 MR. FLORES: Present.
15 MS. MOORE: Commissioner Arabo.
16 MR. ARABO: Present.
17 MS. MOORE: Commissioner Barkett.
18 MS. BARKETT: Present.
19 MS. MOORE: And Commissioner Mead.
20 MS. MEAD: Here.
21 CHAIR PERRAULT: Okay.
22 We have a quorum.
23 We'll go ahead now and move on to item #2, which is
24 the approval of the minutes.

1 We are going to consider the minutes from our
2 meeting on Friday, September 5th, 2025.

3 MS. BARKETT: So moved.

4 CHAIR PERRAULT: Okay.

5 MR. FLORES: Second.

6 CHAIR PERRAULT: Okay.

7 We have a motion and a second.

8 Before I get to that, is there anybody from the
9 public either in the room or online wishing to speak on
10 this item?

11 I'm seeing none here in the room.

12 I don't believe we have any online, correct?

13 MR. RIVERA: Correct.

14 CHAIR PERRAULT: Okay.

15 Thank you.

16 Okay.

17 All right.

18 Then with that, we do have a motion by Member
19 Barkett and a second by Member Flores.

20 If we could please have a roll call.

21 MS. MOORE: Commissioner Perrault.

22 CHAIR PERRAULT: Aye.

23 MS. MOORE: Commissioner Lasso.

24 MS. LASSO: Aye.

1 MS. MOORE: Commissioner Flores.
2 MR. FLORES: Aye.
3 MS. MOORE: Commissioner Arabo.
4 MR. ARABO: Aye.
5 MS. MOORE: Commissioner Barkett.
6 MS. BARKETT: Aye.
7 MS. MOORE: Commissioner Mead.
8 MS. MEAD: Aye.
9 CHAIR PERRAULT: All right.
10 Thank you so much.
11 That motion carries.
12 We'll now move on to item #3, which is our reports.
13 This is an information only item.
14 And the commission will not take action on these
15 reports today.
16 The reports are provided beginning on page 3 of
17 your meeting packet.
18 Each document has been made available for the
19 commission's review.
20 And I will welcome any discussion or need for
21 clarification on the materials presented following the
22 recap from the Del Mar Thoroughbred Club of the 2025
23 live horse race meets, including highlights from the
24 Breeders' Cup World Championships and an overview of

1 their 2026 operating budget.

2 With that, I will invite Josh Rubinstein, President
3 and Chief Operations Officer of the Del Mar Thoroughbred
4 Club to the podium.

5 And he's already there.

6 So the floor is yours, Josh.

7 Thank you.

8 MR. RUBINSTEIN: Our 2025 operating results are
9 included in your meeting package.

10 And we had a very successful year with the summer
11 and fall race meets combined with the Breeders' Cup
12 World Championships generating just over \$10 million for
13 the 22nd Ag District and the Race Track Authority.

14 This beats budget by \$290,000 and is \$390,000 above
15 2024's net revenues.

16 Over the last five years DMTC's operation of horse
17 racing at the fairgrounds has generated \$55.4 million to
18 the District and RTA.

19 And since 2015, \$109.5 million has been generated
20 for the District and the RTA from horse racing at the
21 fairgrounds.

22 The highlight of 2025 was the Breeders' Cup World
23 Championships.

24 And this makes it four times the last nine years

1 that the super bowl of horse racing has been held here
2 at the fairgrounds.

3 And something we're very proud of and it's a
4 testament to this beautiful facility we have here but
5 also the tremendous support that San Diego has toward
6 horse racing.

7 Over 65,000 fans attended the Breeders' Cup.

8 And the two-day event provided an incremental \$1.5
9 million of net revenues from horse racing for the
10 District.

11 The Breeders' Cup is in Kentucky this year and New
12 York in '27, but we're hopeful to have the event back at
13 Del Mar in the near future.

14 Before to moving on to an overview of our '26
15 budget, happy to answer any questions on our 2025
16 results.

17 CHAIR PERRAULT: Comments or questions from our
18 commissioners?

19 MR. FLORES: Actually, Josh, I wonder if you can
20 make a comment as to how the transition has come, you
21 know, going from a multiple circuit to a single circuit
22 and some feedback from those folks that did come down.

23 MR. RUBINSTEIN: Sure.

24 As we've reported to the commission previously,

1 California now is a single circuit.

2 Previously, we had two circuits in the north and
3 south, and California was the last state in the country
4 to operate parallel race meets.

5 Every other state has went to a single race meet to
6 strengthen their overall product.

7 So we made that transition in 2025, that's to the
8 single circuit, with horse racing taking place at the
9 south tracks, that's Del Mar, Santa Anita, and Los
10 Alamitos.

11 Approximately 500 horses transitioned down from
12 northern California to southern California, and we're
13 very appreciative of the effort that those folks have
14 made.

15 I mean, not just their business, but their family
16 and living accommodations coming down from the north to
17 the south.

18 From a business standpoint and improving our
19 product, it has been a tremendous boost.

20 In terms of field size, Del Mar increased its field
21 size last year, as did Santa Anita and Los Alamitos.

22 We were able to raise purses by approximately 8%,
23 and we saw similar raises at Santa Anita and Los
24 Alamitos.

1 So overall, it's been very much a positive, but it
2 was a real effort, again, from those folks to transition
3 down from the north to the south.

4 MR. FLORES: Thank you.

5 CHAIR PERRAULT: Yes, other comments?

6 MS. MEAD: Thank you.

7 Hi, Josh.

8 The only decline I saw in your report was on off-
9 track wagering, and is there any explanation for that?

10 Year-over-year, it was down by about \$140,000, and
11 that's, I think, in the commission that we received.

12 MR. RUBINSTEIN: Right.

13 So that was due to a couple things.

14 A facility closed, one of our brick-and-mortar
15 sites closed, and as we're seeing with many businesses,
16 there's a transition from brick-and-mortar to online.

17 Our online business continues to do very, very
18 well, but we have a robust simulcast network, brick-and-
19 mortar simulcast network in the state in both the south
20 and the north.

21 Even with racing no longer happening in the north,
22 we still have a nice brick-and-mortar satellite network
23 up there.

24 So it is a profitable segment for us, but, again,

1 we are seeing a transition more to online.

2 MS. MEAD: Thank you.

3 CHAIR PERRAULT: Thank you, Commissioner Mead.

4 Others?

5 Yes, Commissioner Arabo.

6 MR. ARABO: I have a question.

7 Just for clarification, the last five years, the
8 amount for the District was what was it?

9 MR. RUBINSTEIN: \$55.4 million, and since 2015,
10 \$109.5 million for the District and the RTA from horse
11 racing at the fairgrounds.

12 MR. ARABO: Thank you.

13 And if you don't mind, if you could discuss to the
14 commission the safety protocol and the safety record.

15 I know safety is such a paramount for everyone.

16 MR. RUBINSTEIN: It is.

17 Equine safety and welfare is at the core of
18 everything we do, and over the last five years, Del Mar
19 has worked with other stakeholders in California to
20 create what we believe is the gold standard in terms of
21 safety protocols in horse racing, and we're very proud
22 of our safety results.

23 MR. ARABO: Okay.

24 Thank you.

1 CHAIR PERRAULT: Other comments or questions from
2 commissioners?

3 Yes, of course.

4 Commissioner Mead.

5 MS. MEAD: Josh, typically, we see an economic
6 impact for the community as well.

7 Are you still working on that, or did I miss it?

8 MR. RUBINSTEIN: We are.

9 So I have an estimate.

10 I was going to cover that in the 2026 budget, but
11 I'll bring it up now.

12 It's estimated, and we are having an actual study
13 done, but based on the initial reports that we've seen,
14 it's estimated that horse racing at the fairgrounds was
15 responsible for \$300 million of positive economic
16 impact for the local community.

17 In addition, Del Mar Thoroughbred Club at our peak,
18 we employ about 1,000 team members during our summer
19 season.

20 So the folks, Lisa, Mark, Kathlyn, that are local,
21 I mean, you guys see firsthand restaurants, hotels, you
22 know, how busy not just Del Mar, but, you know, the
23 surrounding communities are during the summer and fall
24 meets.

1 MS. BARKETT: They haven't left.

2 CHAIR PERRAULT: Well, that's not a bad thing.

3 MS. BARKETT: No.

4 CHAIR PERRAULT: All right.

5 Excellent.

6 Any other questions before we have him move on to
7 the 2026, and I'll hold public comment until the very
8 end of the item.

9 So I think you've started to touch on a little bit
10 of the 2026 budget, but if you want to go ahead and do
11 that.

12 MR. RUBINSTEIN: Sure.

13 We'll get into that.

14 CHAIR PERRAULT: And I'm sorry.

15 Just real quick while you do this, as you're
16 presenting, on that \$300 million economic impact,
17 is that across both summer and fall?

18 That's total, correct?

19 MR. RUBINSTEIN: Correct.

20 Summer, fall, and Breeders' Cup.

21 CHAIR PERRAULT: Okay.

22 All right.

23 Thank you so much.

24 All right.

1 MR. RUBINSTEIN: So in your meeting package is a
2 comprehensive write-up accompanying our 2026 budget, and
3 I'll cover off on a few items, then we're happy to
4 answer any questions.

5 Our 2026 budget projects a combined return from
6 racing of \$8.92 million, and consists of \$3.38 million
7 in payments to the District and the RTA, and \$5.54
8 million in food and beverage net revenues, as defined by
9 the operating agreement.

10 In terms of how this compares to last year, in '25,
11 we had \$3.2 million of payments to the District and the
12 RTA from the summer and fall race meets, with \$5.3
13 million in F&B net revenues from those two seasons.

14 So in total, the 2025 summer and fall race meets,
15 excluding the Breeders' Cup, generated \$8.5 million of
16 net revenues for the District and the RTA.

17 We obviously don't have the Breeders' Cup in 2026,
18 so from a comparative standpoint, when you strip out the
19 Breeders' Cup, the 2026 budget projects net revenues
20 from the summer and fall to generate an increase of 5%,
21 or \$440,000 for the District and the RTA, as compared to
22 2025, totaling \$8.92 million.

23 In 2026, we will again focus on our core objectives
24 to maximize DMTC rent and food and beverage race meet

1 revenues, and to continue to be an industry leader by
2 delivering some of the safest and most successful race
3 meets in the sport.

4 We do have some tailwinds with our summer meet
5 calendar in 2026.

6 We'll be going from 31 to 32 race days.

7 And we close on Labor Day this year, and that's
8 different than the last five years, where we've operated
9 a week after Labor Day, and those tend to be the softest
10 days of the meet, so we will see a boost closing on
11 Labor Day.

12 Our fall season with no Breeders' Cup goes from
13 five weeks to four weeks.

14 However, due to a rain cancellation in '25 and the
15 addition of racing on Thanksgiving in '26, we'll have
16 the same amount of race days, 13 race days in 2025
17 compared to 13 in 2026.

18 As I talked about, horse racing at the fairgrounds
19 continues to be a very important economic driver for the
20 local community, and we're very proud to be a part of
21 that.

22 The success of horse racing at the fairgrounds is
23 truly a team effort, and we're very appreciative of the
24 support we receive from the district board and their

1 staff.

2 And with that, happy to answer any questions you
3 may have on the '26 budget.

4 CHAIR PERRAULT: Great.

5 Thank you so much.

6 I appreciate that.

7 Yes, other comments?

8 Commissioner Mead.

9 MS. MEAD: Just a quick comment.

10 I'm happy to see that Thanksgiving racing is back.

11 We really missed it last year.

12 Thank you.

13 MR. RUBINSTEIN: Thank you.

14 We're excited, too.

15 CHAIR PERRAULT: Other comments?

16 Okay.

17 All right.

18 With that, are there any public comments on the
19 report provided?

20 I don't see any in the room, and I don't show any
21 signed up online.

22 Okay.

23 Great.

24 All right.

1 So, again, this was not an action item, so we'll go
2 ahead and move on now to item number 4, excuse me, which
3 are public comments on matters not on the agenda.

4 And as a reminder, this is an item for matters not
5 on today's agenda, and the commission will not debate
6 nor act on any of the comments heard today.

7 If you are here to speak on an agenda item, please
8 wait until we take up that item.

9 Do we have anyone from the public in the room
10 wishing to speak on matters not on today's agenda?

11 I am not seeing anyone.

12 With that, we'll go ahead and move on to our online
13 individuals, and it appears I have two individuals ready
14 to make public comment.

15 The first one is Martha Sullivan.

16 Martha, go ahead and unmute yourself and begin your
17 comments.

18 MARTHA SULLIVAN: Hello.

19 This is Martha Sullivan from Imperial Beach.

20 I want to share this from horse racing industry
21 watcher Ray Pollock of the Pollock Report last week.

22 Quote, we've gotten used to seeing the same pattern
23 in many of the thoroughbred racing economic indicators,
24 monthly reports from Equibase, the industry's official

1 database.

2 A reduced foal crop and other factors have
3 generally led to fewer races and race dates and a
4 corresponding decline in wagering.

5 February 2026 was the departure from that pattern.

6 Yes, wagering was down in February in comparison to
7 the same month in 2025, but race dates and races run
8 were both up.

9 That combination is not a good trend.

10 For the month of February, wagering on US races
11 declined almost 2% compared to February 2025 despite the
12 fact that race days increased by 5% and races run
13 increased by almost 5%.

14 Average field size likely contributed to the
15 wagering decline, falling 2.4% from eight runners per
16 race to about seven and two quarters runners per race.

17 The combination of more races and lower handle
18 meant average wagering per race day fell by 6.55%.

19 For the first two months of 2026, wagering is down
20 4%, a decline of just over 63 million.

21 Available purses have fallen by 2.9% because
22 January saw such a large loss of race days and races.

23 The year-to-date race days and races are both down
24 from 2025, end quote.

1 CHAIR PERRAULT: Thank you so much, Martha.

2 I appreciate your comments.

3 Our next speaker is Jane Cartmill.

4 Jane, go ahead and unmute yourself and begin your
5 comments.

6 Jane?

7 MR. RIVERA: She's in the meeting.

8 She's just not unmuted yet.

9 There she goes.

10 CHAIR PERRAULT: Okay, great.

11 All right.

12 Go ahead, Jane.

13 You may begin your comments.

14 JANE CARTMILL: Thank you.

15 Big news at another state fairgrounds which hosted
16 thoroughbred and horse racing for several decades.

17 From Cal Expo dated September 9, 2025, Sacramento
18 State and Cal Expo have entered into a formal agreement
19 allowing the two agencies to explore building a new
20 football stadium at the fairgrounds.

21 Cal Expo's board of directors in late August voted
22 unanimously to move forward with talks on the project to
23 be constructed on land previously used for horse racing.

24 The proposed football field and expanded

1 grandstands less than three miles from Sac State's
2 campus would replace the aging Hornet Stadium as the
3 university works to raise its national profile in
4 athletics.

5 There's no reason why we can't have big-time
6 college football here in Sacramento, Athletics Director
7 Mark Orr said at the meeting.

8 We have aspirations to compete at the highest
9 level, and we need a facility to deliver that.

10 President Luke Wood set a goal of opening a new
11 stadium with up to 25,000 seats in time for the fall
12 2026 football season.

13 He said the project would be financed largely
14 through revenue bonds.

15 Cal Expo's chief executive officer, Tom Martinez,
16 said the project would be a winner for both state
17 agencies and the community at large.

18 Quote, as two state agencies were excited about the
19 potential to create something truly impactful, not just
20 for Sacramento, but for the entire region, Wood and
21 Martinez wrote in a joint statement.

22 Thank you.

23 CHAIR PERRAULT: Thank you very much for your
24 comments.

1 I do not have anybody else in the queue to make
2 public comments, and so this is not an action item.

3 We'll go ahead and move on to our next order of
4 business, which is item number five, which is a recess.

5 The commission will now go into recess to open the
6 Del Mar Race Track Authority meeting.

7 And with that, I'll turn it over to Race Track
8 Authority President Arabo.

9 [SRTLTC meeting recessed to convene the RTA meeting
10 at 11:20 a.m.]

11 MR. ARABO: Thank you, Commission Chairperson and
12 Authority Vice President Perrault.

13 Today is Monday, March 9th, 2026, and the time is
14 11:21 a.m.

15 As chair of the Del Mar Race Track Authority, I
16 want to note that the purpose of these meetings is to
17 ensure transparency, fiscal responsibility, and proper
18 oversight of the authority's financial activities
19 related to Del Mar Fairgrounds and race meet operations.

20 With that, I now call this meeting of the Del Mar
21 Race Track Authority to order.

22 Roll call, please.

23 MS. MOORE: Member Arabo.

24 PRESIDENT ARABO: Present.

1 MS. MOORE: Member Perrault.

2 VICE PRESIDENT PERRAULT: Present.

3 MS. MOORE: Member Flores.

4 MR. FLORES: Present.

5 MS. MOORE: Member Lasso.

6 MS. LASSO: Present.

7 MS. MOORE: Member Barkett.

8 MS. BARKETT: Here.

9 MS. MOORE: Member Mead.

10 MS. MEAD: Here.

11 PRESIDENT ARABO: Thank you, everyone.

12 We have a quorum.

13 And we'll proceed with today's agenda.

14 The first item is election of officers.

15 We'll proceed.

16 MR. FLORES: No, that was last...

17 No?

18 PRESIDENT ARABO: No, that's first on the agenda.

19 The first item is election of officers, number 2.

20 We'll now proceed.

21 If there are members of the public wishing to speak

22 on this item, please come forward to the podium.

23 Speaker time is limited to 2 minutes.

24 After public comment, we'll entertain a motion and

1 a second from the board.

2 No speakers present?

3 Anything?

4 Nothing online as well?

5 For the officers, any motion from the board for the
6 next president?

7 MS. BARKETT: Yes, I'd like to make a motion that we
8 elect Kathlyn Mead as the new president of the Del Mar
9 RTA.

10 PRESIDENT ARABO: Perfect.

11 We have a motion from Member Barkett for Kathlyn
12 Mead for the next president.

13 I would like to second the motion.

14 MS. MOORE: Just for clarification, are you going to
15 do a separate motion for vice president?

16 MS. BARKETT: We could do separate or we could do
17 whatever -

18 MS. MOORE: So typically you do.

19 So the memo on page 3 you do president and vice
20 president, which has historically been the director of
21 finance seat but just in terms for the motion.

22 PRESIDENT ARABO: Yeah, we could do like that, amend
23 the motion.

24 MS. BARKETT: Sure.

1 PRESIDENT ARABO: I don't see that.

2 MS. BARKETT: Okay, so I'd like to continue to have
3 Michele Perrault.

4 VICE PRESIDENT PERRAULT: We're going to put it in
5 the minutes as Department of Finance I think just
6 because, just so you're aware because it's technically
7 the director and then we have delegates.

8 MS. BARKETT: Okay

9 VICE PRESIDENT PERRAULT: Just a suggestion.

10 MS. BARKETT: Okay.

11 So as the Department of Finance VP for the Del Mar
12 RTA.

13 PRESIDENT ARABO: Great.

14 I like this.

15 Yeah, I'd like to second it.

16 MS. MOORE: You seconded?

17 PRESIDENT ARABO: Yeah, I seconded it.

18 Yeah.

19 MS. MOORE: Yes.

20 So we have a motion from Barkett and a second from
21 Arabo for the president of the RTA board to be Kathlyn
22 Mead and the vice president to be the position of the
23 director of finance.

24 Perfect.

1 PRESIDENT ARABO: Perfect.
2 Any call for discussion?
3 Any discussion?
4 MS. MOORE: Is there anybody signed up online?
5 Sorry, Michele.
6 VICE PRESIDENT PERRAULT: There's nobody.
7 Okay.
8 All right.
9 PRESIDENT ARABO: Great.
10 MS. MOORE: All right.
11 Member Arabo.
12 PRESIDENT ARABO: Aye.
13 MS. MOORE: Member Perrault.
14 VICE PRESIDENT PERRAULT: Aye.
15 MS. MOORE: Member Flores.
16 MR. FLORES: Aye.
17 MS. MOORE: Member Lasso.
18 MS. LASSO: Abstain.
19 MS. MOORE: Member Barkett.
20 MS. BARKETT: Aye.
21 MS. MOORE: Member Mead.
22 MS. MEAD: Aye.
23 PRESIDENT ARABO: Thank you, everyone.
24 Congratulations.

1 MS. MEAD: Thank you.

2 And I'm honored and happy to serve.

3 PRESIDENT ARABO: Thank you.

4 You're going to do an amazing job.

5 Okay.

6 The next item is approval of the minutes.

7 We'll now move to item 3, approval of the minutes
8 from the meeting of September 5, 2025.

9 Are there any members of the public wishing to
10 speak on the item?

11 I don't see anyone in the public.

12 Anyone online?

13 No one online.

14 MR. RIVERA: I do have a hand raised from Jane
15 Cartmill, if you want to call on her.

16 PRESIDENT ARABO: Yeah.

17 I'd like to hear from Ms.

18 Cartmill.

19 I'll limit the speaking to two minutes and the
20 floor is yours.

21 MR. RIVERA: I guess she has dropped off.

22 She is back again.

23 JANE CARTMILL: Hi.

24 I'm sorry.

1 I'm having trouble unmuting.

2 I just wanted to comment that it's very hard to
3 hear you.

4 Throughout this meeting, I'm having a lot of
5 difficulty.

6 I don't know if there's anything you can do with
7 the audio to make it a little easier to hear.

8 MS. MOORE: We'll see what we can do.

9 And perhaps if everybody can just, we can all lean
10 into our microphones and see if that helps.

11 PRESIDENT ARABO: Yeah.

12 Thank you for the comment.

13 We'll definitely do our best and do what we could
14 with the online stream.

15 Make sure -

16 JANE CARTMILL: Thank you.

17 PRESIDENT ARABO: Okay.

18 Any other comment?

19 Okay.

20 MS. LASSO: Motion to approve.

21 PRESIDENT ARABO: I'll entertain a motion.

22 MS. LASSO: Motion to approve the minutes.

23 MR. FLORES: I'll second.

24 PRESIDENT ARABO: A Motion by Director Lasso, second

1 by Director Flores.

2 Any further discussion?

3 Okay, like to call for the vote.

4 MS. MOORE: All right.

5 Member Arabo.

6 PRESIDENT ARABO: Aye.

7 MS. MOORE: Member Perrault.

8 VICE PRESIDENT PERRAULT: Aye.

9 MS. MOORE: Member Flores.

10 MR. FLORES: Aye.

11 MS. MOORE: Member Lasso.

12 ANNA LASSO: Aye.

13 MS. MOORE: Member Barkett.

14 MS. BARKETT: Aye.

15 MS. MOORE: Member Mead.

16 MS. MEAD: Aye.

17 PRESIDENT ARABO: Thank you.

18 Motion passed unanimously.

19 The next item was item number 4, reports.

20 These materials are included in the meeting packet
21 beginning on page 6.

22 As part of our responsibility as a board these
23 reports allow us to review the financial position of the
24 authority, confirm that revenues and obligations are

1 properly accounted for, and ensure the authority
2 continues to operate in a financially responsible
3 manner.

4 I encourage board members to raise any questions or
5 request clarification so we maintain full transparency
6 and proper oversight.

7 Any questions or comments from the board on page 6?

8 Okay.

9 I'd like to -- any public comment?

10 I'd like to recognize Martha Sullivan online.

11 Please, Ms. Sullivan, the floor is yours if you'd
12 like to speak for two minutes and followed by Jane
13 Cartmill.

14 MARTHA SULLIVAN: Is this going to be our only
15 opportunity to comment since there are other items in
16 this section?

17 PRESIDENT ARABO: No.

18 You're welcome to comment.

19 MS. MOORE: I'm sorry.

20 It's on all of the reports would be the public
21 comment.

22 PRESIDENT ARABO: Yeah, it's open to all the
23 reports.

24 Correct.

1 MARTHA SULLIVAN: But what I'm saying is I need to
2 make my comment for item 4 now because there's not going
3 to be any additional opportunities, correct?

4 PRESIDENT ARABO: Oh, yes.

5 We'd love to hear your comment for anything on item
6 number 4, the audit report, the [crosstalk].

7 MARTHA SULLIVAN: Before you review the other
8 material in item 4 you want me to comment?

9 VICE PRESIDENT PERRAULT: There are no presentations
10 for item 4.

11 The reports are just included within the packet so
12 you have two minutes for all of item 4.

13 There won't be a formal presentation for each one.

14 PRESIDENT ARABO: Correct.

15 MARTHA SULLIVAN: Thank you.

16 Martha Sullivan again from Imperial Beach.

17 Bond ratings continue to reflect the warnings I and
18 others have given these bodies and others in California
19 for several years about the horse racing industry,
20 particularly in California.

21 And this is from the Fitch bond, I'm sorry, this
22 isn't.

23 This is from capital.com.

24 Quote, the BB minus rating reflects elevated

1 vulnerability of the RTA operating profile to a
2 declining popularity of horse racing in California.

3 I apologize.

4 This is actually from the Fitch bond rating.

5 The declining popularity of horse racing in
6 California and across the country.

7 Longer-term historical declines in track attendance
8 or reduced margins for track net revenue leading to
9 lower net revenue from racing operations and greater
10 reliance on concession revenue to support debt service.

11 Declines in California horse racing as well as
12 exposure to adverse events such as equine death at track
13 had driven a long-term trend of reduced attendance and
14 uncertainty in fan support despite temporary
15 improvements during the pandemic.

16 Tracks also increasingly compete with informal
17 gaming and regional casinos for gamblers.

18 These weaknesses are somewhat offset by an affluent
19 service area combined with semi diverse revenue from
20 wagering and concessions generated from other fairground
21 events.

22 However, given the industry's continued
23 deterioration track revenue appears less sustainable
24 over the longer term.

1 Fitch cases reflect declining horse racing trends
2 and thin operating margins on net racetrack revenues.

3 This leads to higher reliance on net concession
4 revenue which also is vulnerable to deterioration.

5 PRESIDENT ARABO: Okay.

6 Thank you, Ms. Sullivan.

7 Next speaker, Ms. Cartmill.

8 I'd like to recognize Ms. Cartmill.

9 Is she available?

10 JANE CARTMILL: In April 2020, Fitch ratings lowered
11 its rating on the RTA's \$39.9 million in revenue bonds
12 issued in 2015 from BBB minus to BB minus and it's kept
13 it there since.

14 As reported by the San Diego Union Tribune,
15 quoting, by lowering its rating one notch Fitch dropped
16 the debt from investment grade to more speculative non-
17 investment grade.

18 According to capital.com bonds rated BB minus like
19 the RTA's are non-investment grade which suggests a
20 relatively high credit risk.

21 It signifies that the borrower's ability to meet
22 its financial obligations is considered to be
23 speculative or junk.

24 A BB minus rating indicates a somewhat weaker

1 ability to meet the financial commitments and they are
2 more vulnerable to adverse economic conditions or
3 changes in circumstances.

4 It is significant that Fitch downgraded the RTA
5 bonds junk status at the outset of the COVID lockdown
6 but has not changed that rating since then.

7 Thank you.

8 PRESIDENT ARABO: Okay, thank you.

9 That that concludes public comments on item number
10 4.

11 As we move to item number 5, unfinished business,
12 update from the Advisory Committee on the project this
13 was previously to install a plaque recognizing
14 individuals that previously have served on the board as
15 members for the Del Mar racetrack Authority since its
16 inception.

17 This was a plaque that was donated by, I believe at
18 the time, Director Flores and was going to take the lead
19 on.

20 Any updates for that?

21 MR. FLORES: Yes, we do.

22 I think we have some slides for you.

23 PRESIDENT ARABO: Great and thank you for taking the
24 time for working on it.

1 MR. FLORES: You bet.

2 Well hats off to staff for helping put my ideas
3 into a picture format for us to see.

4 This is -- so there I think we have three, don't
5 we?

6 We can go to the next slide as well.

7 Okay, and then one more and then I'll have you back
8 up to the original.

9 So what I was thinking that, yeah, so my idea was
10 in in both planters areas to come up with a stone
11 monument, not quite like that, probably a little bit
12 wider.

13 And kind of angle back and then you'd have a brass
14 plate on and then you'd have the verbiage and then of
15 course the names, and you could add names.

16 So you could put it in that planter and as well as
17 the other planter on the other side.

18 So as over time you could accommodate individuals
19 on there.

20 So that's one format.

21 PRESIDENT ARABO: It's great.

22 MR. FLORES: The next one would be bricks.

23 So every time somebody gets on the board and
24 departs or the change of administration, the bricks you

1 know allows you to really expand quite a bit.

2 And if you go to the next slide there's where that
3 would sort of connote, hey, welcome to the garden, a
4 garden courtyard.

5 But it would show that the bricks are actually in
6 place of that.

7 I see you wincing over there, but you know
8 ultimately you guys have to make a collective decision.

9 My first one was the plaque embedded in the into
10 the garden area with you know with all the little name
11 plates.

12 And I don't know if you go -- if you've been to -
13 MS. MOORE: Go back to the first one.

14 Yeah, okay.

15 MR. FLORES: It'd be much wider I think in stature
16 as opposed to just a little brick like that.

17 Yeah, a lot of them they're you know tilted in the
18 back.

19 It's straight in the back but it's angled on the
20 front so it kind of lays out nicely.

21 And I think we'd probably start on the other side
22 and then move over to this side as the membership grows
23 over time in years.

24 Until we do you decide we can't figure out, you

1 know, the cost, how big a check Lisa has to write.

2 MS. LASSO: I think the stone edifice is also a
3 better idea and of the two because these stones on the
4 floor require a lot more maintenance and cost and
5 undoing and redoing.

6 Whereas, if you have a copper or steel plate that
7 cannot continuously be removed, etched again and placed,
8 it's less cost for adding names.

9 MR. FLORES: I think, if I'm not mistaken, the one
10 that's done at Pebble Beach every time they have it's a
11 little bronze plate and it's got pins on the side then
12 they hammer it in.

13 I think that's how that's done because it'd be
14 pretty expensive to actually take the whole thing off
15 and redo it.

16 I think that's how they add.

17 Yes?

18 MS. MEAD: I appreciate the fact that you gave us a
19 couple of options to look at, and I like option one
20 better.

21 MR. FLORES: Okay, thank you.

22 PRESIDENT ARABO: Commissioner Barkett, any
23 comments?

24 Okay.

1 Yeah, for me definitely option one.

2 Thank you for taking the time.

3 MR. FLORES: Sure.

4 PRESIDENT ARABO: I think it's important to
5 recognize also that our great governors, our current
6 governor, Governor Newsom, and also previous governors
7 as well.

8 MR. FLORES: Yeah, we can work on sort of how the
9 layout is and that would be the next step that as we
10 figure out you know how much money needs to be raised to
11 install.

12 PRESIDENT ARABO: You think timeline, when do you
13 think we come back to the board to the kind of
14 authority?

15 MR. FLORES: When's our next meeting?

16 August?

17 PRESIDENT ARABO: Yeah, August.

18 MR. FLORES: Yeah, I think we'll have it buttoned up
19 by then.

20 PRESIDENT ARABO: Great.

21 Thank you.

22 MR. FLORES: I got to stay an extra month

23 [chuckling]

24 PRESIDENT ARABO: And we have two public comments.

1 Any public comment in the crowd?

2 We don't see any.

3 But two public comments online, Ms. Sullivan and
4 Ms. Cartmill.

5 I'd like to recognize Ms. Sullivan.

6 The floor is yours.

7 MARTHA SULLIVAN: Martha Sullivan from Imperial
8 Beach once more.

9 You need to also recognize the horses who died
10 racing in training to race at the Del Mar racetrack.

11 Thirty have died just since 2020 per the website of
12 another state agency the California Horse Racing Board,
13 which can provide other names before 2020.

14 The 30 who died since 2020 at Del Mar Racetrack are
15 She's Quality, Ed's Murray, General Jackson, Uncrowned
16 King, Elector, Fully Magical, Handsome Red, Giver Not A
17 Taker, JRB, The Young Lady, Peace Of Mind, Pastor T,
18 Vagabond Prayer, Episode 5, Ghost'm, [indiscernible]
19 Sunlight, Coast of Rome, [indiscernible], Miss Shiver
20 Hill, Money One, Night Girl, Honor Award, Moonlit
21 Promise, Arson, Set The Tone, She's Got Attitude,
22 Needless To Say, Mean Sophia, Irreproachable, and Lovely
23 Leah.

24 They deserve recognition as well.

1 Thank you.

2 PRESIDENT ARABO: Thank you Ms. Sullivan.

3 I'd like to recognize Ms. Cartmill.

4 JANE CARTMILL: I concur with the opinion of Martha
5 Sullivan that if this body is going to recognize each
6 individual that has served previously as a board member
7 of the Del Mar Racetrack Authority and since its
8 inception in 1990, you really also need to honor the
9 horses who died racing and training to race at the Del
10 Mar racetrack.

11 Your fellow state agency California Horse Racing
12 Board has the information you need, their names, the
13 date they died, their cause of death.

14 Since just 2020, 30 horses have died racing or
15 training to race at the Del Mar Racetrack.

16 Last year four horses died racing on the Del Mar
17 Racetrack.

18 In 2024 it was six horses who died half racing and
19 half training to race.

20 In 2023 it was also six horses who died, one
21 racing, four training to race, and one in an accident.

22 In 2022 five horses died, two racing, two training
23 race, and one sudden death.

24 In 2021 six horses died, one racing, four training

1 to race, and one in an accident before racing.

2 And in 2020 when there were no spectators during
3 the COVID lockdown, three horses died, one racing and
4 two training to race.

5 Surely these horses have as much right to
6 acknowledgement as do the board members of the Del Mar
7 Race Track Authority.

8 The horses lost their lives for gambling and
9 entertainment.

10 We need to honor them.

11 PRESIDENT ARABO: Okay.

12 Thank you, Ms. Cartmill and Ms. Sullivan for your
13 comments.

14 Before we move to item number 6, also recognize
15 that Mr. Joe Stephenshaw, Director of Finance.

16 Thank you for coming.

17 Very happy and very honored that you'd join us for
18 today.

19 Next item, new business.

20 Auto review proposal.

21 Our first item of this new business is to discuss
22 and vote on whether to initiate a five-year continuous
23 audit review.

24 As chair, I've asked the board to consider this

1 framework to strengthen oversight and to ensure
2 consistent transparency regarding the authorities
3 financial activity.

4 The proposal includes a review covering the prior
5 five fiscal years and establishes a ruling review
6 process to move forward.

7 Our goal is to ensure the Authority continues to
8 operate with the highest level of fiscal responsibility
9 and public trust.

10 There's no report in the packet.

11 It's just an idea of if the we should the authority
12 should do a as I when I joined the board I don't know if
13 I've seen a five-year continuous audit.

14 I think it's something that it's meaningful.

15 And I would definitely support it but I wanted to
16 see what the board what your thoughts are.

17 VICE PRESIDENT PERRAULT: I think it could be
18 helpful to maybe have an understanding of how we're
19 already -- what processes are already in place.

20 You know, I certainly respect and think that
21 there's valuable roads, that there's value I should say,
22 and understanding to look back and look forward right so
23 we have some continuity.

24 But I think and I don't know if it's staff or

1 others could just spend a few minutes talking to us
2 about what the current process is and how I think we
3 have to understand like how this would be different.

4 And then again, the other question I would have is
5 how would this impact a cost.

6 Is this an increased cost to do something like
7 this.

8 What does that look like.

9 What's both cost and potentially also just work
10 workload.

11 Does it, you know, again I just I don't know that
12 answer so I think that could be helpful to the
13 conversation.

14 PRESIDENT ARABO: Yeah, definitely agree with you.

15 And I would like to recognize staff to see what
16 currently is done and if there's any added value in in
17 doing this.

18 MS. MOORE: Well, and I'll have Michael Sadegh will
19 join as well as the RTA treasurer.

20 But currently we have what's called a blended
21 components unit.

22 And you have a copy of the that audit material in
23 your packet starting on pages 7 through 54.

24 So every year the 22nd DAA along with the RTA and

1 the Commission is audited by the 22nd DAA auditors.

2 So there's an annual audit that has been done and
3 historically has been done.

4 In terms of any additional workload or costs or the
5 questions around that, like I said, I'll turn things
6 over to Michael.

7 MICHAEL SADEGH: Okay.

8 Thank you, Carlene.

9 Yeah, I think that that's a proper explanation for
10 the audit.

11 It's a snapshot of time.

12 Usually it's a cut-off period and our period is as
13 of the end of the calendar year 12/31 of every year.

14 The auditors review our activity for the previous
15 12 months so by definition the previous 12 months or any
16 period before that has been audited.

17 So the auditors will pick up from the time last
18 time it was audited and the audit was conducted and move
19 forward.

20 We close our books every calendar year so we don't
21 go back and post anything two years prior that.

22 Make sure you know all the dataset that was given
23 to the auditors for the audit is intact and it's not
24 changed.

1 So a rollback audit means I think they have to go
2 back and re-review everything for the past five years.

3 So I'm guessing there's going to be additional cost
4 component to it because usually auditors change.

5 They have to do their own investigation and audit
6 and so definitely there would be a cost increase, in my
7 opinion.

8 VICE PRESIDENT PERRAULT: Can I ask a follow-up
9 question?

10 PRESIDENT ARABO: Yeah.

11 VICE PRESIDENT PERRAULT: And actually maybe the
12 questions to you, President Arabo.

13 So when you say a lookback would actually almost
14 pretty much be opening back up.

15 And maybe it's not starting from scratch but they'd
16 have to be doing an additional review for accuracy of
17 let's just say the previous five years.

18 Is that is that what you're intending or were you
19 wanting a glance so that you could see year-over-year
20 the data?

21 Like do you want to relook at the data?

22 Because I think that that's a fundamental question
23 we have which is are we are we worried that things have
24 changed and so the audit needs to be looked at.

1 And I'm only thinking about in the rears right.

2 Like is it more for an understanding when we set
3 them side-by-side what does the data show as far as the
4 finances go.

5 I guess maybe that's --

6 PRESIDENT ARABO: I'm open to whatever the board
7 decides.

8 I think it's a topic that we need to build systems
9 in place where we have the annual audits but some type
10 of mechanism where there is a look back to just to
11 ensure everything is perfect.

12 And so I'm open to either one or nothing.

13 I would I think it's worth a conversation and worth
14 looking into, my personal opinion.

15 MS. MEAD: Thank you, Chair.

16 One quick question about prior year.

17 So since the audit is closed and no new changes are
18 made if something if information becomes available in
19 the new fiscal year that information is any adjustments
20 that might be necessary are taken in the current fiscal
21 year, is that correct?

22 MICHAEL SADEGH: Correct.

23 MS. MEAD: So we would not make any adjustments
24 going retro.

1 MICHAEL SADEGH: No.

2 MS. MEAD: So I think my perspective is that when
3 the year is closed that year is considered closed.

4 And of course as any new adjustments that might be
5 made for prior years that would be considered in the
6 current year and that would be that would be made
7 available to us.

8 So I'm not seeing the immediate value of looking
9 back and instead rather focusing on the current audit.

10 PRESIDENT ARABO: Okay.

11 Perfect.

12 Any other commissioners?

13 Thoughts?

14 VICE PRESIDENT PERRAULT: My only other thought, and
15 it builds again back off of almost auditing past audits
16 is a little bit about what we're saying here is, I can
17 understand if there is some concern about either process
18 or how it was completed.

19 Or otherwise I have a little bit of concern about
20 auditing past audits because it sounds like we're
21 questioning whether there was some validity issues.

22 So again, I understand being able to look at the
23 information from all of the audits maybe in a you know,
24 like one spreadsheet kind of like your budgets, right,

1 where you can see multiple multi-year.

2 I'm just concerned about the next step of the
3 opening back up an audit from the past to see if there's
4 an issue.

5 So again, not quite sure if that's what you're
6 intending but I just another just point of
7 clarification.

8 PRESIDENT ARABO: I'm open to either one.

9 I think it's something that we haven't discussed
10 since I've been on this authority.

11 So I'm open to looking back at the glance or
12 looking into it.

13 I think it's very important to always be very
14 buttoned up.

15 MS. LASSO: May I offer, just kind of building on
16 what Commissioner Mead was alluding to perhaps looking
17 at trends and maybe starting from a perspective of the
18 trends that occurred.

19 Then if something didn't hit, a closed year and
20 it's going to hit the current year, setting those aside
21 in a footnote of these again.

22 And not to pick on closed years but perhaps you
23 have anomalies that you run up against.

24 But really more starting from a point of trends so

1 that we can compare moving forward what we've been
2 seeing.

3 PRESIDENT ARABO: That's a great idea.

4 MS. BARKETT: When you look at, you know, if you're
5 looking at the last five years we were in COVID, so it
6 yeah it's going to be skewed in some manner to be
7 honest.

8 But I agree with what was said.

9 I love that looking at the trends will tell you a
10 lot.

11 And it might be worthwhile to do that.

12 PRESIDENT ARABO: Okay.

13 VICE PRESIDENT PERRAULT: My only one - oh, sorry.
14 Go ahead.

15 My only other last comment is, and it goes back to
16 I guess Director Moore was, you know, as she laid out
17 the process it's I think it could be a little bit
18 difficult because the Commission and then RTA as
19 separate entities don't have a standalone audit.

20 It is within the audit that takes place for the
21 DAA.

22 So trying to do a lookback just for RTA's portion
23 might not be feasible without having all the entities
24 agree to something like that.

1 So just again, from maybe a procedural comment we
2 might need think about that.

3 PRESIDENT ARABO: Yeah, no.

4 I definitely meant all the entities.

5 But we would have to go to every entity and get the
6 sign-on of every entity, but that's what I meant.

7 All entities.

8 MS. MEAD: And I just I want to - oh, I'm sorry.

9 No, you go ahead.

10 MR. FLORES: No, you go ahead.

11 MS. MEAD: Thank you.

12 I just want to show support for Ms. Lasso's
13 comment.

14 I think that if we see each fiscal year audit that
15 there are prior year adjustments being made that's a
16 trend that might demonstrate to us that errors are being
17 made in the in the audit process, that there are things
18 that are being missed.

19 So I feel like that could really help us is to look
20 at that trending and determine if there are prior year
21 adjustments that are being made and then trend those.

22 PRESIDENT ARABO: Yeah, absolutely.

23 And I actually very much support Ms.

24 Lasso's looking at trends as well.

1 I think the more ways we look at and more ideas to
2 get where we want to get to I think it's a good thing.

3 Flores?

4 MR. FLORES: I concur.

5 But I'm trying to wrap my head around this.

6 And it seems to me that in looking at trends or
7 that really the budget and prior budgets would show us.

8 Because the audits really are more about are you
9 doing this correctly, you know, it's just funds being,
10 you know, as allocations out of the properties funds et
11 cetera.

12 So I would say looking at prior year budgets and
13 getting, you know, whatever type of format you want that
14 presented to you.

15 But looking at those trends, I think that's really
16 where looking back would be beneficial as not
17 necessarily the audit.

18 Because the audit is the audit, and it is what it
19 is, and it's done.

20 And then the other part is five-year framework
21 beginning...

22 So you want a rolling five-year audit as opposed to
23 annual audit?

24 PRESIDENT ARABO: Yeah, I wanted to bring it up to

1 the board for discussion.

2 I know we haven't talked -

3 MR. FLORES: No, I'm not attacking, I'm just trying
4 to understand so I can be supportive of you.

5 PRESIDENT ARABO: When I look they're in a very
6 broad spectrum, so I wanted to look both sides of it.

7 I think we've never talked about this since I've
8 been on the Authority so I think we should talk about
9 it.

10 And I'm very -- I love Ms. Lasso's idea about the
11 trends.

12 I love the idea about looking at the actual budget,
13 not the audit, because the audit is the audit.

14 I think everything should be looked at.

15 MR. FLORES: Okay, great.

16 MS. MOORE: For clarification, the RTA does not have
17 a budget.

18 So when you're looking at that it's really because
19 what the RTA has is the money that comes from the bonds
20 and that's really all that the budget is.

21 Any other expenses that are incurred, I mean, while
22 we as the 22nd DAA can list out for you what those
23 expenses are that are incurred on behalf of the RTA
24 that's being funded by the DAA.

1 So just be aware be aware of that in terms of the
2 information you would actually have.

3 MR. ARABO: Right.

4 Yeah, I was talking about all organizations.

5 Ms. Mead.

6 MS. MEAD: I would like to commend you, Chair Arabo,
7 for your interest in transparency and the question you
8 raise.

9 I think a rolling five-year audit is also not very
10 common in the industry.

11 And so I do think that what you're attempting to
12 get at is you know to begin an audit process with that
13 let's look at what happened prior, let's look at any
14 trends.

15 We tend to focus on only this year and I think that
16 there can be a nice lead-in to an audit by saying let's
17 not forget what happened prior years.

18 But I do think that the audit and is fairly
19 standard that the audit really looks at that 12-month
20 period, but it's also look at materiality.

21 And so I think that we may not get to the kind of
22 information that might impact our thinking about number
23 of days of racing and handle and all of those other
24 sorts of things that are going to help us make decisions

1 about the operations, but rather I think that's
2 something that we can consider as part of our
3 discussions when we consider the audit.

4 PRESIDENT ARABO: Thank you.

5 Very valuable.

6 And I agree with you.

7 VICE PRESIDENT PERRAULT: I have a suggestion but I
8 don't know if you want to.

9 It's technically an action item, but I might
10 suggest that rather than the authority taking action to
11 you know pursue this, it seems to me like perhaps maybe
12 we could with our members who are on the DAA.

13 Have that conversation probably happen first at the
14 DAA about whether they you know believe that this has
15 some value.

16 Because, again, to Ms. Moore's point, the budgets
17 for both the Authority and really the Commission are
18 somewhat passthrough in nature.

19 So I think the bulk of the, again, even the trends
20 and that information was probably coming up out of the
21 DAA's space first.

22 So that would just be my suggestion.

23 PRESIDENT ARABO: Yeah, I agree with your
24 suggestion.

1 And vice president is here from the DAA.

2 We'll table that to the 22nd DAA.

3 And thank you everyone on the board for the insight
4 and the very valuable opinions so.

5 And we do have a public comment online.

6 Ms. Sullivan.

7 Oh, no?

8 Okay.

9 Actually, we don't.

10 I apologize.

11 Next item, item B on number 6, the discussion.

12 It's an information-only item.

13 Myself and Ms. Barkett, and Ms. Moore had a call
14 with our counsel for the bonds regarding the upgrading
15 of the screens for the grandstand, Paddock and Five-
16 Points.

17 I don't know if Ms. Barkett wants to talk about the
18 meeting we had, or I could as well.

19 We received from our counsel that there's no effect
20 on the bonds if the district uses reserves.

21 It was very good.

22 Very important that we do our due diligence to make
23 sure that we look at every issue in multiple different
24 angles.

1 And I don't know if Ms. Barkett wants to talk about
2 our meeting.

3 MS. BARKETT: [off mic]

4 It doesn't affect the bonds at all.

5 And we currently do have enough money we've been
6 discussing this.

7 It's turned into a little bit more than we have
8 imagined in terms of -- but I look back.

9 What I find interesting is on page 29 provided by
10 DMTC was the video boards were originally funded by bond
11 proceeds as we know.

12 And those were complete in 715 and 717.

13 And so my question is, you know, I see so many
14 renovations that were done and it seems like DMTC was
15 the lead on most of this.

16 And maybe, Josh, you can help us out here.

17 Because obviously it passed through the RTA and the
18 State Race Leasing Commission as to financing, et
19 cetera.

20 And I know that we just learned about CMAS and how
21 that, you know, affects us, and can we use it, can we
22 bid separately against it.

23 That's kind of where we're at.

24 And I don't know, Josh, if you want to maybe give a

1 little history here on how it's done been done in the
2 past.

3 MR. RUBINSTEIN: Sure.

4 As you said, Director Barkett, the video screens
5 previously were funded by bond proceeds.

6 And DMTC quarterbacked the project, for lack or
7 better term, working with the district.

8 So that was the past procedure.

9 MS. BARKETT: Right.

10 And everything was approved by the RTA and the
11 State Race Track Leasing Commission at that point too,
12 right?

13 It would have to be approved through the bond?

14 MR. RUBINSTEIN: It was listed as a project within
15 the RTA proceeds.

16 I don't know if it was specifically addressed at a
17 Leasing Commission meeting but it certainly was part of
18 the projects.

19 At the time we called them RTA projects.

20 MS. BARKETT: Right.

21 Okay.

22 I guess what we're coming up in, and we're a little
23 confused on how to proceed now because things were done
24 more through bonds than through reserves.

1 So if anyone could shed any light on, you know,
2 what is the best way to, you know, move forward.

3 I know the Department of General Services has to
4 sign off on it.

5 So if you can give us any, I guess advice.

6 VICE PRESIDENT PERRAULT: So I appreciate the
7 question and I I'm not going to - well, I can't give you
8 a firm answer, but I do think it begs a larger question,
9 right.

10 So when the bonds were authorized through RTA and
11 the project list was approved, and as was mentioned, and
12 I actually really do appreciate the project list for
13 reference, it's very helpful.

14 You know all of the projects that had been approved
15 were paid through by the bonds and then approved, again,
16 prior to my time but through both of these entities for
17 completion.

18 It appears the majority, if not all of them, are at
19 least you know they're the nine to twelve-year-old range
20 at this point, right.

21 And so I do think that this is maybe a larger
22 question that probably needs to be discussed, not just
23 related to this one entity or what this one kind of
24 refresh, right.

1 This is like a deferred maintenance is how I would
2 look at it, right.

3 So you're going to have - and actually what was
4 interesting when Mr. Rubinstein was up there giving his
5 presentation, I almost asked the question about deferred
6 maintenance given the length of time.

7 But I think you have to almost unfortunately
8 there's not like an ongoing mechanism to pay for
9 deferred maintenance.

10 And so there's only there's a few avenues, right.

11 I mean I think you can take them one at a time like
12 you're suggesting and you have a specific need.

13 And it can be paid for with, you know, funds
14 outside the bonds.

15 But that may not be the case as you come up on the
16 project after project that either need refreshes or
17 changes.

18 So that I think though is a larger conversation
19 about how does the authority or does the authority play
20 a role, I guess is the bigger question.

21 And they would only play a role if there were
22 additional bonds that either had to come to fruition or
23 otherwise, right.

24 Otherwise really the Authority's role, and my

1 understanding, and Ms. Moore is going to correct me if I
2 get off my path here, is really we exist in order to
3 facilitate and pay off the current bond that we have
4 before us, right.

5 So I do think that this is probably not a question
6 we can answer wholly today other than, again, if you're
7 only asking about this one item, but it is a larger
8 discussion.

9 And it actually in my mind actually it brings an
10 even a bigger discussion about the complete future of
11 the track, what does that look like.

12 And so I don't know that there is a really good
13 answer for it other than that at this point there's not
14 like a deferred maintenance pot that comes from the
15 bond.

16 And so any other deferred maintenance would need to
17 be paid for by reserves, yeah.

18 Yeah, reserves are -

19 MS. LASSO: And may add to what Chair Perrault just
20 mentioned.

21 Aside from identifying what will be the funding
22 source or what is the future of funding source for
23 deferred maintenance, then we get into what procurement
24 methodologies and what is available to you.

1 Someone mentioned CMAS and DGS does manage the
2 California Master Agreements.

3 That is one avenue.

4 That's not the only avenue.

5 And it depends if it would be a public works versus
6 a commodity.

7 So I think we need to identify first what is on the
8 deferred maintenance list, what's the funding source,
9 and then what procurement type or what, you know, what
10 tools we have available to us.

11 MS. BARKETT: So many different answers and it's
12 very confusing.

13 And you know, most of us have not been here.

14 Well, there's your doughnuts.

15 [chuckling]

16 MS. BARKETT: And so you know it's different because
17 that's what I was saying, there was no deferred
18 maintenance pot within the bonds to take care of future.

19 Now obviously, I mean you're looking at yeah we're
20 coming upon issues now that were handled internally
21 through the bonds with DMTC as the lead, which they
22 should be because they know their product.

23 The same vendors have been doing, you know,
24 maintenance all along themselves.

1 And it just seems a shame that we would have to
2 throw that system out and just say well you got to start
3 all over now.

4 VICE PRESIDENT PERRAULT: I might suggest, because
5 again, I think this is a much larger discussion, and so
6 I'll defer to President Arabo.

7 But my suggestion might be to somewhat table this
8 conversation, but potentially have, and again, I'm not
9 I'm thinking it's the DAA but I could, you know again,
10 it could be a different entity or different board might
11 think about putting together some sort of, you know, a
12 working group or a, you know, an ad hoc off of your
13 board that that can start to look at some of these
14 questions.

15 Because I think it's hard to do these and kind of
16 one-off request silos.

17 Yeah, so I think all of those questions, a master
18 list of what you're looking at that you think is on that
19 deferred maintenance list.

20 What does that look like.

21 Coupled with, to Director Lasso's point, which is
22 you know then once you have that what's the process that
23 we think, what are the avenues both from a funding
24 mechanism and process mechanism to potentially address

1 that.

2 But I think I think perhaps maybe a first step
3 might be to have some sort of an ad hoc group to get
4 together and kind of do a, you know, just do it do a
5 little bit of a look-through and come up with what that
6 list looks like.

7 MS. MEAD: And I just want to add that it certainly
8 in terms of creating a document that might tell us what
9 everything else on this project list is requiring,
10 upgrade and this deferred maintenance, I certainly know
11 that the video boards are something that has come to the
12 top of that list and had us taken priority.

13 And I think in the absence of us thinking about
14 floating additional bonds and taking on other debt and
15 most of the time I suspect it wasn't only our call but I
16 suspect our counsel would say that this is not a problem
17 with our current bonds because there may be covenants in
18 those bonds and that is what would preclude us from
19 taking on additional debt.

20 Our only option may be to look at reserves to take
21 care of this highest priority.

22 And I think that we may need to come back to the
23 DAA and just affirm that this is in fact the highest
24 priority where we would spend reserves versus other

1 project lists.

2 I certainly have, sitting on the DAA Board, have
3 heard that is our highest priority but I think we would
4 want to affirm that.

5 MS. BARKETT: Yes.

6 So everyone on this commission knows that the board
7 did approve it.

8 It was a unanimous vote to move forward on this.

9 So you know, we see the benefits especially with
10 Breeders' Cup, which gives us an incredible amount of
11 revenue in two days.

12 >> [off mic]

13 MS. BARKETT: Right.

14 Right.

15 And so we need to -- the economic benefit is just
16 also incredible.

17 So we want to do everything we can to make it as
18 attractive as we can since we are in a very competing
19 market right now.

20 You know when you look at all the upgrades that are
21 being done in New York, Kentucky, I mean, we need to,
22 you know, be competitive.

23 So it's just something that I don't want to tread
24 lightly on.

1 But looking at this list, I'm so glad you did this,
2 Josh, because this is really eye-opening for us.

3 Thank you.

4 PRESIDENT ARABO: Yeah.

5 Thank you, Josh.

6 And that was the genesis of it.

7 We asked our operator what do you need, what does
8 the operator need to really increase the offering,
9 increase the revenue.

10 And the operator said the number-one thing is
11 screens.

12 So thank you, Josh, for bringing that to the DAA's
13 attention and now the RTA's.

14 Okay, we have a public comment.

15 Ms. Sullivan.

16 Then unless there's any other comments from the
17 board.

18 Are there any more comments from the board on the
19 issue for screens?

20 MARTHA SULLIVAN: Hello.

21 This is Martha Sullivan from Imperial Beach.

22 Are you ready for me?

23 MR. ARABO: Yeah, Ms. Sullivan.

24 Yes, floor is yours.

1 MARTHA SULLIVAN: Okay.

2 MR. ARABO: Thank you.

3 MARTHA SULLIVAN: You know the issue, the overall
4 arching issue of the future of horse racing was brought
5 up in the discussion we just heard.

6 And you've heard some today you've heard before,
7 but the future of horse racing, particularly in
8 California, is very much in doubt.

9 I mean, there were nine operating racetracks in
10 California in 2024 and as of last June there are three
11 all in Southern California.

12 The Fitch bond rating, you know, just reinforces
13 all of the negative terms that have been reported for
14 the last few years.

15 You know, the wagering handle is in a nosedive
16 since 2003.

17 There are no positive signs for the horse racing
18 industry, particularly in California.

19 So the idea that you're going to prioritize, you
20 know, significant improvements or the horse racing here
21 at Del Mar really seemed to me absolutely some kind of
22 fantasy thinking or magical thinking.

23 You know, I'm just totally flabbergasted by how
24 blind the people in decision-making in this in this

1 board and the other boards that are involved.

2 PRESIDENT ARABO: Thank you, Ms. Sullivan.

3 Thank you for your comment.

4 Any members of the board?

5 Director Flores.

6 MR. FLORES: Yeah, I just wanted to congratulate Ms.

7 Mead on becoming chair.

8 And thank you, Mark, for serving as chair.

9 PRESIDENT ARABO: Thank you so much.

10 Really been an honor.

11 Great to work with everyone on the Authority and
12 the Commission.

13 And congratulations to our future President Mead,
14 or President Mead.

15 MS. MEAD: Thank you.

16 I would just like to state for the record that the
17 project list from the broad bonds proceeds that was
18 presented to us today clearly identifies items that
19 benefit the Del Mar Fairgrounds in total.

20 There's certainly benefit to the racing, but things
21 like elevators, sewer systems, even the display boards,
22 grandstands, all of these things actually benefit the
23 Del Mar Fairgrounds in total because this is shared
24 facility and we lease the racetrack.

1 I just want to be sure that we all understand that
2 this no way means that this is only beneficial to the
3 fair, to the racetrack.

4 Thank you.

5 PRESIDENT ARABO: Thank you, Director Mead.

6 Great point taken.

7 So many great projects on this that do benefit even
8 in the environment.

9 Backstretch water quality improvement.

10 I mean, we're cutting-edge.

11 So thank you, everyone.

12 Okay.

13 Item number 7.

14 Public comment on matters not appearing on the
15 agenda.

16 There's two members of the public that would like
17 to speak and then anyone on the board.

18 So I'd like to recognize Ms. Sullivan and after
19 that Ms. Cartmill.

20 These are for items that are not on the agenda.

21 MARTHA SULLIVAN: This is Martha Sullivan again from
22 Imperial Beach.

23 In late January, the LA Times John Sherwa, its
24 retired sports editor who provided a daily newsletter on

1 the Winter Olympics and has recorded on the U.S. horse
2 racing industry for years, particularly in California,
3 appeared on at least two horse racing podcast and said
4 he believes the Santa Anita Park will cease thoroughbred
5 horse racing after 2028 when it hosts the Olympics
6 equestrian events and be developed into a high-end
7 equestrian community like Wellington, Florida.

8 He also predicted Santa Anita will go to two days
9 of racing per week this year due to small fields.

10 On February 26 Sherwa reported, quote, the hopes of
11 Northern California racing and breeding interest were
12 once again dashed when the California Horse Racing Board
13 refused to license short racing dates to the Tehama
14 District Fair and the Humboldt County Fair on Thursday.

15 Rather than a discussion about how to grow the
16 sport the 2-hour and 45-minute meeting was mostly about
17 how bad the state of racing is in the state and a
18 determination that the future of Southern California
19 racing is in jeopardy if it isn't given every advantage
20 available.

21 That advantage is in the amount of money that goes
22 to the host track from advanced deposit wagering and
23 computer-assisted wagering if Tehama and Humboldt were
24 racing.

1 Then money bet by any means and Northern California
2 would stay there the way it has since the start of ADW
3 until shortly after the closing of Golden Gate Fields in
4 Berkeley.

5 That money now is being sent south.

6 PRESIDENT ARABO: Thank you, Ms. Sullivan.

7 Like to recognize Ms. Cartmill.

8 Ms. Cartmill.

9 JANE CARTMILL: I follow John Sherwa also, and the
10 LA Times has reported on the crisis facing California
11 horse racing for the past few years.

12 In mid-January he reported, quote, Santa Anita
13 Parks experiment the placing a version of a historical
14 horse racing at the racetrack on Thursday came to an
15 abrupt halt on Saturday afternoon when law enforcement
16 officials physically removed the machines after racing
17 ended.

18 The move to install the machines came without
19 advance notice to the California Horse Racing Board.

20 It's unclear who or what precipitated the removal
21 but the tribes which control most non-parimutuel
22 wagering in the state told the Times that it would have
23 a full-throated response the installation of the
24 machines, which it says violates the tribal compact on

1 gambling.

2 Tribes are a very powerful force in state politics
3 and contribute millions of dollars to political
4 candidates.

5 And on February 26 that were reported on the
6 California Horse Racing Board meeting in which horse
7 racing licenses outside of Southern California were once
8 more denied, voting California horse racing is at a huge
9 disadvantage nationally because it receives no
10 additional income from other forms of gambling.

11 So its purses are small compared to other large
12 racing jurisdictions such as Kentucky and New York.

13 Bill Nader, president and chief executive of the
14 Thoroughbred Owners of California, said a month of fair
15 racing cost the south \$2 million.

16 Nader summed up the state of the industry this way,
17 quote, we would all agree these are the most difficult
18 and challenging of times.

19 And we can further agree that the California racing
20 industry, not Southern California, not Northern
21 California, but the whole California racing industry is
22 fighting desperately to remain relevant and sustainable.

23 PRESIDENT ARABO: Thank you, Ms. Cartmill.

24 Okay.

1 That wraps up public comment.

2 Any other comments from members of the board or the
3 authority?

4 Okay, seeing no further comments.

5 The time is 12:18 p.m.

6 March 9, 2026.

7 The meeting of the Del Mar Racetrack Authority is
8 hereby adjourned.

9 Thank you.

10 [RTA meeting adjourned to reconvene SRTLTC meeting
11 at 12:18 p.m.]

12 CHAIR PERRAULT: Thank you.

13 Okay.

14 Thank you to Authority President Arabo.

15 It is 12:19.

16 We're going to go ahead and reconvene back from
17 recess, the State Race Track Leasing Commission meeting.

18 We do have some business before us, although I do
19 want to just note to those of us in the room that
20 President Arabo was generous enough to provide some
21 sweet snacks in the form of some doughnuts and such over
22 there on the table.

23 So I'm going to continue moving through but folks
24 should please feel free to go partake.

1 And thank you, again, for always making sure we
2 have sugar available at these meetings.

3 I appreciate that.

4 All right.

5 We'll go ahead and move to item number 7, which is
6 our general business.

7 We will proceed with, like I said item number 7,
8 general business.

9 The commission has four action items for
10 consideration today, one informational item before it.

11 First, we will go ahead and take up item 7a, which
12 is consideration and vote on direction to allocate the
13 commission's clerical administrative support needs,
14 including options for how those services may be provided
15 to the commission.

16 It is an action item.

17 Information can be found on pages 31 and 32 of your
18 meeting packet.

19 And I'm just going to go ahead and provide just a
20 little bit of context and history for why this item is
21 before you.

22 Actually for myself, it was a little bit of a
23 history learning lesson as well.

24 But included in your packet is the statutory

1 language around the clerical administrative oversight
2 for the commission.

3 Again, when the commission was established it was
4 written that Department of Finance in collaboration with
5 Department of General Services and the Department of
6 Food and Ag would provide clerical and administrative
7 services for the commission.

8 As much as I have tried, I can tell you I've talked
9 to several colleagues, the ones that have been the
10 longest at the Department of Finance to figure out sort
11 of an understanding of the why on this and nobody quite
12 knows.

13 I'll just say it that way.

14 Ever since anybody has had knowledge of, the
15 clerical has actually just been taken up by the staff at
16 the 22nd DAA.

17 And so that, again, is not how it's written clearly
18 in statute.

19 So as I got talking to staff here at the DAA, they
20 have been very generous and saying well you know that's
21 just sort of how we've known it to be.

22 But it's become clear to me we have a few little
23 housekeeping I think that needs to maybe just take place
24 as we kind of move through into the into the year.

1 And this includes both work being done for and
2 directly for the commission.

3 And then also in a later item you'll see we're
4 going to talk also about the Attorney General's role as
5 well with the commission.

6 And so in an effort to try to get things
7 straightened, I will just say very plainly, it's a very
8 odd role for the Department of Finance to provide
9 clerical services to the commission just given what this
10 body oversees and the kind of the issue area we're in.

11 So with that being said, I have reached out to my
12 colleague here at the Food and Ag just to chat with him
13 about what does make sense moving forward.

14 The statute is very plain in what it says and how
15 it needs to be administered.

16 But just logistically it doesn't make sense.

17 In addition, there is definitely some benefit I
18 think to trying to move the clerical and administrative
19 services back up to the state level because it provides
20 the transparency and it provides some air between the
21 DAA and the commission.

22 And the work they do.

23 I think when the commission was established it was
24 done at a time, as far as my understanding was, to

1 provide some transparency just over horse racing in
2 general and gambling and tracks and that kind of thing
3 and.

4 So I do think that there is some benefit to kind of
5 righting the ship, so to speak.

6 So with that being said, I would like to bring to
7 the commission to consider approving that the Department
8 of Finance work with between now and the next couple of
9 months work with the Department of Food and Ag to come
10 up with some potential statutory changes that we can put
11 forward potentially as part of the budget process to
12 sort of, again, right this ship and bring the clerical
13 and the administrative services back to the state level.

14 I think obviously there was some intent that they
15 be and as well take it off of the hands of the DAA staff
16 who has been, again, just generously sort of absorbing
17 some of this workload.

18 So I think I'm happy to answer questions as you
19 know as far as what we're thinking.

20 But I think if we can get some direction and
21 approval from the commission for us to work through what
22 that looks like logistically and sort of the actual
23 language around it over the next couple months, I think
24 that's what we're seeking.

1 So I'll stop there.

2 Are there questions comments?

3 Yes, Commissioner Mead.

4 MS. MEAD: I certainly thank you first of all
5 bringing this to our attention and putting it on the
6 agenda.

7 I think my first thought about this is that
8 coordinated effort that's necessary to be able to create
9 that level of transparency, but I wonder whether the
10 impact of operationalizing as such will benefit us as a
11 commission as much as continuing the service the way it
12 is because of that coordinated effort that really is
13 necessary and not being here every day and understanding
14 the work that's being done.

15 So I don't have an answer to that.

16 I just raise it as a question, as a concern that as
17 you're considering this over the next few months we look
18 at, is it harder to do this in this new way than it has
19 been in the past and having this kind of transparency
20 occur at this level.

21 CHAIR PERRAULT: I think that's a fair question and
22 actually something that both Ms. Moore and I have talked
23 about at length actually.

24 And I think the intent would absolutely be that

1 there would be continued coordination between local DAA
2 staff and, you know, the state entity.

3 And we would be looking at, you know, some modest
4 resources to make sure that that coordination can take
5 place.

6 Ms. Moore has also been very helpful in helping us
7 identify some of the operational expenses that sort of
8 are commingled throughout as well.

9 So that would be part of the other piece that we
10 need to work through to understand how that gets
11 addressed.

12 But I think that we have to be very mindful that,
13 again, when the statute was put into place there was an
14 obvious reason for transparency to have this sort of
15 separation between the two entities.

16 And I think that it is wise of us to keep that.

17 Again, there's never been any issue, never any
18 question, but we want to we want to make sure that it
19 continues that way I guess is what I'd say.

20 Other thoughts, comments?

21 Yes?

22 MR. ARABO: I agree with you and I commend you
23 bringing it forward to the commission.

24 I think the more firewalls that can be set up and

1 just look at a system and look at the intent of why the
2 commission was set up I think it's a very wise thing to
3 do as well.

4 CHAIR PERRAULT: Thank you.

5 And let me be very clear, all the credit does not
6 go to me to bringing this forward, it goes to Ms.

7 Moore and to our Attorney General's Office, MR.
8 Caplan, who was - yes, so it was not me.

9 I don't want to be very clear about that.

10 Yes, Commissioner Barkett.

11 MS. BARKETT: Thank you.

12 Well, this begs the question, has there been issues
13 that we've been having just with our day, taking this on
14 and doing it?

15 Any concerns?

16 CHAIR PERRAULT: No, I don't think there's a
17 concern.

18 I do think that part of why this actually kind of
19 came to our attention, and again, we'll talk a little
20 bit further about it also an item 7c, is just I think
21 we're anticipating some additional workload as we look
22 towards potentially needing to do an RFP, as we're
23 looking towards needing to extend our contracts.

24 And so again, it's sort of that was the

1 conversation that brought us forward.

2 And again, the staff here at the DAA has been
3 amazing in saying take your time, let's figure out what
4 the right process is.

5 So it's not that at all.

6 It's just more of as we look forward and we really
7 do need to make these lines a little clearer and take
8 the workload that isn't being compensated to the DAA off
9 of them because that is not how it was intended to be.

10 So yeah, but no issues have ever risen, but that's
11 a great question.

12 I appreciate you asking.

13 Yes, Commissioner Mead.

14 MS. MEAD: Another option in this assessment and
15 evaluation could be that things could remain the same
16 with additional compensation.

17 Is that being considered or is it really the
18 separation, the segregation of those duties, which is
19 the ultimate goal?

20 CHAIR PERRAULT: I think it's both.

21 But we, and again to your point, we had some of
22 those.

23 I, it's really been me, has had some of those
24 conversations as well as an option, again, because of

1 where the expertise lie.

2 But I think there is some security in having that
3 be real clear and transparent where the lines are.

4 And in all honesty, part of it too is, again, as we
5 looked back historically to figure out how this occurred
6 we're trying to put something in place so that when this
7 is not the table any longer and there's new faces at
8 this table it's a pretty clear like process and set up
9 so you know for the long term.

10 Yeah.

11 MS. LASSO: Me?

12 CHAIR PERRAULT: Yes.

13 MS. LASSO: Thank you, Chair, for bringing this up,
14 and to those who brought it to us, Josh Caplan and the
15 staff at Del Mar.

16 But I'd like to propose this motion is consider
17 that perhaps we are clear that what we're really looking
18 at is reviewing the current statute and developing new
19 statutes so that we can leverage the expertise of those
20 that are here on the ground, see and know this site, as
21 well as leverage those at DGS, at Department of Finance,
22 at CDFA who can also be of support.

23 And so it's really not putting all of the onus
24 locally or in Sacramento but really having the optimal

1 balance not to recreate processes here in Southern
2 California or in San Diego County when we have folks in
3 Sacramento who can potentially support and provide
4 input.

5 CHAIR PERRAULT: I think that's a good point.

6 And I think, again, I think we could seek a motion
7 to allow, like I said, Department of Finance to work
8 with the Food and Ag and General Services as well just
9 on next steps for some statutory change.

10 And I do think, again, the statute right now it has
11 a collaboration between the three state entities and
12 doesn't necessarily fold in or doesn't reference the DAA
13 specifically but it is something, to your point and to
14 others' points, that we certainly could consider as we
15 look at the language.

16 And I would just say that as we move down that path
17 will want to work with will work with legal counsel on
18 the language specifically just to make sure we're not,
19 that there's no conflict of interest that arises out of
20 that.

21 But I think, again, given the timing and the fact
22 that we only meet a couple times here, we really wanted
23 to try to make sure you all were aware of what we were
24 thinking and then put forward a motion to allow us to

1 continue that that work.

2 Other questions?

3 Okay.

4 All right.

5 So it is an action item.

6 But before I do that, it doesn't appear we have any
7 public comment on 7a.

8 So with that, I think we're looking for a motion
9 to, again, allow the state entities to work towards
10 modification of statutory language regarding the SRTLC's
11 clerical and administrative oversight.

12 MS. LASSO: Motion to approve.

13 CHAIR PERRAULT: Moved by Director Lasso.

14 Is there a second?

15 MR. ARABO: I'll second.

16 MS. MEAD: Second.

17 CHAIR PERRAULT: Second by one of them.

18 You have to choose Commissioner Mead or
19 Commissioner Arabo.

20 Arabo, all right.

21 If we could please have a roll.

22 MS. MOORE: All right.

23 Commissioner Perrault.

24 CHAIR PERRAULT: Aye.

1 MS. MOORE: Commissioner Lasso.
2 MS. LASSO: Aye.
3 MS. MOORE: Commissioner Flores.
4 MR. FLORES: Aye.
5 MS. MOORE: Commissioner Arabo.
6 MR. ARABO: Aye.
7 MS. MOORE: Commissioner Barkett.
8 MS. BARKETT: Aye.
9 MS. MOORE: Commissioner Mead.
10 MS. MEAD: Aye.
11 CHAIR PERRAULT: Great.
12 That motion carries.
13 We'll go ahead now and move on to item 7b, which is
14 consideration and vote to authorize representatives on
15 the Del Mar capital Improvement Account as defined in
16 section 2 of the operating agreement.
17 The materials for this item are located on pages 33
18 through 35 of your packet.
19 And as a reminder, it is an action item.
20 I don't know, Ms. Moore, do you want to just give a
21 little bit of a quick history on this, quick hit on
22 this?
23 And I know there's not a formal presentation.
24 MS. MOORE: Sure.

1 Just at a very high level, this is the account.

2 And as the report in your packet says, has two
3 transactions a year.

4 But this is, in essence, the account that the
5 proceeds from the Thoroughbred Club's race meet come
6 into and then the district transfers that on behalf of
7 the RTA but it really is the commission's.

8 And as we are going through this clerical process
9 it's one of the things that we identified with regard to
10 this account.

11 And so for those transactions to occurs the
12 recommendation would be for the commission chair and
13 then the district finance director and district CEO to
14 be on that account for that to occur.

15 That's really just so that everybody understands,
16 it's not a traditional banking account.

17 There's not activity.

18 It's almost always November 15-ish and November 20-
19 ish of each year.

20 CHAIR PERRAULT: Okay.

21 Questions or comments from commissioners?

22 Okay.

23 And let me go ahead, it doesn't look like we have
24 any individuals looking to speak from the public on item

1 7b, so we are looking for a motion.

2 MS. MEAD: Move approval to accept consideration and
3 authorize the representatives as previously stated to
4 the Del Mar Capital Improvement Account for this
5 consideration.

6 CHAIR PERRAULT: All right.

7 Moved by Commissioner Mead.

8 Is there a second?

9 MR. ARABO: I'll second.

10 CHAIR PERRAULT: Seconded by Vice President Arabo.

11 If we could please have a roll call.

12 MS. MOORE: Commissioner Perrault.

13 CHAIR PERRAULT: Aye.

14 MS. MOORE: Commissioner Lasso.

15 MS. LASSO: Aye.

16 MS. MOORE: Commissioner Flores.

17 MR. FLORES: Aye.

18 MS. MOORE: Commissioner Arabo.

19 MR. ARABO: Aye.

20 MS. MOORE: Commissioner Barkett.

21 MS. BARKETT: Aye.

22 MS. MOORE: Commissioner Mead.

23 MS. MEAD: Aye.

24 CHAIR PERRAULT: Okay, great.

1 That motion carries.

2 We'll now go ahead and move on to item 7c, which is
3 consideration and vote to support trailer language
4 related to the commission's legal expenses provided by
5 the Office of the Attorney General.

6 Supporting materials can be found on pages 36
7 through 37.

8 And let me, again, give just a quick history here.

9 And we've indicated trailer bill language but we
10 may continue to sort of look to what the right mechanism
11 is.

12 There is the current statute found in your packet.

13 Right now the Attorney General's Office is
14 statutorily required to provide services to the
15 commission for legal needs.

16 And that has taken place for many years, as long as
17 we can come up with the history.

18 And in the past, that I would say, and I will ask
19 Josh Caplan to correct me, and then also provide any
20 additional information.

21 In the past I think the billing and the fees for
22 the Attorney General has been fairly minimal for the
23 commission.

24 And again, as we have started to just look ahead as

1 well as just some of the other items that have come
2 before the commission, as of recently we've seen that
3 cost increase somewhat.

4 And so it was brought forward again by our Attorney
5 General Mr. Caplan that he said, you know, we probably
6 need to figure out how best to handle this.

7 Right now I think that the billing has still
8 occurred, been given to the DAA.

9 Again, that is not how it's written in statute.

10 So I think this in conjunction with item 7a that we
11 were talking about needs some housekeeping cleanup to
12 it.

13 And one of the ideas would be to authorize, and I
14 would again suggest it probably be my, the Department of
15 Finance and in conjunction with Department of Food and
16 Ag and General Services, to work with the Attorney
17 General's Office to see if there's any statutory changes
18 or clarifications that need to be made.

19 Specifically, I think in the short term that would
20 include, and again we'll have to think about not sure
21 this needs to be put into statute, but from now until
22 the interim of a long-term solution we need to authorize
23 the Attorney General's Office to bill, I think, the
24 three state entities proportionally for the services

1 that are occurring.

2 And then we would ask the commission to authorize
3 again the state entities to work towards a more long-
4 term permanent solution.

5 That could look like, again, if we move the
6 clerical and administrative work to one entity, also
7 having the billing for the Attorney General's Office and
8 the funding associated with that billing go to that one
9 entity as well, just for ease of efficiency, not billing
10 three entities.

11 But we need sort of an interim solution and then an
12 authorization for us to continue to work towards a
13 longer-term solution on the Attorney General's services.

14 I might just ask because I don't know, folks, this
15 was one of the questions I had.

16 I'm putting the Attorney General MR. Caplan on the
17 spot a little bit here.

18 But I think if you could just maybe give the
19 commission an idea of costs in general.

20 And you don't have to answer it now, but I think
21 what would be helpful is to sort of have an
22 understanding.

23 And this is my assumption is that, again, costs
24 were very minimal.

1 We've had more work occurs so now costs are rising
2 a little bit.

3 We may see those, again, increase maybe in a one-
4 time nature as we as the Attorney General's Office does
5 more work for us, again, around whether we need to go to
6 a full RFP, what that looks like.

7 And then they may taper off again.

8 But I don't know if the Attorney General's Office
9 has had a sense of, an idea of what that might look like
10 and I think that could be helpful to the conversation.

11 MR. CAPLAN: Sure.

12 Thank you, Chair Perrault.

13 What I can share with the commission is generally
14 there's very little billable work that our office does
15 for the commission.

16 The commission meets anywhere no more than two
17 times a year, sometimes three times a year.

18 So a lion's share of our time is spent sitting in
19 on meetings, reviewing agendas for those meetings.

20 And as you can see, the agendas for these meetings
21 are relatively straightforward.

22 And so I would say typically no more than 10 to 15
23 hours per year is billed to the commission from our
24 office.

1 And again, our offices hourly rate is public
2 information, and so our hourly rate is right around \$200
3 per hour so the actual cost is relatively low.

4 And in discussing this issue with colleagues in my
5 office essentially since the creation of the commission
6 the way that our office set up billing was the bills
7 were sent directly to the 22nd DAA.

8 And it's my understanding that those bills have
9 been paid historically by the 22nd DAA.

10 And somewhat surprisingly, while there's two places
11 in Chapter 9 of the Food and Ag Code that talks about
12 the creation of the State Race Track Leasing Commission,
13 two places where it specifically directs the commission
14 to work with our offices legal counsel, the statutes are
15 silent in terms of which agency is required to cover the
16 costs of our offices services.

17 And again, the commissioners are brought to this
18 table from four separate agencies: DGS, CDFA, Department
19 of Finance, and the 22nd DAA.

20 And so while we've had minimal billing up until
21 this point, I think given like item E, which the
22 commission will discuss later in the meeting today,
23 there will most certainly be an increase in the time
24 that our office spends working with the commission.

1 And so we wanted to work with the commission chair
2 and with Ms.

3 Moore to find a mechanism to discuss with the
4 commission on the best path moving forward to ensure
5 that each of those four state agencies is covering their
6 share of legal expenses incurred collectively by the
7 commission.

8 CHAIR PERRAULT: Thank you.

9 I appreciate that.

10 Comments or questions?

11 MR. ARABO: I have a general question.

12 And that question is I know we have different
13 agencies in this body but I know the different agencies
14 that you didn't have for the District they have an in-
15 house counsel or a state counsel.

16 Is there a reason why even for the DAA I don't know
17 why we don't do this, even for this agency.

18 Is there a reason why we're not utilizing our in-
19 house state council?

20 CHAIR PERRAULT: Because statute requires we use the
21 Attorney General's Office.

22 MR. ARABO: For this body but for other bodies, do
23 you know?

24 CHAIR PERRAULT: No, it does not.

1 It varies by body.

2 Yeah, for this one it's because it states it in
3 statute.

4 MR. CAPLAN: Yeah, for all of our other fairgrounds
5 other than you and Orange County, they're represented by
6 the department.

7 MR. ARABO: The Department of Food and Ag?

8 MR. CAPLAN: Correct.

9 MR. ARABO: Represents all the fairs except San
10 Diego and Orange County?

11 MR. CAPLAN: Correct.

12 MR. ARABO: Got it.

13 Okay.

14 Thank you.

15 MR. CAPLAN: You bet.

16 MS. BARKETT: You know, I was going to say something
17 just in terms of thinking about it.

18 And you know, we're state institution.

19 Yeah, it's interesting from the standpoint of
20 basically in here they're talking about Del Mar Race
21 Track being our lessee.

22 And so you know we do have some responsibility
23 because we are the lessor and it's on our property of
24 which we reap the benefits.

1 So you know, I almost think we were left out by
2 accident.

3 I hate to say that but I think it was an oversight
4 in a lot of ways because we should have been included.

5 We're an independent state and it's institution
6 that we both have to work together regarding racing so.

7 CHAIR PERRAULT: And again, I think there's probably
8 some history there as well as to why you know some are
9 under jurisdiction of the Attorney General's Office,
10 others are not.

11 And it's certainly a conversation, again, I think
12 we're looking for the body to give us a nod and an
13 approval to have some of those conversations.

14 And I think at the least we need to address the
15 billing and make sure that that gets straightened out
16 and, again, whether we do something.

17 So I guess as I'm thinking this through what we
18 would like is a vote to do two things.

19 One is to authorize the Attorney General's office
20 to bill proportionately to the three state entities any
21 hourly costs incurred on behalf of the commission.

22 The second one would be to vote to provide or to
23 authorize, again, the state entities to have a long-term
24 conversation and potentially put forward budget language

1 or statutory language to clean up and provide a long-
2 term mechanism for the Attorney General's, you know,
3 both their services and their billing.

4 Part of that conversation of that secondary one
5 could just be a overall conversation about the Attorney
6 General's role, but again, I think there may be that's a
7 longer conversation.

8 And I think there's some more dialogue that is
9 bigger than maybe just the commission as well.

10 Okay, other thoughts or comments?

11 MR. CAPLAN: Chair Perrault, before there's a motion
12 you mentioned the possibility of billing proportionately
13 to the three state agencies.

14 But so that I'm clear in reporting back to my
15 office, you would, if there is a motion and approval
16 from this commission you would want us to split the
17 bills four equal ways, is that correct?

18 CDFA, Department of Finance, Department of General
19 Services, and the 22nd DAA.

20 CHAIR PERRAULT: And I'm sorry.

21 I'm going to ask.

22 I should know this, Mr. Caplan, and I don't off the
23 top my head.

24 In statute it says, does it include the DAA in

1 there?

2 Because if it does not, then that does not make
3 sense to me.

4 MR. CAPLAN: You're talking about does the statute
5 speak to the use of our office as legal counsel to the
6 commission?

7 CHAIR PERRAULT: Correct.

8 MR. CAPLAN: Yeah, so that at section 4351 the
9 commission is made up of four agencies.

10 CHAIR PERRAULT: Oh, I see, so there's where the
11 fourth is.

12 Okay.

13 I had it in my mind because of this.

14 My apologies.

15 The previous statute that talks about the clerical
16 is only the three in collaboration.

17 So again that, yes, thank you for that
18 clarification.

19 And yes, I'm fine with that as long as it's
20 authorized.

21 I just wanted to make sure.

22 Again, I want to be cautious about making sure we
23 are putting the responsibility where it should sit.

24 Okay, let me modify that.

1 So in the interim would be looking for a vote for
2 the Attorney General's Office to proportionally bill the
3 four entities and then authorizing the three entities in
4 conjunction with the DAA to have a conversation, a
5 longer-term or conversation about how to handle the
6 legal services for the commission moving forward.

7 [crosstalk]

8 CHAIR PERRAULT: Okay.

9 I got side conversations going on, so hold on
10 folks.

11 Okay, questions for the whole?

12 MS. BARKETT: I know, it's funny because I'm not
13 sure I read that the same now because, yeah, 4351.

14 CHAIR PERRAULT: Can you address that?

15 MR. CAPLAN: Sure.

16 So Chapter 9 of the Food and Agricultural Code
17 created the State Race Track Leasing Commission.

18 MS. BARKETT: Right.

19 MR. CAPLAN: The commission itself under Section
20 4351 is made up of four independent state agencies.

21 It's made up of the Director of Food and
22 Agriculture, the Director of Finance, the Director of
23 General Services, and three individuals appointed by the
24 governor who are members of the Board of Directors of

1 the 22nd District Agricultural Association.

2 So the legislature created this body by pulling
3 folks from four separate and independent state agencies.

4 That's what 4351 does.

5 4357 then directs the commission to use the
6 Attorney General as legal counsel.

7 And so for any time spent by the Attorney General
8 in providing legal services to the commission, the
9 Attorney General is providing those services to the
10 commission, which is made up of four separate state
11 entities and that those four agencies that sit at the
12 table share the cost of our offices services equally.

13 MS. BARKETT: You're right.

14 I get it.

15 Thank you.

16 CHAIR PERRAULT: Thank you for clarifying.

17 That's very helpful.

18 Other comments?

19 Okay.

20 We have no public comments.

21 This is an action item.

22 Do we have a motion?

23 MS. LASSO: Motion to approve.

24 CHAIR PERRAULT: Okay.

1 And I'm just going to clarify the motion to approve
2 as the previously stated.

3 MS. LASSO: To share the two parts to it.

4 To proportionally share the cost and also give this
5 body the authority to speak in the coming months to
6 develop statutory language for long-term support of
7 legal support.

8 CHAIR PERRAULT: Great.

9 MR. ARABO: I second it.

10 CHAIR PERRAULT: Okay.

11 Moved by Commissioner Lasso, seconded by
12 Commissioner Arabo.

13 Any other comments before we take a vote?

14 All right.

15 Roll call please.

16 MS. MOORE: Commissioner Perrault.

17 CHAIR PERRAULT: Aye.

18 MS. MOORE: Commissioner Lasso.

19 MS. LASSO: Aye.

20 MS. MOORE: Commissioner Flores.

21 MR. FLORES: Aye.

22 MS. MOORE: Commissioner Arabo.

23 MR. ARABO: Aye.

24 MS. MOORE: Commissioner Barkett.

1 MS. BARKETT: Aye.

2 MS. MOORE: Commissioner Mead.

3 MS. MEAD: Aye.

4 CHAIR PERRAULT: All right.

5 Thank you so much.

6 That motion carries.

7 And I appreciate the candid conversation and the
8 deep dive into history that none of us were here for, so
9 thank you so much.

10 With that we're going to now move on to item 7d,
11 which is a discussion on the commission's historical
12 financial data and its obligations under the operating
13 agreement.

14 Background materials including the original
15 operating agreement can be found on pages 38 through 87
16 of the packet.

17 This is an informational item.

18 It's intended for discussion purposes only, and the
19 commission will not be taking action on this item today.

20 So with that and coming off of our previous
21 conversation, I know there's not a presentation, but is
22 there any background that we would like to provide.

23 And I'll turn it back over to Ms. Moore.

24 MS. MOORE: Excuse me.

1 This really came about, and as you see, the item
2 the information your packet is for both items D and E
3 because this came about with the request that's in item
4 E.

5 And so just for having background and understanding
6 of what the current contract the operating agreement
7 with the Thoroughbred Club has, it expires 2030 and
8 understand this gap to the bond.

9 So the information is here both in case, but this
10 allowed for if there were any questions or things like
11 that as a result of it a request for like financial data
12 or other or additional information sort of heading into
13 I guess more the outcome of item E.

14 CHAIR PERRAULT: Thank you.

15 I appreciate that.

16 Are there any questions about the operational
17 agreement currently?

18 Okay, seeing none and there are no public comments
19 on this, so this is an information item.

20 I'm going to go ahead and roll right into item 7E
21 then, which is consideration and vote on whether to
22 explore legal options to, excuse me, to extend the term
23 of the Del Mar Race Track operating agreement so the
24 agreement remains in effect until the series 2015 bonds

1 have been fully paid off.

2 This is an action item the materials are found on
3 pages 38 through 87 in your packet.

4 And this, again just as a reminder, so this is a
5 request for came from the district to just explore our
6 legal options to extend the operating agreement until
7 the bonds are fully paid off.

8 And again, as mentioned by Ms. Moore, the operating
9 agreement would expire December 31st, 2030.

10 There are no remaining options for us to renew it.

11 And as we see on page 65 of the Del Mar Race Track
12 Authority meeting materials the amortization schedule
13 for the bonds actually run through October 1st, 2038.

14 So comments or questions from the commissioners on
15 this?

16 I'm seeing nodding of heads like this could be we
17 need to at least understand our options.

18 Okay.

19 All right.

20 If there are no comments or questions, let me just
21 look.

22 There are no public comment it looks like either in
23 the room or online for this item.

24 So we would be looking for a motion then again to

1 request that there be legal, let me say it right.

2 Legal options.

3 MS. BARKETT: I'll make the motion.

4 I'd like to move to have the commission explore
5 legal options available to extend the term of the Del
6 Mar Race Track operating agreement so that the agreement
7 remains in effect until Del Mar Race Tracks Authority
8 series 2015 bonds have been fully paid off and do and
9 through 2038.

10 MR. ARABO: Are you willing to make an amendment or
11 it'd be a second first then an amendment.

12 CHAIR PERRAULT: So there's a motion.

13 Does it need the motion to be - is there discussion
14 or does there need to be an amendment?

15 Discussion?

16 MS. BARKETT: Do you want to discuss first?

17 MS. MEAD: Second.

18 CHAIR PERRAULT: Okay, you're going to second,
19 Commissioner Mead.

20 Is there any discussion on the motion?

21 MR. ARABO: Yeah, I think it's important for the
22 commission to create, appoint a person, a commissioner
23 to just be the face that make sure to keep us all
24 apprised of all the information.

1 That's my only amendment.

2 I know we always volunteered Commissioner Flores.

3 Like to volunteer him again if he's interested, to
4 be the liaison.

5 MR. FLORES: I hope to be around till 2038 but not
6 here.

7 [Chuckling]

8 CHAIR PERRAULT: So we're asking for legal options
9 to be explored.

10 Yeah, I think those probably need to come back to
11 the full commission now certainly given that the
12 commission doesn't meet frequently like every month,
13 every other month, whatever it is.

14 Perhaps as there are legal avenues, findings,
15 recommendations that come forward we may need to look.

16 And I'm looking at legal counsel as to how we could
17 maybe provide that information whether that can go
18 through the chair and the vice chair at the time to
19 continue or whether that can be provided to the full
20 commission.

21 But let me let me turn it back over to the Attorney
22 General's Office just to answer that question.

23 MR. CAPLAN: So if this board approves the motion on
24 the table asking for legal options our office would

1 explore those legal options on behalf of the commission.

2 And then we would develop a one-way privileged
3 communication that we could then send as a one-way
4 communication to each member of the commission to then
5 review.

6 Certainly, the commissioners can't discuss that
7 memo outside of a meeting, but after receiving that memo
8 certainly the board chair may decide that it's
9 appropriate to schedule another meeting perhaps off the
10 normal calendar to discuss those options in terms of a
11 path forward for agenda item.

12 CHAIR PERRAULT: Does that does that work as far as
13 -- okay.

14 All right.

15 So we have a motion and a second on the table.

16 Without any further discussion let's go ahead and
17 do a roll call.

18 MR. ARABO: Public comment?

19 CHAIR PERRAULT: There is no public comment.

20 No, sorry.

21 MS. MOORE: Commissioner Perrault.

22 CHAIR PERRAULT: Aye.

23 MS. MOORE: Commissioner Lasso.

24 MS. LASSO: Aye.

1 MS. MOORE: Commissioner Flores.
2 MR. FLORES: Aye.
3 MS. MOORE: Commissioner Arabo.
4 MR. ARABO: Aye.
5 MS. MOORE: Commissioner Barkett.
6 MS. BARKETT: Aye.
7 MS. MOORE: Commissioner Mead.
8 MS. MEAD: Aye.
9 CHAIR PERRAULT: All right.
10 Thank you so much.
11 That motion carries.
12 That brings us to item 8, which is adjournment.
13 Seeing that there are no other businesses before
14 the commission today, the time is 12:55 on March 21st,
15 nope that's not right, March 9th, 2026.
16 And this meeting of the State Race Track Leasing
17 Commission is hereby adjourned.
18 Thank you.
19 [Meeting adjourned at 12:55 p.m.]

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