NOTICE OF MEETING

22nd District Agricultural Association Board of Directors meeting
Thursday November 17, 2022, at 1:30 p.m.

Boardroom
Del Mar Fairgrounds
2260 Jimmy Durante Boulevard
Del Mar, California 92014

While the 22nd District Agricultural Association Board of Director's meeting will be conducted in person, per Government Code section 11133, the 22nd DAA will also provide for remote participation by Board members and members of the public. If you prefer to participate remotely, please check the 22nd DAA's website (Public Information) for the ZOOM link and/or ZOOM dial-in instructions on how to participate and/or view this meeting.

OUR PURPOSE

We are a timeless community treasure where all can flourish, connect, and interact through year-round exceptional experiences.

OUR MISSION

We connect our community through shared interests, diverse experiences, and service to one another in an inclusive, accessible, and safe place with an emphasis on **entertainment**, **recreation**, **agriculture**, and **education.**

22nd DAA BOARD OF DIRECTORS

G. Joyce Rowland, President
Frederick Schenk, 1st Vice President
Richard Valdez, 2nd Vice President
Lisa Barkett, Director

Michael Gelfand, Director
Kathlyn Mead, Director
Don Mosier, Director
Sam Nejabat, Director

Secretary-Manager
Carlene Moore
Chief Executive Officer

22nd DAA Counsel
Josh Caplan
Office of the California Attorney General

OUR GOALS

THE LENS

Treat the campuses of the fairgrounds as one ecosystem where all activities are complementary and aligned with the purpose, mission, vision and values of the San Diego County Fair & Event Center.

BUSINESS PLAN

Acknowledging the short-term need to plan for fiscal recovery and stabilization, create a 5-to-10-year business plan that rebuilds a strong financial base, contemplates new business activities and partnerships, provides program accessibility, and leads to a thriving San Diego County Fair & Event Center.

MASTER PLAN

Create an environmentally and fiscally responsible land use plan for the San Diego County Fair & Event Center, aligning with purpose, mission, vision and values of the organization.

COMMUNITY ENGAGEMENT

Incorporate community engagement within the Business Plan and Master Plan processes to enhance understanding and expand opportunities.

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

Items listed on this Agenda may be considered in any order, at the discretion of the chairperson. This Agenda, and all notices required by the California Bagley-Keene Open Meeting Act, are available at www.delmarfairgrounds.com

22nd District Agricultural Association Board of Directors meeting
AGENDA
Thursday, November 17, 2022, at 1:30 p.m.

1. **CALL TO ORDER** – PRESIDENT G. JOYCE ROWLAND
All matters noticed on this agenda, in any category, **may be considered for action as listed**. Any items not so noticed may not be considered. Items listed on this agenda may be considered in any order, at the discretion of the Board President.

2. **ROLL CALL**

3. **CLOSED EXECUTIVE SESSION (NOT OPEN TO THE PUBLIC)**
Pursuant to the authority of Government Code section 11126(a), (b), and (e) the Board of Directors will meet in closed executive sessions. The purpose of these executive sessions is:

   A. Personnel: The Board will meet in closed session to consider those items authorized under Section 11126 of the Government Code, including but not limited to the evaluation of performance of the General Manager / CEO. [Gov. Code, § 11126, subd. (a)]

4. **RECONVENE TO OPEN SESSION (Estimated time to reconvene 2:30 p.m.)**
Report on actions, if any, taken by the Board in closed executive session.

5. **CONSENT CALENDAR (ACTION ITEMS)**
All matters listed under Consent Calendar are operational matters about which the Board has governing policies, implementation of which is delegated to the CEO. They will be enacted in one motion. There will be no discussion of these items prior to the time the Board of Directors votes on the motion, unless members of the board, staff, or public request specific items to be discussed separately and/or removed from this section. Any member of the public who wishes to discuss Consent Calendar items should notify the Chair of the Board, at the time requested and be recognized by invitation of the Chair to address the Board.

- Minutes, Regular Meeting October 11, 2022 6-9
- 2023 Calendar of Board Meetings 10
- Contract Approval 11-13
  - Standard Agreements
    (22-090 Postage Meter Rental)

  - Sponsorship Agreements
    (SPO-21-008-19/AM1, Local Roots Kombucha); (SPO-17-013-19/AM2, SponsorSource on behalf of Images Everywhere); (SPO-23-001-19, Pepsico Foodservice)

- Review of Contracts Executed per Delegation of Authority
  - Service Agreements
    (22-905 Interim Utility Services); (22-074 Web Development)

- Event Agreements
  (23-3032-Region One Horse Association, Region One Arabian Horse Show); (23-3034-Lights & Sound Collective, ANIME Impulse/K-PLAY Fest/Sneaker Expo); (23-3035-FoodieLand, LLC, FoodieLand Night Market); (23-3036-La Mesa RV Center, Del Mar RV Super Show); (23-3037-Frontline Gaming, San Diego Open); (23-3038-Scott William Bass, Inc, The Boardroom Surf Show); (23-3039-The Union Marketplace, The Union Marketplace); (23-3040- Westward Expos, Home/Garden Show); (23-3041-Koi Club of San Diego, Koi Show)

6. **MANAGEMENT REPORT** – CEO Carlene Moore (Informational)
   - Operational Announcements
     - Sportsbook Update
     - Del Mar National Horse Show Update
     - The Sound Update
     - Policies & Procedures Review & Development Process 14
   - Construction Projects & Facilities Updates
     - Horsepark Update
   - Industry News & Updates
     - CDFA Collaborative Exchange
     - CFA Fall Managers Conference

7. **GENERAL BUSINESS**
   A. Tennis Center Operations (Action) 15-29
      1. Discuss and vote on whether to approve contract under Request for Proposal No. 22-904 (Rebid 1 Tennis Center Operator) with Racket Club One
   B. Audit & Governance Committee Report – Joyce Rowland, Chair 30-76
      1. Presentation and vote to accept the 2020 Audit Report (Action)
   C. Community & Government Relations Committee Report – Don Mosier, Chair (Informational) verbal
   D. Finance Committee Report – Richard Valdez, Chair 77-78
      1. Monthly Financial Report (Informational) 79-81
      2. Delegation of Authority effective January 1, 2023 (Action) 82-83
      3. Out of State Travel (Action) 84-88

   E. Fair Operations Committee Report – Frederick Schenk, Chair (Informational) verbal

8. **PUBLIC COMMENT**
   Public comments on agenda items will be accepted during the meeting as items are addressed. This item is for Public comment on issues **NOT** on the current Agenda. However, no debate by the Board shall be permitted on such public comments and no action will be taken on such public comment items at this time, as law requires formal public notice prior to any action on a docket item. Speaker's time is limited to **two** minutes and may be modified based on the number of public speakers. No speaker may cede their time to another speaker.

9. **CLOSED EXECUTIVE SESSION (NOT OPEN TO THE PUBLIC)**
   Pursuant to the authority of Government Code section 11126(a), (b), and (e) the Board of Directors will meet in closed executive sessions. The purpose of these executive sessions is:

   A. To confer with and receive advice from legal counsel regarding potential litigation involving the 22nd DAA. Based on existing facts and circumstances, there is significant exposure to litigation against the 22nd DAA.
   B. To confer with counsel, discuss, and consider the following pending litigation to which the 22nd DAA is a party.
   C. To confer with counsel, discuss, and consider the following pending litigation to which the 22nd DAA is a party. Jerry Hollendorfer v. DMTC et al., Case No. 37-2019-00036284.

D. To confer with counsel, discuss, and consider the following pending litigation to which the 22nd DAA is a party. Talley Amusements, Inc., et al., v 22nd District Agricultural Association, et al., San Diego County Superior Court, Case No. 37-2021-00032169.

E. To confer with counsel, discuss, and consider the following pending litigation to which the 22nd DAA is a party. B&L Productions, Inc., et al., v Gavin Newsom, et al., United States District Court, Southern District of California, Case No. 3:21-cv-01718-AJB-KSC.

10. **RECONVENE TO OPEN SESSION**

Report on actions, if any, taken by the Board in closed executive session.

11. **MATTERS OF INFORMATION**

- Directors Requests
- Board Committee Appointments 89
- Correspondence 90-109

12. **ADJOURNMENT**

22nd DISTRICT AGRICULTURAL ASSOCIATION
Board of Directors Meeting
Del Mar Fairgrounds
2260 Jimmy Durante Boulevard
Del Mar, CA 92014
October 11, 2022

MINUTES

The following minutes are a summary of the Board action and proceedings. For a full transcript please click on the link below or visit the delmarfairgrounds.com website.
https://delmarfairgrounds.com/about-us/public-information/

OFFICERS PRESENT:
Joyce Rowland, President
Frederick Schenk, 1st Vice President
Richard Valdez, 2nd Vice President (via ZOOM)
Carlene Moore, Chief Executive Officer

DIRECTORS PRESENT
Lisa Barkett (via ZOOM), Michael Gelfand, Don Mosier, and Sam Nejabat (via ZOOM)

OFFICERS/DIRECTORS ABSENT
Kathlyn Mead

OTHERS PRESENT
Josh Caplan, Deputy Attorney General (via ZOOM)
Melinda Carmichael, Chief Administrative Officer – 22nd DAA
Katie Mueller, Chief Operations Officer – 22nd DAA
Donna O'Leary, Executive Assistant - 22nd DAA

CALL TO ORDER
President Joyce Rowland called the meeting to order at 1:33 p.m. with a quorum present.

ROLL CALL
All Directors were present except for Director Kathlyn Mead who had an excused absence.

CONSENT CALENDAR

PUBLIC COMMENT ON CONSENT CALENDAR – (See page 7 of the Board transcript)
Martha Sullivan (via ZOOM)

At the request of a member of the public, all the tennis pro teaching contracts were moved off the Consent Calendar and moved to Item 5A, Tennis Center Operations, to be discussed. Vice President Schenk moved to approve the September 13, 2022, Board meeting minutes and Standard Agreement DAA-18-213-19 AM3, in the Board packet. Director Gelfand seconded the motion. President Rowland, Vice President Schenk and Valdez, Directors Barkett, Gelfand, Mosier and Nejabat, were all in favor and the motion carried 7-0.

MANAGEMENT REPORT
CEO Moore reviewed the following items:

Operational Announcements
- Sportsbook RFP: CEO Moore referred to the staff report on pages 12-13 of the Board Packet. Staff will be issuing a conditional notice of intent to the successful proposer to then engage a specialized consultant to conduct the necessary California Environmental Quality Act (CEQA) analysis with the understanding that a sportsbook is not a project possibility unless Prop 26 passes in the November election.
- The RFP for a managing producer for the Del Mar National Horse Show are due Thursday, October 13.
- The RFP for the highest and best use feasibility study will be coming out soon, this is part of the strategic planning process.
- CEO Moore met with Assembly Member Chris Ward.
- Costco announced that the sales of the Fair Fun Packs placed top 10 for the entire U.S. in Costco stores.
- Mainly Mozart will be the first official event at The Center; Scream Zone is back.

Construction Projects & Facilities Updates
CEA Melinda Carmichael announced that there was one proposer for the facility assessment RFP, and it will cost about $310,000 to do the assessment for the entire fairgrounds facilities.

Industry News & Updates
- Long-time General Manager of Cal Expo (the State Fair), Rick Pickering, is retiring at the end of the year.
- CEO Moore will be attending a CDFA regional training session at the Orange County Fairgrounds and CDFA Collaborative Exchange in Sacramento to discuss new and improved ways to support the venue management side of Fairgrounds operations.

Premier Food & Service
- Mark Wiggins, General Manager for Premier Food Services reviewed the P&L statement for August 2022, included in the Board packet on page 14.

  PUBLIC COMMENT ON MANAGEMENT REPORT (See page 18 of transcript)
  Martha Sullivan
  Jane Cartmill

GENERAL BUSINESS

Tennis Center Operations
The District assumed operations of the Tennis Center October 1 through October 31, with the new operator starting November 1, but a protest of the contract award was filed with the Department of General Services (DGS) precluding the Board from taking action to approve the contract at this time. The District hired four employees including a manager and entered into contracts with the teaching pros for a not to exceed amount within CEO Moore's delegation of authority. See report on pages 15-16 of the Board packet. Vice President Valdez moved to approve the Teaching Pro Contracts listed on pages 9-10 of the Board packet. Director Mosier seconded. President Rowland, Vice President Schenk and Valdez, Directors Barkett, Gelfand, Mosier and Nejabat, were all in favor and the motion carried 7-0.

PUBLIC COMMENT ON TENNIS CENTER OPERATIONS – (See page 30 of the Board transcript)
Martha Sullivan (via ZOOM)

Consideration and vote to approve name of Venue & Center
Loma Media presented the proposed names for the entertainment portion of the new venue. Once approved the Belly Up will be able to advertise upcoming shows. There was a lengthy discussion on each proposed name and its concept, "The Break", "The Cove", and "The Sound". The Board provided input and directed staff to work with Loma Media to make the final decision, narrowing it to "The Break" or "The Sound". "The Cove" was eliminated as a choice.

PUBLIC COMMENT ON CENTER ACTIVITIES – (See page 72 of the Board transcript)
Martha Sullivan (via ZOOM)

Out of State Travel
Director Gelfand moved to approve Out of State Travel as listed on page 17 of the Board packet. Director Barkett seconded. President Rowland, Vice President Schenk and Valdez, Directors Barkett, Gelfand, Mosier and Nejabat, were all in favor and the motion carried 7-0.

Community & Government Relations Committee

- City of San Diego El Camino Real Widening Project presentation
  Project Management team members for the City of San Diego, Senior Engineer Ronak Rekani,, Deputy Director Luis Schaar, Brad Johnson and Jacob Randles, gave a detailed presentation on the El Camino Real Widening project. It is anticipated that construction activities will begin in August 2024 and the new bridge is slated to open by summer of 2027.

Finance Committee
CEO Moore reviewed the financials that are through July 31 on pages 18-21 of the Board packet. Director of Finance, Michael Sadegh presented the 2022 San Diego County Fair wrap-up financials in a PowerPoint presentation. The Fair had exceptional revenue performance and strong, positive feedback from the community.

Fair Operations Committee – Frederick Schenk, Chair
Vice President Schenk reported that entertainment for the Fair will be announced in March.

PUBLIC COMMENT ON FAIR OPERATIONS COMMITTEE – (See page 116 of the Board transcript)
Martha Sullivan (via ZOOM)

DMTC Liaison Committee

- Summer Race Meet review: President and COO Josh Rubinstein gave a re-cap of the eight-week summer racing season and referred to the press release included in the Board packet on pages 23-24.
- Fall Race Meet Overview: The Fall race meet begins November 11. Racing is on Fridays, Saturdays, and Sundays through December 4, with one exception, racing on Thanksgiving Day.

PUBLIC COMMENT ON DMTC LIAISON COMMITTEE – (See page 121 of the Board transcript)
Martha Sullivan (via ZOOM)

Affordable Housing Ad Hoc Committee
CEO Moore gave the report in Director Mead's absence. The committee continues to work with the City of Del Mar on affordable housing and will be taking a similar approach that was done by the Horsepark Ad Hoc Committee to provide regular reports to the Board as the committee gathers more information. Director Mosier added that the City of Del Mar low-income housing allotment request for the Fairgrounds has increased from 54 to 61 units.

PUBLIC COMMENT ON AFFORDABLE HOUSING AD HOC COMMITTEE – (See page 124 of the Board transcript)
Martha Sullivan (via ZOOM)
Jane Cartmill (via ZOOM)

PUBLIC COMMENT ON NON-AGENDA ITEMS (See page 128 of transcript**)**
Martha Sullivan (via ZOOM)
Jane Cartmill (via ZOOM

RECESS TO CLOSED EXECUTIVE SESSION
The Board recessed to Executive Session at 3:36 p.m.

RECONVENE TO OPEN SESSION
The Board reconvened to Open Session at 4:30 p.m. President Rowland reported that the Board conferred with and received advice from counsel on the items listed on the closed-session portion of the agenda and had nothing to report.

MATTERS OF INFORMATION
See pages 26-41 of the Board packet.

ADJOURNMENT
There being no further business to discuss, President Rowland adjourned the meeting at 4:31 p.m.

____
Carlene Moore
Chief Executive Office

2023 – 22nd DAA Board of Directors Meeting Dates

FOR APPROVAL AT THE NOVEMBER 17, 2022, BOARD MEETING

Meetings are held the second Tuesday of the month at 1:30pm.
(*exception is the March meeting, **June & July meetings are held only if needed).
Meeting dates are subject to change.

Board Meeting Date	Meeting Notice & Agenda Posted
January 10	Friday, 12/30/22
February 14	Friday, 2/3/23
March 21*	Friday, 3/3/23
April 11	Friday, 3/30/23
May 9	Friday, 4/28/23
June 13** (NO MEETING)	
July 11** (NO MEETING)	
August 8	Friday, 7/28/23
September 12	Friday, 9/1/23
October 10	Friday, 9/29/23
November 14	Friday, 11/3/23
December 12	Friday, 12/1/23

CONTRACT APPROVAL(S)

November 2022

In accordance with the requirements of the Department to Food & Agriculture, Fairs & Expositions Branch, Staff requests approval of the agreement(s) listed below:

Standard Agreements

Agreements Exercising Option Years					
Contract #	**Contractor**	**Purpose**	**Acquisition Method**	**Term**	**Amount**
N/A					

Agreements Awarded via Request for Proposals					
Contract #	**Contractor**	**Purpose**	**RFP Number**	**Term**	**Amount**
N/A					

Agreements Awarded via Invitation from Bid				
Contract #	**Contractor**	**Purpose**	**Term**	**Amount**
N/A				

Agreements Exempt from Bid					
Contract #	**Contractor**	**Purpose**	**Categorical Exemption/ Exception**	**Term**	**Amount**
N/A					

Solicitations Released Since Last Board Meeting

Solicitation #	Solicitation Type	Purpose	Term	Amount
23-006	Request for Proposal	Highest and Best Use Feasibility Consultant	1/1/23 – 12/31/23	To be determined upon award
23-003	Request for Proposal	Themed Entrance Facade Design and Build	1/1/23 – 12/31/23	To be determined upon award
23-001	Invitation for Bid	Temporary Fencing Installation and Rental Services	5/12/23 – 7/13/24	To be determined upon award

Delegated Authority Contracts Up to $50,000.00

approved since last Board meeting

Contract #	Contractor	Purpose	Acquisition Method	Term	Amount
22-905	Edlen Electrical	Interim Utility Services	Invitation for Bid	9/14/22 – 9/13/25	Revenue: 53% equipment, 25% labor
22-090	Quadient, Inc.	Postage Meter Rental	Statutory Exempt	11/15/22 – 11/14/23	$25,000.00

SPONSORSHIP CONTRACT APPROVAL(S)

November 2022

In accordance with the requirements of the Department to Food & Agricultural, Division of Fairs & Expositions, Staff requests approval of the agreement(s) listed below:

Standard Agreements

Contract #	Contractor	Summary	Term	Amount
SPO-21-008-19/ AM1	Local Roots Kombucha.	This amendment renegotiates the financial commitment for Local Roots due to the decline in fair, race meet and interim event attendance.	06/1/21 – 5/31/26	$160,500.00 total cash 2021 - $29,500 2022 - $20,000 2023 - $28,000 2024 – 38,000 2025 – 45,000
SPO-17-013-19/ AM2	SponsorSource on behalf of Images Everywhere.	This amendment renegotiates the final year of Images Everywhere's agreement due to the smaller Fair attendance.	06/2/17 – 07/10/23	$483,263 total cash Revises the '23 payment from $71,765 to $60,000
SPO-23-001-19	Pepsico Foodservice.	Pepsi will remain as the Districts soda provider and provide service, marketing, and financial contributions.	02/1/23 – 01/31/28	$625,000 total cash ($125,000 each year) $50,000 marketing activation ($10,000 each year) $3,125 water donation ($625 each year)
SPO-22-010-19	Crown Imports LLC d/b/a Constellation Brands Beer Division			

NEWLY CONTRACTED EVENTS , NOVEMBER 2022

CONTRACT #	STARTING	ENDING	CLIENT NAME	EVENT NAME	RENTAL FEE
23-3032	5/15/2023	5/21/2023	Region One Horse Associatin	Region One Arabian Horse Show	$30,500
23-3034	3/15/2023	3/20/2023	Lights & Sound Collective	ANIME Impulse/K-PLAY Fest/Sneaker Expo	$21,400
23-3035	9/19/2023	9/25/2023	FoodieLand, LLC	FoodieLand Night Market	$26,400
23-3036	9/11/2023	9/18/2023	La Mesa RV Center	Del Mar RV Super Show	$22,400
23-3037	10/19/2023	10/22/2023	Frontline Gaming	San Diego Open	$12,300
23-3038	10/5/2023	10/8/2023	Scott William Bass, Inc	The Boardroom Surf Show	$8,200
23-3039	11/1/2023	11/7/2023	The Uniuon Marketplace	The Union Marketplace	$13,200
23-3040	10/19/2023	10/23/2023	Westward Expos	Home/Garden Show	$9,800
23-3041	4/20/2023	4/22/2023	Koi Club of San Diego	Koi Show	$7,000

Item 6, Management Report – Policies & Procedures Review & Development Process

Background:
As previously mentioned, the 22nd District Agricultural Association is embarking on a comprehensive process to review, revise, and develop policies for the organization over the course of 2023. This will be a lengthy process that will involve (1) the solicitation of input from the appropriate Board committees, and (2) the presentation and discussion of draft policies to the Board and public during regularly scheduled public meetings.

The Board's authority to establish policies is derived from Food & Agricultural Code, Section 4051(a)(7), which authorizes District Agricultural Associations to "make or adopt all necessary orders, rules, or regulations for governing the activities of the association." Section 4051(a)(7) also provides that when a District Agricultural Association adopts an order, rule or regulation for governing its activities, the order, rule or regulation is exempt from California's Administrative Procedures Act. For reference, the Act governs state agencies in adopting, amending, and repealing administrative rules and regulations.

While the Department of Food and Agriculture (CDFA) provides policy oversight to District Agricultural Associations, including providing *recommended* rules and regulations for adoption, each District maintains the authority to adopt rules and regulations for governing its own operations and activities. Though District Agricultural Associations are exempt from the Administrative Procedures Act, other state agencies, including CDFA, are not. Were CDFA to adopt a mandatory rule or regulation that applied statewide to all District Agricultural Associations, CDFA would promulgate that rule or regulation in accordance with the Administrative Procedures Act.

Process/Approach:
Best management practices, historical policies and procedures, mandatory requirements, industry and other state agency examples, etc., will be considered along with the *recommended* orders, rules, and regulations of CDFA.

Recommendation
None at this time.

Environmental/Coastal Commission Review
None at this time.

Fiscal Impact
None at this time.

AGREEMENT # **22-904**
DATE December 1, 2022
FAIRTIME ☐ INTERIM **X**

RENTAL AGREEMENT

This Rental Agreement ("Agreement") is made and entered into effective December 1, 2022, by and between the 22nd District Agricultural Association, a California state institution ("District") and Racket Club One, LLC., a ("Renter"). Renter and the District are collectively referred to herein as "Parties."

Renter desires to rent from the District the **Tennis courts and clubhouse located in the Surf & Turf facility, east of Jimmy Durante Blvd., on the Del Mar Fairgrounds ("Premises").**

THEREFORE, in consideration of the mutual promises in this Agreement and for other good and valuable consideration, the District and Renter agree as follows:

1. <u>Term</u>

1.1 The District hereby rents the Premises to Renter, and Renter expressly agrees to rent the Premises from the District, for a "Term" **beginning on December 1, 2022, and ending November 30, 2023.**

1.2 During the Term of this Agreement, the District at its sole discretion also has the right to cancel this agreement, without penalty for monetary cause and/or delinquent rent, at any time on thirty (30) days written notice to the Renter.

2. <u>Rental Payments</u>

2.1 <u>Payments</u>

2.1.1 Commencing December 1, 2022, rent of **$10,500.00** per month shall be due on the first (1st) day of each month. For each year that an option year is exercised by District (in its sole and absolute discretion), subsequent monthly rent shall increase automatically each year by a percentage equal to the percentage change in the Consumer Price Index (CPI) statistics published by the Unites States Bureau of Labor immediately prior to the expiration date of the then-current term. In no event shall this calculation cause a reduction in monthly rent below that payable during the Initial Term Year One.

2.1.2 The above rental fees include water and sewer expenses.

2.1.3 Renter shall be responsible for utilities (gas and electric) and maintenance of the area. Renter shall be responsible for sustaining an energy saving environment, such as limit lighting usage to operating courts. If Renter fails to pay any utility bill, the District has the right, but not the obligation, to pay the bill for Renter, and all sums expended by the District shall be deemed to be additional rent payable to the District upon demand.

2.2 Late Fees Rent shall be due on the 1st (first) of each month and considered delinquent on the 10^{th} (tenth) of that month. Renter acknowledges that late payment by Renter of any rent will cause the District to incur costs not contemplated by this Agreement, the exact amount of which are extremely difficult and impracticable to ascertain based on the facts and circumstances existing on the effective date of this Agreement. Accordingly, if any rent is not paid by Renter when due, a late charge equal to five percent (5%) of such rent shall be due, and such late fee shall be considered additional rent. The parties acknowledge that such late charge represents a fair and reasonable estimate of the costs and losses the District will incur by reason of a late rent payment by Renter, but the District's acceptance of such late charge shall not constitute a waiver of Renter's default with respect to such rent or prevent the District from exercising any other rights and remedies provided under this Agreement, at law or in equity.

2.3 Each rent payment shall be paid to the District, Attention: Accounting Department, 2260 Jimmy Durante Blvd, Del Mar, CA 92014, or at such other place designated by written notice from the District to Renter.

2.4 The rent amount for any partial calendar months included in the Term shall be prorated on a daily basis.

2.5 If rent or any other moneys due to the District is delinquent, the District shall have the right to audit and monitor any and all of Renter's sales and accounting records. Renter agrees to and shall maintain all accounting records regarding its operation in accordance with generally accepted accounting principles. Renter shall keep full and accurate records of all of its operations including, but not limited to:

2.5.1 daily and monthly sales reports by source of revenue;

2.5.2 current monthly profit and loss statements, and balance sheet;

2.5.3 annual operating sales, costs, and budgets

2.5.4 semi-annual equipment rental and inventory sales items

3. Uses

3.1 Renter's use of the Premises shall be limited to the use and operation of a **Tennis Center** at the Premises. Renter expressly agrees that its use of the Premises creates no property right to or interest in the real property being used, either by way of occupancy, possession, or otherwise.

3.2 Renter acknowledges and agrees that the District hosts numerous events on District properties on a year-round basis, with the concomitant presence of thousands of producers, vendors, patrons, customers, and guests.

3.3 All visitors and staff of the Tennis Center must park in the main parking area of the Surf & Turf Recreation Center. Renter shall coordinate with District Public Safety Department for ingress/egress during all scheduled events held on District property as the presence of other events can impact parking availability. District agrees to work in good faith to provide as many parking spaces for Renter’s customers as possible.

3.4 Renter further agrees to coordinate and cooperate with tenants of the Pool & Deck area located behind the Tennis Center clubhouse. This includes but is not limited to sharing shower and restroom facilities, cleanliness, and best use of storage/closet space.

3.5 Renter’s use as permitted by this Agreement shall be for no other purpose or purposes whatsoever. District reserves the right to approve any merchandise intended to be sold.

3.6 Renter shall not use the Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

3.7 This Rental Agreement is subject to all existing and valid contracts, leases, licenses, permits, easements, encumbrances, and District policies which may affect said Premises and Del Mar Fairgrounds.

3.8 The District is designated as an emergency evacuation site in the event of a natural disaster or other emergency that may be declared by federal, state, county, city, or local authorities. In the event of such a declaration, and at the request of the District, Renter will be required to vacate the Premises entirely, including removal of all of Renter’s goods, merchandise, equipment, and other property required for Renter’s operations on the Premises until the conclusion or resolution of the situation requiring such vacation of the Premises.

4. No Subletting or Assignment

4.1 Renter expressly agrees it has no real property rights under this Agreement. As a result, Renter shall not attempt to assign, mortgage, encumber, sublet, license, or sublicense the Premises or any part thereof and any such purported transfer shall be void. If any prohibited transfer occurs, Renter shall not be relieved of its obligation to perform all obligations under this Agreement and any purported transferee shall also be subject to the same terms and conditions of this Agreement. Further, the acceptance of payment by the District from any other person shall not be deemed a waiver by the District of any provisions of this Agreement or consent of any assignment, mortgage, encumbrance, license, sublet, or sublicense or other transfer.

4.2 Notwithstanding any provision of this Agreement, this Agreement shall not be assigned or assignable by operation of law and in no event shall this Agreement be an asset of the Renter in any receivership, bankruptcy, insolvency or reorganization proceeding.

5. Maintenance, Alterations, and Improvements

5.1 Renter shall be solely responsible for all costs and expenses to maintain the tennis courts, clubhouse, and landscaping, excluding the parking lot. Maintenance and repairs or replacements shall be scheduled as needed by Renter, with the understanding that the facility is to be maintained in good and orderly condition. If Renter fails to maintain the Premises as required by this Agreement, the District has the right, but not the obligation, to perform maintenance on behalf of Renter, and all sums expended by the District shall be deemed to be additional rent payable to the District upon demand.

5.2 Renter shall be responsible for routine maintenance of Tennis Center including day-to-day custodial service, trash and debris removal, and landscaping surrounding clubhouse and courts. Repairs and maintenance shall be made promptly as, and when, necessary.

5.3 Renter accepts the Premises “as-is” and in the condition as of the effective date of this Agreement. The District has made no representation or warranty that the Premises is now or in the future will be suitable for Renter’s use. Renter has made its own investigation regarding condition and ability for use. Upon the expiration of the term of this Agreement, Renter will return the Premises to the District in the same condition, normal wear and tear excepted.

5.4 Renter may not make any physical changes, alterations, modifications, developments or improvements whatsoever to the Premises without the prior written consent of District, which District may grant or withhold in its sole exclusive discretion; and, may not modify, paint, alter, change or install locks, equipment, screws, fastening devices, signs, displays, or other exhibits, on or in any portion of the premises or occupied space, without the prior written consent of the District which the District may grant or withhold in its sole exclusive discretion.

5.5 Any and all physical changes, alterations, modifications, developments, or improvements to the Premises shall be at Renter’s sole cost and expense and shall become District property, and Renter will not be entitled to any payment or compensation. Renter shall permit no waste, damage, or injury to the Premises.

5.6 ***NOTICE****: The California Coastal Commission (CCC) has jurisdiction over all developments and improvements to District property. In addition, the San Diego Regional Water Quality Control Board (Regional Board) is the State agency responsible for ensuring compliance with the Clean Water Act and District is required to comply with the California Environmental Quality Act (CEQA). Significant fines and penalties are assessed by the CCC for violations to the Coastal Act and by the Regional Board for violations of the Clean Water Act. Additionally, several Federal, State, and local agencies retain permit authority over portions of the grounds and are authorized to assess fines and penalties for violations of their respective rules and regulations. Any and all fines, fees, attorney’s fees, costs of suit (administrative and/or judicial) incurred by the District as a direct or indirect result of physical changes,* *alterations, modifications, developments or improvements by Renter to the Premises that are not authorized in writing by the CCC or the District, that violate the Clean Water Act or violate the rules and/or regulations of other Federal, State, and local agencies with permit authority on the grounds will be the sole and exclusive responsibility of the Renter. In addition, any and all costs and expenses to repair or remediate the condition giving rise to the violations will be the sole and exclusive responsibility of the Renter.* Strict adherence to the above requirements is mandatory. Any violation of this shall, in the sole and exclusive discretion of the District, be considered a material breach of this Agreement and constitute grounds for immediate termination of this Agreement.

5.7 The District, at its sole cost and expense, has the right, from time to time during the Term to improve the Premises and change Renter's occupied space in a manner consistent with the purposes of this Agreement. The District's exercise of this right shall not relieve Renter of the obligation of complying with any and all terms and conditions of this Agreement.

6. Personal Property

6.1 Renter shall be solely responsible for paying all personal property taxes with respect to Renter's personal property at the Premises.

6.2 The District will have no liability or responsibility for the personal property of Renter, and that any personal property is placed, kept, or stored on the premises at the sole risk of the Renter.

6.3 Renter shall pay any and all taxes of whatever character that may be levied or charged upon the Premises, or upon the Renter's improvements, fixtures, equipment, or other property thereon or upon the Renter's use thereof.

7. Insurance

7.1. General Provisions

7.1.1 Renter shall not commence any work in connection with this Agreement until it has obtained all of the following types of insurance and such original insurance certificates have been received and approved by Manager. Approval by Manager of any certificate or policy of insurance shall not, however, relieve Renter from its responsibilities to provide the required insurance coverage.

7.1.2 All insurance policies shall be issued by insurers licensed to do business in the State of California that carry a Best rating of at least "A-VIII", and are acceptable to District.

7.1.3 All policies must contain language requiring a thirty (30) day notification to the District and to the District's designated insurance underwriting manager, of cancellation of coverage. Renter must notify District within two (2) business days of all substantial changes it makes in insurance coverage.

7.1.4 Renter shall immediately report in writing to District's designated insurance underwriting manager and to Manager any incident that might reasonably be expected to result in any claim under any of the coverage's mentioned herein.

7.1.5 Renter agrees to cooperate with Manager by promptly releasing reasonable information periodically as to the disposition of any claims, including a resume of claims experience relating to all its operations at the Del Mar Fairgrounds.

7.2. Scope of Insurance

7.2.1 The Renter shall secure and maintain during the term of this Agreement all worker's compensation insurance required by California law for all employees and shall require the same coverage for any subsidiaries, agents, if any, and their employees, and shall carry $1,000,000 employer's insurance coverage as part of the worker's compensation insurance.

7.2.2 The Renter shall secure and maintain, during the term of this Agreement, One Million Dollars ($1,000,000) combined single limit comprehensive general liability including liquor liability and comprehensive automobile liability insurance covering the Renter, its employees, agents, and subsidiaries, for claims for damages for bodily injury and property damage and personal injury insurance including hazard groups A, B and C. Coverage shall include blanket contractual insurance and such coverage shall make express reference to the Renter's indemnity obligation pursuant to the requirements herein.

7.2.3 The Renter agrees that the bodily injury liability insurance herein provided for shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires at any time or time prior to or during the term of this Agreement, the Renter agrees to provide District at least consistent with provisions of this subsection, prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of this Agreement. New certificates of insurance are subject to approval by the State of California, and the Renter agrees that no work or services shall be provided prior to the giving of such approval. In the event the Renter fails to keep in effect at all times insurance coverage as herein provided District may, upon giving written notice of such default as provided herein, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.

7.2.4 The Renter shall furnish all certificates of insurance to Manager for review and approval. To comply with Department of General Services requirements, General Liability Insurance as well as all other required insurance certificates must be supplied to District no less than thirty (30) days prior to the commencement of work.

7.2.5 Renter shall secure and maintain during the term of this Agreement Commercial Automobile Liability coverage, on a per accident basis, at least as broad as the current ISO policy form # CA 0001, Symbol #1 (any auto), or any successor ISO policy form, with limits of not less than one million dollars ($1,000,000.00) combined single limit per accident for contracts involving the use of Renter's vehicles or district's vehicles when utilized by Renter (autos, trucks, or other licensed vehicles) on the Premises or any portion of the fairgrounds.

7.2.6 The Renter shall secure and maintain during this Agreement prior adequate "all risks" insurance coverage for loss of income, business interruption and other insurance covering merchandise and all types of equipment and property located in or on the Del Mar Fairgrounds. Such insurance shall include the personal property of its employees and agents. The Renter shall require the same coverage for all subsidiaries, their employees and agents and all subcontractors. Such personal property coverage shall include, but not be limited to, motor vehicles, whether licensed or unlicensed, and mobile equipment, whether licensed or unlicensed.

7.3 Additional Insured Endorsement

7.3.1 The following statement regarding additional insured shall be included on all of Renter's insurance certificates and policies:

"That the State of California, the California Fair Services Authority, the 22nd District Agricultural Association, the State Race Track Leasing Commission, the Del Mar Race Track Authority, the California Department of Finance, the California Department of General Services, the California Department of Food and Agriculture, the California Fair Services Authority and their directors, officers, agents, servants, and employees, are made additional insured, but only insofar as the operations under this contract are concerned."

7.3.2 Renter's insurance required by this Agreement shall be primary and noncontributing with any other insurance held by the 22nd DAA or for the benefit of the 22nd DAA where liability arises out of or results from the acts or omissions of Renter, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Renter.

7.4 Participant Release and Waiver of Liability

7.4.1 For Renter's operation of sporting events and instruction, Renter agrees to obtain from each participant a properly executed Release and Waiver of Liability Agreement ("Release and Waiver"). The Release and Waiver shall release the 22nd District Agricultural Association and the

State of California and their agents, servants, employees, directors and officers from any and all liability arising out of each individual's participation in Renter's sponsored activities. Each such Release and Waiver shall be fully executed by each participant and/or participant's legal guardian, prior to participation.

8. Indemnity

8.1 To the fullest extent permitted by law, Renter shall defend, indemnify, and hold harmless the State of California, the 22nd DAA, and their respective agents, officers, servants, directors, and employees from and against all claims, damages, losses, and expenses, of every kind, nature and description (including, but not limited to, attorneys' fees, expert fees, and costs of suit), directly, or indirectly, arising from, or in any way related to the performance or nonperformance of this Agreement, regardless of responsibility of negligence; by reason of death, injury, property damage; or, by reason of any claim arising from the alleged violation of any state or federal accessibility law, statute or regulation, (including but not limited to, the Americans With Disabilities Act, and/or any state, local, successor, or comparable provision of law) however caused or alleged to have been caused, and even though claimed to be due to the negligence of the 22nd DAA. Provided, however, that in no event shall Renter be obligated to defend or indemnify the 22nd DAA with respect to the sole negligence or willful misconduct of the 22nd DAA, its employees, or agents (excluding the Renter herein, or any of Renter's employees or agents.) Renter's obligation to defend, indemnify, and hold the 22nd DAA harmless, and other indemnified persons and entities set forth herein, shall survive the expiration of the Term and any termination of this Agreement and shall not be restricted to insurance proceeds, if any, received by the 22nd DAA.

9. Expenses

9.1 Renter agrees to pay the cost of any additional security and safety personnel or equipment that the District deems necessary to ensure the safety of the public and the premises in connection with Renter's operation.

9.2 The District will have no liability or responsibility for the personal property of Renter, and the loss, theft, damage to, or destruction of any personal property belonging to Renter that is placed, kept, or stored on the premises is at the sole risk of the Renter. In addition, the District will have no liability or responsibility for the personal property of the Renter, including storage of Renter's personal property during ANY vacancy period.

10. Signs

10.1. Renter will not post or allow to be posted on the premises, indoors or outdoors, any signs, banners, cards, or posters, nor flyers or other written material to be distributed on premises without the prior consent and approval of District which shall not be unreasonably withheld. The copy of all printed material to be used to promote Renter's operation shall be accurate in all respects and shall be approval by District prior to dissemination. Such approval shall not be unreasonably withheld. All forms of advertising, marketing, and promotion by Renter must clearly state the Renter is the seller.

10.2 Renter shall repair all damage to the Premises resulting from the removal of signs installed by Renter.

11. Entry

11.1 District shall have the right to enter upon the Premises at reasonable hours to inspect the premises at any time and from time to time.

12. Building Rules

12.1 Renter will comply with the Rules and Regulations Governing Rental Space adopted by the District and subject to alteration by the District from time to time and will cause all of its agents, employees, invitees and visitors to do so. Any and all changes to the Rules and Regulations Governing Rental Space will be provided by District to Renter in writing. The initial Rules and Regulations Governing Rental Space for the Premises are attached hereto and incorporated into this Agreement by this reference.

13. Damage and Destruction

13.1 Subject to the provisions of Section 8 above, if the Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Renter's purposes, then Renter shall have the right within thirty (30) days following damage to elect by notice to District to terminate this Agreement as of the date of such damage. In the event of minor damage to any part of the Premises, and if such damage does not render the Premises unusable for Renter's purposes, District shall promptly repair such damage at the cost of the District. In making the repairs called for in this paragraph, District shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of District. Renter shall be relieved from paying rent and other charges during any portion of the Term that the Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Renter's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Renter. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Renter's reasonable control and which renders the Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Renter's purposes.

14. Compliance with Law

14.1 Renter shall comply with all laws, orders, ordinances, regulations, and other public and/or governmental codes and requirements now or hereafter pertaining to Renter's use of the Premises.

14.2 Renter will be required to obtain any and all licenses and permits that may be required by the United States of America, the State of California, the County of San Diego and/or the City of Del Mar for the use of the Premises and Renter's operations. Each license and permit shall remain in full force and effect for the duration of this Agreement, including any extension of this Agreement.

14.3 Renter will not sell, exchange or barter, or permit Renter's employees to sell, exchange or barter, any permits issued to Renter or his employees hereunder.

14.4 In the event of any violation by Renter, the District shall have the option, in its sole and exclusive discretion, to declare such violation to constitute a non-curable material breach of this Agreement.

14.5 All safety orders of any governmental agency of competent jurisdiction, including, but not limited to, the State Fire Marshal, the California Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) must be strictly observed.

15. <u>Prohibitions</u>

15.1 Renter shall protect the public use from any natural or artificial hazards on the premises or from Renter's operation on the premises. Renter shall be solely responsible to maintain the facility and Renter's operation on premises suitable for public use, at all times, including maintaining the premises in a good and orderly condition. Renter shall not admit more persons than can safely and freely move about the premises; and in no event shall Renter admit more persons than permitted under any code, statute, law, ordinance, regulation, or order of any governmental agency of competent jurisdiction, including, but not limited to, the State Fire Marshall.

15.2 Renter shall not permit consumption of alcoholic beverages on the premises unless approved by District Management for events; and no tobacco, or e-cigarette items are permitted to be sold or used on premises.

15.3 Retail sales, catering or sale of any food and beverage items, including vending machines are not permitted at any time unless authorized by the District in advance.

15.4 The Renter shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises, by the Renter, its agents, employees, contractors or invitees in a matter or for a purpose prohibited by any governmental agency or authority. If the presence of any Hazardous Material on the Premises caused or permitted by the Renter prior to or during the term of this Agreement results in any contamination of the Premises, the Renter shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises, provided that the District's consent to such action shall first be obtained.

Definition of “Hazardous Material”. As used in this Agreement, the term “Hazardous Material” means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term “Hazardous Material” includes, without limitation, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste” or “restricted hazardous waste” under Division 20, Chapter 6.5, of the California Health and Safety Code (“Hazardous Waste Control”)or listed to pursuant to Health and Safety Code section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 2, Chapter 6.8 (Carpenter-Presly-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) defined as “Extremely Hazardous Material”, ”Extremely Hazardous Waste”, “Hazardous Constituent”, “Hazardous debris”, “Hazardous Material” or “Hazardous Waste” under California Code of Regulations, title or any related Appendix thereto, (viii) designated as a “hazardous substance” pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (ix) defined as a “hazardous waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. § 6903), or (x) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (42 U.S.C. Section 9601).

15.5 Renter will comply with all fire regulations as prescribed by the State Fire Marshall.

15.6 Renter agrees to follow storm water pollution prevention requirements described in Exhibit D, Preventing Storm Water Pollution.

15.7 The mass release of helium balloons is strictly prohibited.

15.8 Renter will not handle or sell any commodities or transact any business whatsoever for which an exclusive privilege is or has been granted or sold by District. Renter will not engage in any other business whatsoever upon or within the Premises or the Del Mar Fairgrounds not within the scope of this Agreement; including, but not limited to, sponsorships, merchandise, and other marketing related items.

16. Termination

16.1 Termination for Convenience
During the term of this rental agreement, the association at its sole discretion has the right to cancel this agreement, without penalty or cause, at any time on thirty (30) days’ written notice to the renter.

If by any reason the District is unable to perform their obligations in connection with this Agreement, as a result of any Act of God, war, epidemic, accident, fire, public emergency, strike, lock-out, or other labor controversy, riot, civil disturbance, act of public enemy, law enactment, rule, restraint, order, or act of any governmental instrumentality or military authority, failure of technical facilities, failure, delay or reduction of services, explosion, destruction of District property, or other buildings or facilities on the District's fairgrounds property or other cause not reasonably within the District's control and which renders the District's obligations under this Agreement impossible, infeasible, or unsafe in any way or any event then, the District may cancel this agreement in its entirety effective immediately upon notice and neither party shall have any further liabilities and/or obligations in connection therewith.

16.3 Termination for Renter Default
In the event Renter defaults in any of the requirements, or fails to perform any material obligation or condition of this Agreement, the District shall notify Renter of such default in writing. Such notice shall be deemed delivered upon presentation to Renter. A copy of such notice shall also be sent to Renter via certified mail.

16.3.1 If the default is with respect to any payment required to be made by Renter, Renter shall correct such default within five (5) calendar days of receipt of notice of default from the District. If the default is of a non-monetary nature, Renter shall cure the conditions creating such default within five (5) calendar of receipt of notice of default. In the event Renter fails to cure within the time specified, the District shall have all rights accorded by law, including the right to terminate this Agreement upon thirty (30) calendar days written notice. Any termination shall not release Renter from paying all sums due to the District or from claims accruing prior to termination.

16.3.2 Failure on the part of District to promptly notify Renter of default in accordance with this section shall not be deemed a waiver by the District of the District's rights on default of Renter or such default at a subsequent time.

16.4 Other Bases for Termination
16.4.1 In the event a decree or order by a court having jurisdiction shall be issued a) adjudging Renter bankrupt or insolvent; b) approving as properly filed a petition seeking reorganization of Renter under any section of the Federal Bankruptcy Code, as amended; c) ordering or approving the winding up or liquidation of Renter's affairs; d) appointing a receiver, liquidator or trustee in bankruptcy for Renter it its property; e) if Renter shall institute proceedings to be adjudicated a voluntary bankrupt, shall consent to the filing of any bankruptcy or insolvency proceedings against it; f) if Renter shall file a petition or seek reorganization under any state insolvency law, or shall admit in writing its inability to pay its debts generally as they become due, or take any action in furtherance of any of the aforesaid purposes; g) if Renter shall abandon the agreement; or h) if a court shall have finally determined that Renter has discriminated on account of color, race, religion, ancestry, national origin, or sex; h) violation of Paragraph Section 15 above: the District may, in its sole and

exclusive discretion, terminate this Agreement and all rights of Renter under this Agreement, upon thirty (30) calendar days' written notice.

16.5 Post Termination Obligations

16.5.1 In the event that this Agreement is terminated upon Renter's default the District shall assume control of the Premises and all equipment installed on or at the Premises and the District may continue to operate the same, to the extent permitted by law, until satisfactory arrangements are reached with Renter concerning the default, or until District enters into an agreement with another renter.

16.5.2 During the period of operation by the District, the District shall be entitled to use all fixtures, equipment, supplies and inventory of Renter on hand at the Premises and Renter shall not be entitled to any monies and/or other compensation directly or indirectly received from such operations.

16.6 Non-Waiver

16.6.1 The failure to the District to enforce any of its rights or remedies upon the default, breach or non-observances by Renter at the time or times in respect of any covenant, proviso or condition herein contained shall not, under any circumstances, operate as a waiver of the District's rights hereunder in respect to any continuing or subsequent default, breach or non-observance, or operate so as to defeat or affect in any way the rights of the District in respect of any such continuing or subsequent default or breach and no waiver shall be inferred from or implied by anything done or omitted by the District; excepting only an express written waiver signed by the Chief Executive Officer or the Chair of the Board of Directors of the District. All rights and remedies of the District in this Agreement contained shall be cumulative and not alternative.

17. General Provisions

17.1 Notice Any notice required or permitted under this Agreement shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, or by overnight delivery service, addressed as follows:

If to the 22nd District Agricultural Association:

22ND District Agricultural Association
Attention: CEO
2260 Jimmy Durante Boulevard
Del Mar, CA 92014

If to Renter:

3525 Del Mar Heights Road, Suite 743
San Diego, CA 92130

Notice shall be deemed duly given, if (1) physically received; (2) the day on which the same has been delivered prepaid (or on an invoice basis) to a reputable national overnight delivery service; or (3) the day on which the same is delivered or delivery is first refused, if sent by first class certified or registered mail with return receipt requested.

17.2 Waiver Failure of District to insist in any one or more instances upon the observance and/or performance of any of these rules and regulations shall not constitute a waiver of any subsequent breach of any such rules and regulations. No waiver of any default by the Renter shall be implied from any omission by the District to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by District shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

17.3 Headings The headings used in this Agreement are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Agreement.

17.4 Successors Subject to the provisions of this Agreement prohibiting the assignment or transfer of this Agreement, the provisions of this Agreement, shall extend to and be binding upon District and Renter and their respective legal representatives, successors and assigns.

17.5 Employees Renter or Renter's employees shall dress uniformly and shall be courteous, efficient and neat and clean in appearance at all times. Identification as Renter's employee shall be prominently displayed at all times. Renter further understands and agrees the District Management, at its sole discretion, may determine that a person or agent utilized by Renter in its operations under this Agreement, due to his or her appearance, conduct, or demeanor may be unacceptable to the District, if it is determined that such appearance, conduct, or demeanor is detrimental to District operations. Renter agrees to remove such person or agent from operations arising out of this Agreement. Determination by District Management regarding these matters shall be final.

17.6 Renter agrees that it, and its agents, servants, and employees, in the performance of this Agreement, acts in an independent capacity and not as an agent, officer, servant, or employee of the District. In no way does this Agreement create a partnership, joint venture, principal-agent or such similar relationships between the parties.

17.7 Nothing contained in this Agreement or otherwise, shall create any contractual relation between the District and any subcontractors of Renter, and no subcontract shall relieve the Renter of his/her responsibilities and obligations hereunder. The Renter agrees to be as fully responsible to the District for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Renter. The Renter's obligation to pay its subcontractors is an independent obligation. As a result, the District shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

17.8 No alteration, modification, and/or amendment of this Agreement, or any of its terms and conditions shall be valid unless made in writing and signed by all of the parties to this Agreement.

17.9 This Agreement is being made and delivered and is intended to be performed in the State of California and the execution, validity, construction, and performance of this Agreement shall be construed and enforced in accordance with the laws of California. This Agreement shall be deemed made, entered into, and performed in San Diego County, which shall be the exclusive venue for any action relating to this Agreement.

17.10 Time is of the essence of each, every, and all of the provisions of this Agreement.

17.11 This is an integrated Agreement. The terms of this Agreement are contractual, and not merely a recital. Except as otherwise expressly provided in this Agreement, this Agreement supersedes all prior representations and agreements, if any, between the Parties or their legal counsel regarding its subject matter

18. Exhibits

18.1 The following exhibits are attached herewith and made part of this Agreement:

Standard Contract Terms and Conditions – Exhibit A
Rules and Regulations – Exhibit B
Insurance Requirements – Exhibit C
Preventing Storm Water Pollution – Exhibit D

19. This Agreement is of no force or effect until duly accepted and signed by both parties

IN WITNESS WHEREOF, this agreement has been executed in duplicate, by and on behalf of the parties hereto.

22nd District Agricultural Association
2260 Jimmy Durante Boulevard
Del Mar, CA 92014

BY: ____

NAME/TITLE: Carlene Moore, Chief Executive Officer

Racket Club One, LLC
3525 Del Mar Heights Road. Suite 743
San Diego, CA 92130

BY: ____

NAME/TITLE: Jesse Steinberg, CEO

LSL

22nd DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

Focused on YOU

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22ND DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

FINANCIAL REPORT

DECEMBER 31, 2020

22ND DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

FINANCIAL REPORT

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

22nd District Agricultural Association and its Blended Component Units
Attn: Michael Sadegh
2260 Jimmy Durante Blvd.
Del Mar, CA 92014

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the 22nd District Agricultural Association and its Blended Component Units, (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

22nd District Agricultural Association and its Blended Component Units
Attn: Michael Sadegh
2260 Jimmy Durante Blvd.
Del Mar, CA 92014

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

22nd District Agricultural Association and its Blended Component Units
Attn: Michael Sadegh
2260 Jimmy Durante Blvd.
Del Mar, CA 92014

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required pension and other post-employment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
August 12, 2022

STATEMENT OF NET POSITION
DECEMBER 31, 2020

Assets		
Current Assets		
Cash and cash equivalents	$	10,186,780
Current portion of restricted investments		12,245
Accounts receivable, net		5,328,849
Prepaid expenses and other		481,065
Total Current Assets		16,008,939
Restricted investments, long-term portion		3,297,136
Capital assets, net		125,839,259
Total Assets		145,145,334
Deferred outflow of resources:		
Deferred outflow of pension liability		6,045,944
Deferred OPEB		271,503
Total Deferred Outflow of Resources		6,317,447
Total Assets and Deferred Outflow of Resources	**$**	**151,462,781**

See Notes to Financial Statements.

STATEMENT OF NET POSITION
DECEMBER 31, 2020

Liabilities, Deferred Inflow of Resources and Net Position

Current Liabilities	
Accounts payable	$ 3,447,394
Accrued interest	888,993
Accrued liabilities and other	7,850,418
Accrued compensated absences	1,361,085
Current portion of other long-term liabilities	1,239,790
Current portion of loan payable	957,706
Current portion of bonds payable	1,380,000
Total Current Liabilities	17,125,386
Other long-terim liabilities	2,164,134
Other long-term debt	1,800,000
Loan payable, long-term portion	25,626,019
Bonds payable, long-term portion	39,051,452
Net pension liability	33,432,199
Net OPEB liability	7,149,406
Total Long-Term Liabilities	109,223,210
	126,348,596
Deferred inflow of resources:	
Deferred gain on debt defeasance	274,319
Deferred inflow of pension liability	1,046,457
Deferred inflow on OPEB	1,019,555
Total Deferred Inflow of Resources	2,340,331
Net position:	
Net investment in capital assets	40,745,619
Restricted for debt service	6,629,266
Unrestricted	(24,601,031)
Total Net Position	22,773,854
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 151,462,781

See Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020

Operating revenues:	
Food and beverage	$ 1,470,197
Admissions	588,982
Facility rentals	3,242,922
Satellite wagering	540,835
Parking	501,972
Leases/operating agreement	2,565,457
Surf and Turf	2,679,168
Sponsorships	57,034
State apportionment	12,597,675
Other	1,022,223
Total operating revenues	25,266,465
Operating expenses:	
Payroll and related benefits, excluding pension cost	14,745,553
Pension cost	4,624,905
Food and beverage	2,517,909
Entertainment	57,406
Maintenance	5,270,290
Facilities and related supplies	1,049,571
Insurance	1,140,617
Depreciation	7,090,919
Professional services	741,562
Marketing	229,814
Other post-employment benefit cost	2,754,273
Other	352,955
Total operating expenses	40,575,774
Loss from operations	(15,309,309)
Nonoperating revenues (expenses):	
Interest income	127,497
Interest expense	(2,646,213)
Other	108,095
Total nonoperating revenues (expenses)	(2,410,621)
Change in net position	(17,719,930)
Net position, beginning of year	40,493,784
Net position, end of year	$ 22,773,854

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:	
Receipts from operations	$ 20,595,897
Payments to vendors	(9,931,536)
Payments to employees	(15,840,646)
Net cash provided by (used in) operating activities	(5,176,285)
Cash flows from capital and related financing activities:	
Purchases of capital assets	(9,510,600)
Payments on long-term debt	(2,266,815)
Proceeds on long-term debt	1,250,000
Interest paid on long-term debt	(3,036,894)
Net cash provided by (used in) capital and related financing activities	(13,564,309)
Cash flows from investing activities:	
Sales of investments	3,319,885
Interest income	235,592
Net cash provided by (used in) investing activities	3,555,477
Net decrease in cash and cash equivalents	(15,185,117)
Cash and cash equivalents, beginning of year	25,371,897
Cash and cash equivalents, end of year	$ 10,186,780
Reconciliation of loss from operations to net cash provided y operating activities:	
Loss from operations	$ (15,309,309)
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	7,090,919
Changes in assets and liabilities:	
Accounts receivable, net	(4,670,568)
Prepaid expenses and other	268,904
Accounts payable	1,159,684
Accrued liabilities and other	3,161,593
Accrued compensated absences	(1,633,837)
OPEB liability	2,754,273
Net pension liability	2,002,056
Net cash provided by (used in) operating activities	$ (5,176,285)
Noncash disclosure of capital and related financing activities:	
Amortization of bond premium	$ 185,028

See Notes to Financial Statements.

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Nature of organization and reporting entity: The 22nd District Agricultural Association (the DAA), a component unit of the state of California, operates fairground facilities located in Del Mar, California. The DAA conducts an annual summer fair, operates an off-track horse race betting facility and rents the fairground facilities for various non-fair events. The board members of the DAA are appointed by the governor of the state of California. The state of California Department of Food and Agriculture (CDFA), through the Branch of Fairs and Expositions, supervises the activities of the DAA.

The accompanying financial statements present a one-column combination of the accounts and activities of the DAA, the State Race Track Leasing Commission (RTLC) and the Del Mar Race Track Authority (RTA) (collectively, the District). All inter-entity transactions have been eliminated.

The District evaluates its financial reporting entity in accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100, Defining the Financial Reporting Entity, which sets the criteria for defining the reporting entity of a governmental unit for financial reporting. It states that, if certain criteria are met, the financial data of a separate governmental unit is to be included as part of the reporting entity. The RTLC, created by the state of California in January 1968 to oversee capital improvement funds provided by the horse racing operating agreement described in Note 8, meets these criteria because of its financial interdependence with the District and, as such, is reported as a blended component unit. The RTLC is managed by a commission consisting of six members, appointed by statute in the CDFA Code Section 4351, who are empowered to oversee the development of ground improvements and structures. Once constructed, the assets approved and funded by the RTLC become the property of the District.

In addition, the RTA is included as part of the reporting entity as a blended component unit in the financial statements because it also meets the aforementioned criteria. The RTA is a joint powers authority created in August 1990 by a joint exercise of powers agreement between the RTLC and the DAA to finance the construction of a new grandstand and related facilities at the Del Mar Fairgrounds (the Fairgrounds) of the DAA. The RTA is managed by a board of six directors, who are the six members of the RTLC commission, who oversaw the financing for the grandstand construction project and who continue to oversee the financing and improvements at the Fairgrounds. The RTA is funded through operating transfers from the District and the RTLC. The joint exercise of powers agreement expires in August 2040. Upon the termination of the joint powers agreement, title to the grandstand will vest to the District.

A summary of the District's significant accounting policies are as follows:

Basis of accounting: The District is reported similar to a special purpose government engaged in only business-type activities. As such, its financial statements are presented in accordance with the requirements established for enterprise funds. An enterprise fund is defined by the GASB as a fund related to an organization financed and operated similar to a private business enterprise where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Accordingly, the District's accounts are maintained on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash flow takes place. The District defines its operating revenues and expenses in the accompanying statement of revenues, expenses and changes in net position as consisting of all revenues and expenses, except those related to financing and investing activities (interest income and interest expense).

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: Cash consists of cash on hand and cash in banks. For the purposes of the statement of cash flows, the District considers all investments with original maturities of 90 days or less, including pooled funds with the California Local Agency Investment Fund (LAIF), to be cash equivalents. Investments in LAIF are reported at amortized cost. Interest income is recognized when earned.

Restricted investments: Restricted investments as of December 31, 2019, relate to the Series 2015 Revenue Bonds (Series 2015 Bonds) as discussed in Note 4. Restricted investments are reported at fair value. As defined in GASB Statement No. 72, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses are reported in the statement of revenues, expenses and changes in net position. Interest and dividend income is recognized when earned.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for uncollectible receivables based on a review of outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Prepaid expenses and other: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying statement of net position. Other items include interest receivable, inventory and deposits.

Capital assets: Capital assets are recorded at cost less accumulated depreciation, or acquisition value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range from three years for equipment to 40 years for buildings. The District has capitalized infrastructure assets, such as drainage systems and paving, which are depreciated over 20 to 40 years.

The District periodically evaluates whether events or circumstances have occurred that may have resulted in an impairment of its capital assets. No such impairment occurred in the year ended December 31, 2020.

Interest cost on borrowed funds during the period of construction of capital assets was expensed when incurred for the year ended December 31, 2020.

Deferred gain on debt defeasance: For debt refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt (i.e., deferred charges) is reported as a deferred outflow of resources and amortized to interest expense based on the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Bond premium: Bond premiums are reported as an addition to the outstanding debt balance and are amortized as interest expense over the life of the bond using the effective interest method.

Compensated absences: The District's compensated absences policies are set by the California Department of Human Resources. Employees who elect annual leave or vacation leave will be allowed to accumulate up to a maximum of 640 hours of leave as of January 1 of each year. Exceptions to this limit will not be allowed except in extremely unusual situations

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

and must be approved in advance by the director of the California Department of Human Resources. Upon separation or retirement, employees with accrued annual leave and vacation leave will receive a lump-sum payment at their current salary rate for their accumulated credits. Sick leave has no maximum accrual limit and can be converted to service credit upon retirement.

Compensated absences activity for the year ended December 31, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 2,994,922	$ 297,909	$ (1,931,746)	$ 1,361,085	$ 1,361,085

Pensions: The net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A deferred outflow of resources and deferred inflow of resources related to pensions result from changes in the components of the net pension liability and are applicable to a future reporting period. As noted in Note 10, deferred outflows and inflows of resources will be recognized as pension expense in future years; however, contributions subsequent to the measurement period will be recognized as a reduction of the net pension liability during the fiscal year ended December 31, 2020.

Post-employment benefits other than pensions: For purposes of measuring the net post-employment benefits other than pensions (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of CalPERS' OPEB plan and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net position: Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on debt, deferred outflows and deferred inflows that are attributable to the acquisition, and construction or improvement of capital assets. Net position is reported as restricted when there are limitations imposed on its use, either through legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Restricted resources are used first to fund applicable appropriations.

Revenue recognition: The District generally recognizes revenue when events take place, and when goods or services are provided.

- Food and beverage revenue is recognized at the time of sale.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

- Concessions/carnivals revenue consists of space rentals at the fair and ticket sales for carnival attractions. Revenue from space rentals is recognized when earned and revenue from ticket sales is recognized when the tickets are available to be used.

- Admissions revenue consists of ticket sales to events at the Fairgrounds and is recognized when the tickets are available to be used.

- Facility rentals revenue consists primarily of stall and arena rentals at the Horsepark and facility rentals for the various events presented on the Fairgrounds. Revenue is recognized over the term of the rental contract.

- Satellite wagering revenue primarily consists of the District's share of off-track betting proceeds, which is recognized when the races occur at tracks around the world.

- Parking revenue consists of charges for parking spaces at the District and is recognized immediately after spaces are used.

- Leases/operating agreement revenue primarily consists of payments from the Del Mar Thoroughbred Club (DMTC) according to the operating agreement (see Note 8). Revenue from the direct payment (as defined in the operating agreement) is recognized pro rata over the year that the payment applies and remaining revenue charged is recognized when the net income of the DMTC is reported.

- Surf and Turf revenue consists of revenue from the driving range, pro shop, tennis club, recreational vehicle (RV) lot and miniature golf. Revenue is recognized from these goods and services at the point of sale.

- Sponsorship revenue consists of sponsorship contracts for various events at the Fairgrounds. Revenue is recognized over the term of the sponsorship agreement.

- Other revenue consists of a variety of miscellaneous revenue accounts, including food and beverage revenue received from Premier Food Services, Inc. (Premier) generated by the Breeders Cup, ATM fees, interest income, RV pumping fees, recycling, miscellaneous exhibit fees and event entry fees.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, allowance for uncollectible receivables and assumptions used in the determination of pension liability.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Implementation of accounting pronouncements:

In January 2017, the GASB issued GASB Statement No. 84, Fiduciary Activities. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. The provisions of this statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of GASB Statement No. 84 on the District's financial statements.

In June 2017, the GASB issued GASB Statement No. 87, Leases. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources based on the payment provision of the contract. The provisions of this statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of GASB Statement No. 87 on the District's financial statements.

In August 2018, the GASB issued GASB Statement No. 90, Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. The provisions of this statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of GASB Statement No. 90 on the District's financial statements.

GASB Statement No. 91, Conduit Debt Obligations, will be effective for reporting periods beginning after December 15, 2022. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Management has not yet determined the effect of GASB Statement No. 91 on the District's financial statements.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

GASB Statement No. 92, Omnibus 2020, will be effective for reporting periods beginning after June 15, 2022. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has not yet determined the effect of GASB Statement No. 92 on the District's financial statements.

GASB Statement No. 93, Replacement of Interbank Offered Rates, will be effective for reporting periods beginning after June 15, 2021. This Statement provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an Investment Book of Record is replaced as the reference rate of the hedging derivative instrument's variable payment. This Statement also removes LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap. Early application is encouraged. Management has not yet determined the effect of GASB Statement No. 93 on the District's financial statements.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, will be effective for reporting periods beginning after June 15, 2022. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPP). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APA). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. Management has not yet determined the effect of GASB Statement No. 94 on the District's financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, will be effective for reporting periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, as amended. Management has not yet determined the effect of GASB Statement No. 96 on the District's financial statements.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32, will be effective for reporting periods beginning after December 15, 2019. This Statement increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has not yet determined the effect of GASB Statement No. 97 on the District's financial statements.

GASB Statement No. 95, Postponement of the effective dates of certain authoritative guidance: The requirements of this Statement are effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for period beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: GASB Statement No. 83; GASB Statement No. 84; GASB Statement No. 88; GASB Statement No. 89; GASB Statement No. 90; GASB Statement No. 91; GASB Statement No. 92; and GASB Statement No. 93. The effective date for GASB Statement No. 87 has been postponed for 18 months.

Note 2: Condensed Financial Information

The following is the condensed combining detail for the statement of net position as of December 31, 2020:

	DAA	RTLC	RTA	Eliminations	Total
Current assets	$ 15,344,490	$ 700,000	$ (35,551)	$ -	$ 16,008,939
Restricted investments, long-term portion	-	-	3,297,136	-	3,297,136
Capital assets, net	43,944,960	-	81,894,299	-	125,839,259
Total assets	59,289,450	700,000	85,155,884	-	145,145,334
Deferred outflow of resources	6,317,447	-	-	-	6,317,447
Current liabilities	15,029,050	-	2,096,336	-	17,125,386
Long-term liabilities	70,171,758	-	39,051,452	-	109,223,210
Total liabilities	85,200,808	-	41,147,788	-	126,348,596
Deferred inflow of resources	2,066,012	-	274,319	-	2,340,331
Net investment in capital assets	5,972,165	-	34,773,454	-	40,745,619
Restricted for debt service	-	-	6,629,266	-	6,629,266
Unrestricted - other	(27,632,088)	700,000	2,331,057	-	(24,601,031)
Total net position	$ (21,659,923)	$ 700,000	$ 43,733,777	$ -	$ 22,773,854

The following is the condensed combining detail for the statement of revenues, expenses and changes in net position for the year ended December 31, 2020:

	DAA	RTLC	RTA	Eliminations	Total
Operating revenues:					
Operating revenues	$ 24,566,465	$ 700,000	$ -	$ -	$ 25,266,465
Operating expenses:					
Operating expenses	33,925,795	-	6,649,979	-	40,575,774
(Loss) income from operations	(9,359,330)	700,000	(6,649,979)	-	(15,309,309)
Nonoperation (expenses) revenues:					
Nonoperation (expenses) revenues	(707,378)	(156)	(1,703,087)	-	(2,410,621)
Changes in net position before transfers	(10,066,708)	699,844	(8,353,066)	-	(17,719,930)
Transfers in	-	-	1,555,014	(1,555,014)	-
Transfers out	(855,014)	(700,000)	-	1,555,014	-
Changes in net position	(10,921,722)	(156)	(6,798,052)	-	(17,719,930)
Net position, beginning of year	(10,738,201)	156	51,231,829	-	40,493,784
Net position, end of year	$ (21,659,923)	$ -	$ 44,433,777	$ -	$ 22,773,854

The following is the condensed combining detail for the statement of cash flows for the year ended December 31, 2020:

	DAA	RTLC	RTA	Total
Net cash provided by (used in) operation activities	$ (4,638,418)	$ (157)	$ (497,442)	$ (5,136,017)
Net cash provided by (used in) capital and related financing activities	(9,907,200)	-	(3,657,109)	(13,564,309)
Net cash provided by (used in) investing activities	230,392	1	3,325,084	3,555,477
Cash and cash equivalents, beginning of year	24,607,038	156	764,703	25,371,897
Cash and cash equivalents, end of year	$ 10,291,812	$ -	$ (64,764)	$ 10,227,048

Note 3: Joint Exercise of Power Agreements

California Fair Services Authority: The District is a member of the California Fairs Financing Authority, dba California Construction Authority (CCA), a joint powers authority created by a joint exercise of powers agreement between the counties of Solano and El Dorado, and the 22nd, 32nd and 46th District Agricultural Associations. The governing body of CCA is composed of five directors appointed by member entities.

The primary purpose of the CCA is to provide financing, planning, design and construction services for projects at Fairgrounds throughout California. Additionally, the CCA provides central administration for the common interests of the members and associated members for the financing and construction of satellite wagering facilities and any other projects authorized by the agreement. Ownership of each of the satellite wagering facilities or other projects remains with the respective entity for which the project was constructed and financed.

The joint exercise of powers agreement expires on December 31, 2040. The District had no interest in CCA's assets or liabilities at December 31, 2020.

CCA projects during 2020 included the replacement of Exhibit Hall roof, renovation of the satellite wagering facility, and improvement of water quality. Costs incurred for these projects during the year ended December 31, 2020, are recorded in capital assets.

Note 4: Cash and Cash Equivalents, and Restricted Investments

Cash and cash equivalents, and investments consisted of the following at December 31, 2020:

Cash on hand	$ 600
Cash in banks	6,792,812
LAIF	3,393,368
Cash and cash equivalent	10,186,780
Restricted investments, money market accounts	3,309,381
Total cash and cash equivalents, and restricted investments	$ 13,496,161

Note 4: Cash and Cash Equivalents, and Restricted Investments (Continued)

Cash and cash equivalents, and restricted investments are summarized on the financial statements as follows at December 31, 2020:

Cash and equivalents	$ 10,227,048
Current portion of restricted investments	12,245
Long-term portion of retricted investments	3,297,136
	$ 13,536,429

The California State Treasury makes available LAIF through which local governments may pool investments. Each governmental entity may invest up to $40,000,000 in the fund. The District is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Investments included in LAIF include primarily debt securities, including treasuries, commercial paper and agency debt, but also include real estate structured notes and asset-backed securities. As of December 31, 2020, the District had $3,393,368 invested in LAIF. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with state statute.

Investments: The state of California Government Code Section 53601 generally authorizes the District to invest unrestricted and Board-designated assets in obligations of the U.S. Treasury and certain U.S. government agencies, obligations of the state of California and local government entities, bankers' acceptances, commercial paper, certificates of deposit, repurchase agreements and mortgage securities. Some of these investments may be purchased only in limited amounts, as defined in the Government Code.

The current portion of restricted investments in the amount of $12,245 is restricted for bond projects only. Funds are distributed once a month upon the District's request to pay bond-project invoices. The long-term portion of restricted investments in the amount of $3,297,136 represents the amount held in reserve in the event of default. The amount required to be held in reserve is $3,297,000. The District is in compliance with this requirement.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. Interest rate is also the risk that the value of fixed-income securities will decline due to increasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Fixed-income securities and investments in an external investment pool are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal when due. Certain fixed-income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. LAIF is not rated. The District does not currently hold investments that are subject to credit risk.

Note 4: Cash and Cash Equivalents, and Restricted Investments (Continued)

Custodial credit risk, bank deposits: The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District maintains its cash balances at California Bank & Trust and California Infrastructure Economic Development Bank (IBank). These deposits are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020, $6,933,150 of the District's bank balance of $7,683,150 was exposed to custodial credit risk as it was uninsured and uncollateralized. The District follows the state's policies on permitted investments and does not have a policy for custodial credit risk.

Custodial credit risk, investments: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Concentration of credit risk: Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the District to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. Investments issued or guaranteed by the U.S. government and investments in external investment pools, such as LAIF, are not considered subject to concentration of credit risk.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets or liabilities in active markets; and Level 3 inputs are significant unobservable inputs.

The District did not have any investments as of December 31, 2020, that were subject to the fair value hierarchy as the money market investments are carried at amortized cost.

Note 5: Accounts Receivable

Accounts receivable as of December 31, 2020, are summarized as follows:

Accounts receivable	$ 5,740,283
Less allowance for doubtful accounts	(411,434)
Accounts receivable, net	$ 5,328,849

Note 6: Capital Assets

A summary of changes in capital assets, net, for the year ended December 31, 2020, is as follows:

	Begning Balance	Additions	Deletions	Transfers	Ending Balace
Capital assets not being depreciated:					
Land	$ 6,322,333	$ -	$ -	$ -	$ 6,322,333
Construction in progress	26,140,125	9,365,716	-	(4,761,155)	30,744,686
Total capital assets not being depreciated	32,462,458	9,365,716	-	(4,761,155)	37,067,019
Capital assets being depreciated:					
Building and improvements	184,329,934	200	-	4,691,648	189,021,782
Equipment and fixtures	37,781,388	83,874	-	69,507	37,934,769
Land improvements	28,628,756	60,810	-	-	28,689,566
Total capital assets being depreciated	250,740,078	144,884	-	4,761,155	255,646,117
Less accumulated depreciationand amortization:					
Building and improvements	(111,617,799)	(4,757,921)	-	-	(116,375,720)
Equipment and fixtures	(32,642,733)	(1,116,477)	-	-	(33,759,210)
Land improvements	(15,522,426)	(1,216,521)	-	-	(16,738,947)
	(159,782,958)	(7,090,919)	-	-	(166,873,877)
Net capital assets being depreciated	90,957,120	(6,946,035)	-	4,761,155	88,772,240
Total capital assets, net	$ 123,419,578	$ 2,419,681	$ -	$ -	$ 125,839,259

Note 7: Long-Term Debt

Long-term debt activity during the fiscal year ended December 31, 2020, is as follows:

	Begnning Balance	Additions	Payments	Amortization of Premium	Ending Balace	Due Within One Year
Series 2015 Revenue Bonds	$ 39,850,000	$ -	$ (1,335,000)	$ -	$ 38,515,000	$ 1,380,000
2015 Unamortized Premium	2,101,480	-	-	(185,028)	1,916,452	-
2019 Energy Efficiency Loan	3,769,883	-	(164,021)	-	3,605,862	168,122
2018 IBank Loan	8,545,657	-	(364,974)	-	8,180,683	375,923
2019 IBank Loan	15,000,000	-	(302,820)	-	14,697,180	313,661
Total Long-Term Debt	$ 69,267,020	$ -	$ (2,166,815)	$ (185,028)	$ 66,915,177	$ 2,237,706

Series 2015 Revenue Bonds: On August 1, 2015, the RTA issued $44,435,000 in Series 2015 Bonds at a premium of $2,969,958 and net issuance costs of $666,741. The Series 2015 Bonds have fixed interest rates of 2.00% to 5.00% and mature annually on October 1 from 2016 to 2038. These bonds were issued for the purpose of refinancing the $25,460,000 outstanding principal amount of the Authority's Revenue Bonds, Series 2005 and to provide additional funds for grandstand improvements and other long-term improvements including electrical, sewer, roofing and elevator improvements. The refunding resulted in the recognition of an accounting net gain of $568,233 for the year ended December 31, 2015. The unamortized balance of the net gain is $274,319 at December 31, 2020. The source of repayment of these bonds includes pledged revenues and the interest or profits from the investment of money in any account or fund established under the Series 2015 Bond Indenture (the Indenture). Pledged revenues consist of race track net revenues and concession net revenues up to $4 million.

Note 7: Long-Term Debt (Continued)

Future scheduled principal and interest payments as of December 31, 2020, are as follows:

Years Ending December 31,	Principal	Interest	Total
2021	$ 1,380,000	$ 1,912,200	$ 3,292,200
2022	1,435,000	1,857,000	3,292,000
2023	1,510,000	1,785,250	3,295,250
2024	1,585,000	1,709,750	3,294,750
2025	1,665,000	1,630,500	3,295,500
2026-2030	9,650,000	6,818,500	16,468,500
2031-2035	12,320,000	4,151,750	16,471,750
2036-2038	8,970,000	912,250	9,882,250
	$ 38,515,000	$ 20,777,200	$ 59,292,200

Source or repayment: Pursuant to the Indenture between the RTA and the Trustee, the Trustee must establish and maintain a project fund and a bond fund. The bond fund contains an interest account, principal account, redemption account, reserve account and surplus account. All money in each of such accounts shall be invested by the Trustee and shall be used only for the purposes authorized by the Indenture. All money in the project fund must be used solely for the improvements at the Fairgrounds. All money in the interest and principal accounts shall be used solely for the purpose of paying the interest and principal on the Series 2015 Bonds as it shall become due and payable. All money in the redemption account must be held in trust by the Trustee and will be applied, used and withdrawn either to redeem bonds pursuant to an optional redemption or extraordinary redemption. Any insurance or eminent domain proceeds, which are to be used to redeem bonds, will be deposited by the Trustee in the redemption account. All money in the reserve account shall be used solely for the purpose of paying the interest on, or principal of, or redemption premiums, if any, on the Series 2015 Bonds in the event that no other money of the RTA is lawfully available henceforth, or for the retirement of all Series 2015 Bonds then outstanding. The Trustee, if the RTA is not then in default hereunder and upon the written request of the RTA, shall apply amounts in the surplus account to redeem Series 2015 Bonds, to pay for project costs as defined, or to pay for any lawful purpose of the RTA.

As of December 31, 2020, the total principal and interest remaining to be paid on the bonds is $59,292,200. The next interest and principal payments for the Series 2015 Bonds are due on April 1, 2021, and October 1, 2021, respectively, with the final payment occurring on October 1, 2038.

Upon issuance of the Series 2015 Bonds, a portion of the proceeds were required to be deposited in the reserve account with the Trustee and a minimum balance must be maintained in this account. The minimum balance is the lesser of the maximum annual debt service payment over the life of the bond ($3,297,000), 10% of total bond proceeds ($4,443,500) or 125% of average annual debt service ($4,117,861). At December 31, 2020, the District held $3,297,136 in a reserve fund for the debt reserve requirement. Pledged revenues are deposited monthly into the bond fund accounts in a specific order and certain minimum balances are maintained, as indicated by the Indenture. At December 31, 2021, the District held an additional $2,940,326 in a reserve fund to be used for the two interest payments in April 2021 and October 2021, and one principal payment in October 2021 on the debt for the following year.

Note 7: Long-Term Debt (Continued)

On or prior to January 15 of each bond year, commencing January 15, 2017, the District shall determine in writing and submit to the Trustee the total amount of coverage test revenues for the preceding bond year. The District submitted written representation confirming the total amount of coverage test revenues for the 2020 bond year on December 27, 2020.

2018 IBank loan: On May 24, 2018, the District entered into an installment sale agreement with IBank. The total amount borrowed from IBank was $8,900,000. The interest rate is 3.30% per annum, which includes the annual fee of 0.30% of the outstanding principal balance. The money was borrowed to pay for a new facility, which is necessary to improve the Fairgrounds' storm water quality system and to install chiller equipment. $8,411,000 will be utilized for the Environmental Remediation project, $400,000 will be utilized to pay for the chiller equipment installation and $89,000 will be used to pay for the IBank origination fee. The Project's estimated completion date is no later than June 1, 2022. Final principal and interest payments of $603,246 and $9,049 are due on August 1, 2037.

Future scheduled principal and interest payments as of December 31, 2020, are as follows:

Years Ending December 31,	Principal	Interest	Total
2021	$ 375,923	$ 245,420	$ 621,343
2022	387,201	234,143	621,344
2023	398,817	222,527	621,344
2024	410,781	210,562	621,343
2025	423,105	198,239	621,344
2026-2030	2,313,710	793,008	3,106,718
2031-2035	2,682,223	424,494	3,106,717
2036-2037	1,188,923	53,765	1,242,688
	$ 8,180,683	$ 2,382,158	$ 10,562,841

Note 7: Long-Term Debt (Continued)

2019 IBank loan: On May 1, 2019, the District entered into an installment sale agreement with IBank. The total amount borrowed from IBank was $15,000,000. The interest rate is 3.58% per annum, which includes the annual fee of 0.30% of the outstanding principal balance. The interest and principal payments start on February 1, 2021, and August 1, 2021, respectively. The money was borrowed to finance and refinance the costs of its 1,900 person capacity concert venue. The funds will be used for improving and converting a portion of the surfside raceplace (SSRP) into a concert venue, together with food and beverage service facilities, and all associated necessary design, architecture, engineering, construction, equipping, machinery installation, construction contingency, environmental review, permitting, entitlement, construction management, administration and general development activities. The Project's estimated completion date is no later than February 26, 2021. Final principal and interest payments of $810,794 and $14,513 are due on August 1, 2048.

Years Ending December 31,	Principal	Interest	Total
2021	$ 313,661	$ 526,159	$ 839,820
2022	324,890	514,930	839,820
2023	336,522	503,299	839,821
2024	348,569	491,251	839,820
2025	361,048	478,773	839,821
2026-2030	2,008,628	2,190,474	4,199,102
2031-2035	2,394,854	1,804,248	4,199,102
2036-2040	2,855,345	1,343,757	4,199,102
2041-2045	3,404,381	794,721	4,199,102
2046-2048	2,349,282	170,180	2,519,462
	$ 14,697,180	$ 8,817,792	$ 23,514,972

2019 Energy Efficiency: In May 2019, the District entered into an Energy Efficiency Loan with California Department of General Services (DGS). DGS is a state agent that offers low interest loans. The total amount borrowed from DGS was $3,769,883. The interest rate is 2.50% per annum. The principal and interest payments start on May 1, 2021. The money was borrowed to upgrade air handling units, interior and exterior lighting and residential appliances. The money was also used to replace kitchen equipment and repair duct leakage, RCx HVAC units and DHW look controls. Furthermore, funds were used to install variable frequency drives (VFD) on condenser water pumps. The Project's estimated completion date is no later than December 31, 2020.Final principal and interest payments are due on April 1, 2038.

Years Ending December 31,	Principal	Interest	Total
2021	$ 168,122	$ 90,147	$ 258,269
2022	172,324	85,944	258,268
2023	176,633	81,635	258,268
2024	181,048	77,220	258,268
2025	185,575	72,693	258,268
2026-2030	999,827	291,513	1,291,340
2031-2035	1,131,213	160,127	1,291,340
2036-2039	591,120	25,920	617,040
	$ 3,605,862	$ 885,199	$ 4,491,061

Note 8: Operating Leases and Agreements

Del Mar Thoroughbred Club (DMTC): Under an operating agreement with the RTLC and the District, the DMTC operates and controls the operations of the Del Mar race track and grandstand structures during the summer and fall race meets.

Revenues associated with the DMTC operating agreement totaled $1,925,000 for the year ended December 31, 2020. Included in the revenue associated with the DMTC operating agreement are the direct payment amounts noted below:

- Direct payment of $1,225,000 per year to the District, to be used by the District for the annual fair or other authorized purpose.
- Basic payment equal to final net earnings less the sum of (1) any amount in excess of funds available to DMTC, which, subject to the approval of the District, is sufficient to pay or provide for projected operating capital from January 1 through to the commencement of the next race meet, and (2) the direct payment amount. The basic payment totaled $700,000 for the year ended December 31, 2020.

The DMTC guarantees the performance of all of the terms, covenants and conditions of the operating agreement through a $500,000 letter of credit.

The RTLC may, at its sole discretion, elect to extend the new operating agreement for three five-year option periods. In February 2015, the RTLC elected to extend the operating agreement for the first five-year option period. In the event legislation is enacted by the California legislature authorizing a sale of the Fairgrounds, the RTLC has the option to terminate the contract by giving at least 180 days' written notice. The termination would be effective on December 31 in the year the notice is given unless the notice is given less than 180 days before the end of the year. In that event, the termination would be effective December 31 of the following year.

DMTC is not included as part of the District's reporting entity because it is governed by a separate Board of Directors and is fiscally independent of the District.

Premier Food Services, Inc.: In 2014, Premier was acquired by SMG and kept the name Premier Food Services, Inc. (Premier). The existing management agreement was assumed by SMG. Management fees related to this contract were $166,000 for the year ended December 31, 2020. The District has a management agreement granting the use of food and beverage services equipment to Premier. During 2011, through a competitive bidding process, a new four-year contract was awarded to Premier with up to two additional three-year terms upon approval of the District. This original contract was set to expire on December 31, 2015; however, on August 26, 2015, the District approved and renewed the contract for another three-year term.

On November 14, 2018, the District approved and renewed the contract for a third three-year term plus an additional five years. The new contract is set to expire on December 31, 2026. Per the new agreement, the District retains control over the operations. The daily gross receipts are deposited in the name and interest of the District and the District reimburses Premier for all reimbursable costs, as defined in the agreement, and pays a management fee equal to 12.50% of all net profits from the food and beverage operation. Furthermore, the District, in cooperation with Premier/SMG, obtained a $2 million capital investment to convert the satellite wagering facility to include a music and entertainment venue. Premier agreed to provide event and entertainment booking and production company services, acceptable to and in compliance

Note 8: Operating Leases and Agreements (Continued)

with specific terms and conditions requested by the District. In consideration of its $2 million capital investment, Premier and the District have agreed on a five-year extension of the agreement from December 31, 2021, to December 31, 2026, with an additional five-year mutual option and with new terms and conditions specifically relating to the operation of the Del Mar Satellite Wagering Facility to include a music and entertainment venue. The payment of $2 million shall be made to the District in two installments as follows: $750,000 on or before December 31, 2018, and the balance of $1,250,000 on January 3, 2020. The District agrees to pay annually to Premier 30.00% of net profits from the music and entertainment events conducted at the SSRP Music and Entertainment Venue or $100,000, whichever is greater, until such payments equal $2 million. Activity relating to this new agreement is as follows:

	Begnning Balance	Additions	Payments	Ending Balace	Due Within One Year
Premier Investment Liability	$ 750,000	$ 1,250,000	$ (100,000)	$ 1,900,000	$ 100,000

Other: The District owns a recreational park that is operated by an unrelated management company. Under the terms of the management agreement, the District recognized net revenue of $128,883 for the year ended December 31, 2020.

Note 9: Other Liabilities

Activity of other liabilities during the fiscal year ended December 31, 2020, is as follows:

	Begnning Balance	Additions	Payments	Ending Balace	Due Within One Year
Senate Bill 84 liability (Note 10)	$ 3,403,924	$ -	$ -	$ 3,403,924	$ 1,239,790
Total other liabilities	$ 3,403,924	$ -	$ -	$ 3,403,924	$ 1,239,790

Restoration and monitoring activities: The District has incurred an obligation under consent orders with the California Coastal Commission to restore specific areas of its property and engage a third party to monitor the restoration through 2020. The District made the final installation payment of $67,918 for this liability during the year 2018 and there is no remaining balance due as of December 31, 2019. Such estimates could change based on variability in projected costs and other factors, including the ultimate approval of the restoration by the California Coastal Commission. Maintenance costs are expected to be incurred through 2020.

See Note 10 for information related to Senate Bill No. 84 (SB 84).

Note 10: Public Employees' Retirement System

Plan description: The District participates in the state of California—Miscellaneous Plan, an agent multiple-employer defined benefit pension plan (the Plan) administered by CalPERS. The Plan, part of the public agency portion of CalPERS, acts as a common investment and administrative agent for participating member agencies within the state of California. A menu of benefit provisions, as well as other requirements, is established by state statutes within the

Note 10: Public Employees' Retirement System (Continued)

Public Employees' Retirement Law. The state of California selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained by contacting the CalPERS Fiscal Services Division.

Benefits provided: All employees who work half-time or more are eligible to participate in the Plan. CalPERS provides retirement, death, disability and survivor benefits. Vesting occurs after five years. The benefit provisions are established by the Public Employees' Retirement Law and the Public Employees' Pension Reform Act of 2013, and are summarized in Appendix B of the state's June 30, 2019, Actuarial Valuation Report, which may be found at www.CalPERS.ca.gov/docs/forms-publications/2019-state-valuation.pdf.

In general, retirement benefits are based on a formula using a member's years of service credit, age at retirement and final compensation (average salary for a defined period of employment). Retirement formulas are based on membership category and specific provisions in the employees' contracts.

The three basic types of retirement are:

Service retirement: The normal retirement is a lifetime benefit. In most cases, employees become eligible for service retirement as early as age 50 with five years of service credit. If the employee became a member on or after January 1, 2013, he or she must be at least 52 years old with at least five years of service to retire. Second-tier employees become eligible at age 55 with at least 10 years of service credit.

Vested deferred retirement: Vested members who leave employment but keep their contribution balances on deposit with CalPERS are eligible for this benefit.

Disability retirement: Vested members who can no longer perform the usual duties of their current position due to illness or injury may receive this credit.

Contributions: Participating employers and active members are required to contribute a percentage of covered salary to the Plan. Section 20814(c) of the Plan requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount necessary to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Those rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2015. Furthermore, any reduction in employer contributions due to the increase in employee contributions must be paid by the employer toward the unfunded liability.

The employee contribution rate for the year ended December 31, 2020, was 10% for the skilled craftsmen and 8% for all other employees. The employer contribution rate for the year ended December 31, 2020, was 30.977% for State Miscellaneous Member employees. The required contributions and the amount paid by the District for the year ended December 31, 2019, was $3,742,147. The District's employer contributions were equal to the required employer contributions for the year ended December 31, 2020.

Note 10: Public Employees' Retirement System (Continued)

Pension liability: At December 31, 2020, the District reported a net pension liability of $33,432,199 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. The District's portion of the net pension liability was based on a projection of the District's pensionable compensation relative to the pensionable compensation of all participating employers, as determined by CalPERS. At June 30, 2019, the District's proportion was 0.0940%, which was an increase of 0.00283% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District recognized pension expense of $2,002,056. At December 31, 2020, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Changes of assumptions	$ 1,408,335
Difference between expected and actual experience	1,754,387
District contributions subsequent to the measurement date	2,883,222
	$ 6,045,944

At December 31, 2020, the District reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 248,964
Difference between expected and actual experience	96,176
District contributions subsequent to the measurement date	701,317
	$ 1,046,457

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date totaled $2,883,222 and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,	
2021	$ 1,921,927
2022	(341,102)
2023	387,276
2024	148,164
	$ 2,116,265

Note 10: Public Employees' Retirement System (Continued)

Actuarial methods and assumptions: The total pension liability was measured as of June 30, 2019 (measurement date), by rolling forward the total pension liability determined by the June 30, 2018, actuarial valuation (valuation date), based on the actuarial assumptions shown in the table below:

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal in accordance with the requirements
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15% net of pension plan investment expense but without reduction for administrative expenses; includes inflation
Mortality	Derived using CalPERS' Membership data for all funds
Post-retirement benefit adjustments(COLA)	Contract COLA up to 2.50% until the purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) 1The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount rate: The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle, scheduled to be completed in February 2019. Any changes to the discount rate will require action on the part of CalPERS' Board of Administration and proper stakeholder outreach. No changes to the discount rate were made as of the measurement date of June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using the building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Note 10: Public Employees' Retirement System (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class (1)	Assumed Asset Allocation	Real Return Years 1-10 (2)	Real Return Years 11+ (3)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

(1) In the System's comprehensive annual financial report, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

(2) An expected inflation rate of 2.00% is used for this period.

(3) An expected inflation rate of 2.92% is used for this period.

In December 2016, the CalPERS Board of Administration voted to lower the discount rate used in its actuarial assumptions from 7.50% to 7.00% (net of 0.15% administrative expenses) effective July 1, 2017. A similar reduction to the discount rate in accordance with GASB Statement No. 68 will increase the net pension liability. This increase will be amortized over the expected remaining service lives of all employees provided with benefits through the pension plans. This period ranges from 3.5 to 5.2 years.

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 10: Public Employees' Retirement System (Continued)

Sensitivity of the District's proportionate share of the state's net pension liability to changes in the discount rate: The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
District's propotionate share of the net pension liability	$ 47,637,212	$ 33,432,199	$ 21,532,989

Pension plan fiduciary net position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report at www.CalPERS.ca.gov.

SB 84: On July 10, 2017, Governor Brown signed SB 84 into law, which had the effect of borrowing $6 billion from the PMIA to make a one-time supplemental payment to CalPERS as part of the 2017 to 2018 fiscal year budget package. The intent of this one-time supplemental payment was to save the state money over the next few decades by slowing the pace of cost increases for the state's annual pension payments.

Under SB 84, the Department of Finance (the DOF) was required to develop a repayment schedule for the loan principal and interest accrued from the $6 billion that was borrowed from the PMIA. As part of its requirement, the DOF was tasked with determining the proportionate share of the obligation attributable to the DAAs. The DOF has informed the DAA that the liability allocated to the DAA is $3,403,924. This obligation was calculated by the DOF based on the 2016 to 2017 CalPERS employer retirement contributions. The amount is to be repaid over five fiscal years beginning in 2020 and ending in 2024. The repayment schedule is as follows:

Years Ending December 31,	
2021	$ 1,239,790
2022	619,895
2023	619,895
2024	924,344
	$ 3,403,924

The CDFA is currently seeking confirmation regarding the total obligation as well as the process and timing on how and when these payments (including interest expense) are to be made as it is unclear at this time. Once the CDFA has additional information, it will provide the DAA further guidance regarding its specific obligation. Therefore, the District has recorded the 2020 obligation to be due in 2021.

Note 11: Other Post-Employment Benefit Obligations

During fiscal year 2018, the DAA adopted GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. The primary objective of this statement is to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This OPEB plan is considered an agent- multiemployer plan.

General information about the OPEB plan:

Plan description: The District contributes to the Plan and CalPERS administers the plan. CalPERS provides lifetime retiree medical coverage to eligible employees and their dependents. In most cases, the employee can retire at age 50 with five years of service credit. If the employee became a member on or after January 1, 2013, they must be at least 52 years old to retire. The medical plan benefits are contracted with CalPERS under the Public Employees' Medical and Hospital Care Act, and dental benefits under the State Employees' Dental Care Act.

Benefits provided: The state of California provides medical, prescription drug and dental benefits (health care benefits) to retired statewide employees through a single-employer defined benefit plan. The state participates in the CERBT, an agent multiple-employer plan consisting of an aggregation of single- employer plans, including over 531 contributing employers. The state also offers life insurance, long-term care and vision benefits to retirees; however, because these benefits are completely paid for by retirees, there is no GASB Statements No. 74 or 75 liability to the state on behalf of such benefits.

Contributions: The District adopted the entry age normal actuarial cost method pre-funding prospectively. The entry age normal actuarial cost method, with the contributions determined as a percent of payroll, is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future, as well as those already accrued. The plan uses a 6.75% discount rate, assuming the District continues prefunding 100% of each future year's annual required contribution. The District assumes a 30-year amortization of the unfunded actuarial liability, with certain adjustments for changes in the net OPEB obligation.

The premium apportionment is set by the Craft and Maintenance Bargaining Unit (BU12), the Stationary Engineers Bargaining Unit (BU13), the Service Employees International Union (SEIU) and the Exempt Excluded Executive (EEE). The District currently pays the medical plan premiums for both retirees and active employees and their dependents at a rate set by contract at CalPERS.

The District has voluntarily opted for a funding policy under which it will contribute 100% of its actuarially determined annual required contribution. Contributions to the OPEB Plan from the District for the year ended December 31, 2020, was $148,972.

Note 11: Other Post-Employment Benefit Obligations (Continued)

California state employees covered by benefit terms: At December 31, 2020, the following California state employees for each respective valuation group were covered by the benefit terms:

	Exempt Excluded Executive (EEE)	Service Employees International Union (SEIU)	Craft and Maintenace (BU12)	Stationary Engineers (BU13)
Inactive employees or beneficiaries currently receiving benefit payments	6,630	113,525	12,801	979
Active employees	3,873	72,935	10,166	928
	10,503	186,460	22,967	1,907

OPEB liabilities, OPEB expense and deferred outflows of resources related to OPEB: The District's net OPEB liability was $7,149,406 at December 31, 2020. The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2020, the District recognized OPEB expense of $2,754,273 and included in wages, benefits and taxes on the statement of revenues, expenses and changes in net position.

At December 31, 2020, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,472	$ 593,162
Change of assumptions	259,581	425,910
Net difference between projected and actual earnings on OPEB Plan investment	2,823	483
Contributions subsequent to the measurement date	7,627	-
	$ 271,503	$ 1,019,555

Of the total amount reported as deferred outflows related to OPEB, $7,627 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31,	
2021	$ (185,934)
2022	(190,165)
2023	(156,234)
2024	(81,858)
Thereafter	(141,488)
	$ (755,679)

Note 11: Other Post-Employment Benefit Obligations (Continued)

Actuarial assumptions: The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 75
Actuarial assumptions:	
Discount rate	Blended rate for each valuation group, consisting of 6.75% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 2.45%
Amortization period	Five years
Asset valuation method	Market value of assets as of the measurement date
Inflation	2.25%
Salary increases	Varies by entry and service
Investment rate of return	6.75% net of OPEBn plan investment expenses but without reduction for OPEB plan administrative expenses
Healthcare cost trend rates	Pre-Medicare coverage: Actual rates for 2021, increasing to 7.50% in 2022, then decreasing 0.50% per year to an ultimate rate of 4.50% for years 2028 through 2036, then to 4.25% for 2037 and thereafter Post-Medicare coverage: Actual rates for 2021, increasing to 7.50% in 2022, then decreasing 0.50% per year to an ultimate rate of 4.50% for years 2028 through 2036, then to 4.25% for 2037 and thereafter Dental coverage: 0.00% for 2021, 2.00% for 2022, 3.00% for 2023, 4.00% for 2024, and 4.25% for 2025 and thereafter
Mortality rate table	Derived using CalPERS' membership data for all members.

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries 90% Scale MP 2016. For more details on this table, refer to the 2017 CalPERS Experience Study and Review of Actuarial Assumptions report (the Experience Study) for the period from 1997 to 2015. Other demographic assumptions used in the June 30, 2020, valuation were also based on the results of the 2017 Experience Study, including updates to termination, disability, and retirement rates. The 2017 Experience Study report is available at www.CalPERS.ca.gov.

The retirement rates that were used in the most recent CalPERS Public Agency Miscellaneous 2.00% at 60 for actives hired before January 1, 2013, and 2.00% at 62 for actives hired on or after January 1, 2013.

The long-term expected rate of return on OPEB plan investments was determined by Gabriel, Roeder, Smith & Company using a building-block method, in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Expected compound (geometric) returns were calculated over a closed period. Based on separate expected nominal returns for the short-term (first 10 years) and the long-term (11-40 years), and an average inflation assumption of 2.25%, a single expected nominal return rate of 6.75% was calculated for the combined short-term and long-term periods. If applied to expected cash flows during that period, the resulting present value of benefits is expected to be consistent with the present value of benefits that would be determined by applying the short and long-term expected rates to the same cash flows.

Note 11: Other Post-Employment Benefit Obligations (Continued)

As of December 31, 2020, the long-term expected real rate of return for each major asset class in the Plan's portfolio are as follows:

Investment Class	Target Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	59.0%	4.80%	5.98%
Fixed income	25.0%	1.10%	2.62%
Treasury inflation-protected securities	5.0%	0.25%	1.46%
Real estate investment trusts	8.0%	3.50%	5.00%
Commodities	3.0%	1.50%	2.87%
	100.0%		

Gabriel, Roeder, Smith & Company used an expected inflation rate of 1.75% for the real return rates in years 1-10 and 2.67% for the real return rates in years 11-40.

In the fiscal year 2019-20, the blended discount rates used in the actuarial assumptions changed from the prior year. Please refer to the prior year report on the State Controller's Office website.

Discount rate: The discount rate used to measure the total OPEB liability was 6.75%. The cash flow projections used to calculate the blended discount rates were developed assuming that prefunding agreements in which actuarially determined normal costs are shared between employees and the state will continue and that the required contributions will be made on time in future years. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The prefunding agreements are subject to collective bargaining and legislative approval. Detailed information on the blended discount rates by valuation group is available in the State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2020, on the state controller's office website, at www.sco.ca.gov.

Sensitivity of the net OPEB liability to changes in the discount rate: The following table presents the net OPEB liability of the District as of the measurement date, calculated using the discount rate for the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	$ 8,447,050	$ 7,149,406	$ 6,115,063

Note 11: Other Post-Employment Benefit Obligations (Continued)

Sensitivity of the net OPEB liability to changes in the health care cost trend rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current health care cost trend rate:

	Health Care Cost Trend Rate 1% Decrease (5.75%, Decreasing to 3.50%)	Health Care Cost Trend Rate (6.75%, Decreasing to 4.50%)	Health Care Cost Trend Rate 1% Increase (7.75%, Decreasing to 5.50%)
Net OPEB liability	$ 6,275,306	$ 7,149,406	$ 8,274,756

Note 12: Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or emergency.

All amounts of compensation deferred under the plan are submitted to the state of California after each pay period. Thus, no assets or liabilities associated with the plan are included in the District's financial statements.

Note 13: Contingencies

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained insurance to cover these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District is subject to various claims and legal actions relating to a range of matters that are incidental to the conduct of its operations. The District's management believes, after reviewing such matters and consulting with the District's legal counsel, that the aggregate effect of these matters will not have a material adverse effect on the District's financial position or results of operations.

Note 14: Subsequent Events

In April 2020 California governor Gavin Newsom issued Executive Order N-40-20, allowing the CDFA to distribute New Fair Funds (AB 1499) to all fairs meeting the necessary requirements. At its May 19, 2020, meeting, the DAA board adopted the Grant for General Operational Support MOU, required Employee Work Conditions Policy and Contracting Policies and Procedures in order to qualify. In November 2020, CDFA announced the distribution plan for fiscal years 2020 and 2021 General Fund base allocations and New Fair Funds (AB 1499) distributions. Based on its classification size as determined by CDFA, the DAA as a Class VII fair was eligible for, applied for, and received $830,170 in New Fair Funds in January 2021.

The DAA received approximately $20.1 million of COVID relief funds from the State of California in 2021. Approximately $9.6 million was allocated to Calendar year 2021 and approximately $10.5 million was allocated to calendar year 2022.

Note 14: Subsequent Events (Continued)

Going forward, the DAA is planning to apply for an operational support fund as part of the governor Newsom's proposed 2021 to 2022 State Budget that includes $50 million for the fair industry, continuing the State's ongoing support to stabilize this industry. The District plans to apply for a portion of these funds.

In 2021, the DAA held a small summer event from June 11, 2021 to July 4, 2021, which 272,000 guests attended this event. The DAA booked and held many smaller events during quarter 2 of 2021. In addition, DMTC held its annual summer race meet with a total attendance of approximately 240,000 over 31 racing days. Del Mar Race Track also served as the host for the 2021 Breeder's Cup, with an attendance of approximately 47,000 over two racing days.

In 2022, the DAA resumed its pre-pandemic business model and fully operated its 2022 county fair, starting on June 8, 2022, ending on July 4, 2022, which 974,000 guests attended this event. The DAA anticipates to fully book and hold events during non-fair and non-racing weekends at the fair rounds.

REQUIRED SUPPLEMENTARY INFORMATION

PROPORTIONATE SHARE OF NET PENSION LIABILITY
STATE OF CALIFORNIA - MISCELLANEOUS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2016	2017	2018	2019	2020
District's proportion of net pension liability	0.09858%	0.09487%	0.09378%	0.09378%	0.99400%
District's proportionate share of net pension liability	23,470,069	31,413,325	34,264,531	30,334,441	33,432,199
District's covered-employee payroll	$ 10,421,064	$ 10,615,325	$ 10,871,062	$ 11,833,133	$ 12,512,491
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	225.22%	295.92%	315.19%	256.35%	267.19%
Plan's fiduciary net position as a percentage of total pension liability	74.17%	66.81%	66.42%	71.83%	71.34%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2016	2017	2018	2019	2020
Actuarially Determined Contribution	$ 2,543,143	$ 2,771,056	$ 3,096,513	$ 3,508,797	$ 3,742,147
Contribution in Relation to the Actuarially Determined Contribution	(2,543,143)	(2,771,056)	(3,096,513)	(3,508,797)	(3,754,675)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ (12,528)
Covered Payroll	$ 10,421,064	$ 10,615,325	$ 10,871,062	$ 11,833,133	$ 12,512,491
Contributions as a Percentage of Covered Payroll	24.40%	26.10%	28.48%	29.65%	30.01%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

Note to Schedule:

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Asset valuation method	Direct rate smoothing
Inflation	2.625%
Payroll Growth	2.875%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.25% (net of administrative expenses)
Retirement Age	All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2018	2019	2020
Total OPEB Liability			
Service cost	$ 13,340	$ 155,433	$ 2,596,178
Interest on the total OPEB liability	15,744	181,065	258,346
Differences between expected and actual experience	(32,592)	(87,443)	(213,866)
Changes of assuptions	(15,186)	175,087	94,221
Benefit payments	(10,649)	(130,860)	(209,926)
Net change in total OPEB liability	**(29,343)**	**293,282**	**2,524,953**
Total OPEB liability - beginning	**393,881**	**4,447,534**	**4,740,816**
Total OPEB liability - ending (a)	**364,538**	**4,740,816**	**7,265,769**
Plan Fiduciary Net Position			
Employer PayGO contributions	10,649	130,860	209,926
Employer prefunding contributions	754	13,471	36,868
Active member contributions	754	13,471	36,868
Net investment income	93	2,225	2,347
Benefit payments	(10,656)	(130,860)	(209,926)
Administrative expense	(1)	(5)	(35)
Other	1,594	-	-
Net change in plan fiduciary net position	**1,593**	**29,161**	**76,048**
Plan fiduciary net position - beginning	**901**	**11,154**	**40,315**
Plan fiduciary net position - ending (b)	**$ 2,494**	**$ 40,315**	**$ 116,363**
District's net OPEB Liability - ending (a) - (b)	**$ 362,044**	**$ 4,700,501**	**$ 7,149,406**
Plan fiduciary net position as a percentage of the total OPEB liability	0.68%	0.85%	1.60%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

Changes in assumptions: In 2019, the mortality improvement scale was updated to the Society of Actuaries Scale MP-2019. In December 2019, the ACA Excise Tax was repealed and removed from the actuarial assumptions.

SCHEDULE OF CONTRIBUTIONS - OPEB
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2018	2019	2020
Actuarially Determined Contribution	$ 19,101	$ 225,512	$ 332,433
Contribution in Relation to the Actuarially Determined Contributions	(11,403)	(57,274)	(248,024)
Contribution Deficiency (Excess)	$ 7,698	$ 168,238	$ 84,409
Expected return on assets	$ 72	$ 160	$ 1,122
Percentage of ADC made by employer	60%	25%	74.61%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Discount Rate	6.75%
General Inflation	2.25%
Payroll Growth	Varies by age and service
Mortality, Disability, Termination, Retirement	CalPERS 1997-2015 Experience Study; Mortality Improvement - Mortality projected fully generational with Scale MP-
Medical Trend	Pre-Medicare - 7.50% for 2021, decreasing 0.50% per year to an ultimate rate of 4.50% through 2036 then to 4.25% for years later Post-Medicare - 7.50% for 2021, decreasing 0.50% per year to an ultimate rate of 4.50% through 2036 then to 4.25% for years later Dental - 0.01% for 2020 and 4.50% for 2021 through 2036, then 4.25% thereafter

SUPPLEMENTARY INFORMATION

SUPPLEMENTAL SCHEDULE - FAIR REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2020

Operating revenues:	
Food and beverage	$ 1,470,197
Admissions	588,982
Facility rentals	3,242,922
Parking	501,972
Sponsorships	57,034
Other	1,022,223
Total revenues	6,883,330
Operating expenses:	
Payroll and related benefits, excluding pension cost	14,745,553
Food and beverage	2,517,909
Entertainment	57,406
Maintenance	5,270,290
Facilities and related supplies	1,049,571
Insurance	1,140,617
Depreciation	7,090,919
Professional services	741,562
Marketing	229,814
Other	352,955
Total expenses	33,196,596
Fair revenues over expenses	$ (26,313,266)

See Notes to Financial Statements.

COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2020

	DAA	RTA	RTLC	Eliminations	Total
Assets and Deferred Outflow of Resources					
Current Assets					
Cash and cash equivalents	$ 10,251,544	$ (64,764)	$ -	$ -	$ 10,186,780
Current portion of restricted investments	-	12,245	-	-	12,245
Accounts receivable, net	4,628,849	-	700,000	-	5,328,849
Prepaid expenses and other	464,097	16,968	-	-	481,065
Total Current Assets	15,344,490	(35,551)	700,000	-	16,008,939
Restricted investments, long-term portion	-	3,297,136	-	-	3,297,136
Capital assets, net	43,944,960	81,894,299	-	-	125,839,259
Total Assets	59,289,450	85,155,884	700,000	-	145,145,334
Deferred outflow of resources:					
Deferred outflow of pension liability	6,045,944	-	-	-	6,045,944
Deferred OPEB	271,503	-	-	-	271,503
Total Deferred Outflow of Resources	6,317,447	-	-	-	6,317,447
Total Assets and Deferred Outflow of Resources	**$ 65,606,897**	**$ 85,155,884**	**$ 700,000**	**$ -**	**$ 151,462,781**
Liabilities, Deferred Inflow of Resources and Net Position					
Current Liabilities					
Accounts payable	$ 3,405,265	$ 42,129	$ -	$ -	$ 3,447,394
Accrued interest	410,186	478,807	-	-	888,993
Accrued liabilities and other	7,655,018	195,400	-	-	7,850,418
Accrued compensated absences	1,361,085	-	-	-	1,361,085
Current portion of other long-term liabilities	1,239,790	-	-	-	1,239,790
Current portion of loan payable	957,706	-	-	-	957,706
Current portion of bonds payable	-	1,380,000	-	-	1,380,000
Total Current Liabilities	15,029,050	2,096,336	-	-	17,125,386
Other long-terim liabilities	2,164,134	-	-	-	2,164,134
Other long-term debt	1,800,000	-	-	-	1,800,000
Loan payable, long-term portion	25,626,019	-	-	-	25,626,019
Bonds payable, long-term portion	-	39,051,452	-	-	39,051,452
Net pension liability	33,432,199	-	-	-	33,432,199
Net OPEB liability	7,149,406	-	-	-	7,149,406
Total Long-Term Liabilities	70,171,758	39,051,452	-	-	109,223,210
	85,200,808	41,147,788	-	-	126,348,596
Deferred inflow of resources:					
Deferred gain on debt defeasance	-	274,319	-	-	274,319
Deferred inflow of pension liability	1,046,457	-	-	-	1,046,457
Deferred inflow on OPEB	1,019,555	-	-	-	1,019,555
Total Deferred Inflow of Resources	2,066,012	274,319	-	-	2,340,331
Net position:					
Net investment in capital assets	5,972,165	34,773,454	-	-	40,745,619
Restricted for debt service	-	6,629,266	-	-	6,629,266
Unrestricted	(27,632,088)	2,331,057	700,000	-	(24,601,031)
Total Net Position	(21,659,923)	43,733,777	700,000	-	22,773,854
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 65,606,897	$ 85,155,884	$ 700,000	$ -	$ 151,462,781

See Notes to Financial Statements.

22nd DISTRICT AGRICULTURAL ASSOCIATION AND ITS BLENDED COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020

	DAA	RTA	RTLC	Eliminations	Total
Operating revenues:					
Food and beverage	$ 1,470,197	$ -	$ -	$ -	$ 1,470,197
Concessions/carnivals	-	-	-	-	-
Admissions	588,982	-	-	-	588,982
Facility rentals	3,242,922	-	-	-	3,242,922
Satellite wagering	540,835	-	-	-	540,835
Parking	501,972	-	-	-	501,972
Leases/operating agreement	1,865,457	-	700,000	-	2,565,457
Surf and Turf	2,679,168	-	-	-	2,679,168
Sponsorships	57,034	-	-	-	57,034
State apportionment	12,597,675	-	-	-	12,597,675
Other	1,022,223	-	-	-	1,022,223
Total operating revenues	24,566,465	-	700,000	-	25,266,465
Operating expenses:					
Payroll and related benefits, excluding pension cost	14,745,553	-	-	-	14,745,553
Pension cost	4,624,905	-	-	-	4,624,905
Food and beverage	2,517,909	-	-	-	2,517,909
Entertainment	57,406	-	-	-	57,406
Maintenance	4,737,610	532,680	-	-	5,270,290
Facilities and related supplies	1,049,571	-	-	-	1,049,571
Insurance	1,021,663	118,954	-	-	1,140,617
Depreciation	1,466,893	5,624,026	-	-	7,090,919
Professional services	728,562	13,000	-	-	741,562
Marketing	229,814	-	-	-	229,814
Other post-employment benefit cost	2,754,273	-	-	-	2,754,273
Other	(8,364)	361,319	-	-	352,955
Total operating expenses	33,925,795	6,649,979	-	-	40,575,774
Loss from operations	(9,359,330)	(6,649,979)	700,000	-	(15,309,309)
Nonoperating revenues (expenses):					
Interest income	122,297	5,199	1	-	127,497
Interest expense	(937,927)	(1,708,286)	-	-	(2,646,213)
Other	108,252	-	(157)	-	108,095
					-
Total nonoperating revenues (expenses)	(707,378)	(1,703,087)	(156)	-	(2,410,621)
(Loss) income before transfers	(10,066,708)	(8,353,066)	699,844	-	(17,719,930)
Transfers in	-	855,014	-	(855,014)	-
Transfer out	(855,014)	-	-	855,014	-
Change in net position	(10,921,722)	(7,498,052)	699,844	-	(17,719,930)
					-
Net position, beginning of year	(10,738,201)	51,231,829	156	-	40,493,784
					-
Net position, end of year	$ (21,659,923)	$ 43,733,777	$ 700,000	$ -	$ 22,773,854

See Notes to Financial Statements.

Item 7-D, Finance Committee Report

Executive Summary

The attached financial reports are through September 30, 2022. The Balance Sheet is consolidated with the District, State Race Track Leasing Commission, and Race Track Authority. The Income Statement is inclusive of all District programs and operations only.

As has previously been discussed, due to the proximity of the board meeting dates to the end of the month immediately prior, there is approximately a six (6) week lag between the financial report presentation and current activity. Therefore, the Committee reviews and presents financial reports to the Board from two months prior (September financials in November, October financials in December, etc.).

Balance Sheet:
Data for 2019 is included for comparison purposes of the current year (2022) to the most recent full year of activities and operations that included the San Diego County Fair (2019).

- Assets:
  - **Total Cash and Cash Equivalents** has improved over 2019 and 2021. Notable is the increase to the operating **Cash** position in 2022. In 2019 and 2021, **Restricted Cash in Trust** (Loan funds) for capital projects comprised a significant portion of the overall cash position and those loan funds have been exhausted due to completion of the projects in 2022.
  - **Restricted Cash RTA** is the cash available for the Race Track Authority bond obligations including maintaining a surplus fund held in trust that is equivalent to one year's debt obligation, Net Horse Racing Operations Revenue for the current year's debt obligation, and the minimum cash balance required for District also equivalent to one year's debt obligation. Net Horse Racing Revenues are transferred to trustee by January 15th of each year. The trustee makes withdrawals in April and October for the payment of the current year debt.
  - As a reminder, 2019 Capital Asset figures were presented as net of depreciation, hence comparative information is only included on the **Total Capital Assets** line.

- Liabilities:
  - Beginning in 2021, greater detail has been provided for all **Liabilities**.
  - **Deferred Revenue** consists of advance payments received for activities in the future such as event rentals.
  - **Accrued Employee Leave Liabilities** reflects the value of the leave balances currently due to employees upon separation from District and continues to be managed to remain within the state mandated thresholds.

Income Statement (All Programs & Operations):
Revenues are recognized in the month in which they are earned; expenses in the month incurred. For example, revenues for the San Diego County Fair are reflected in the June and July financial reports.

The first three columns of figures represent the month's activity – Actual, Budget, and Variance of Actual to Budget. The middle grouping of columns represents the year-to-date activity, while the last column presents the complete operating budget goals for 2022. A positive variance in Revenues means exceeded budget expectations, while negative variance in Expenses means cost savings methods were achieved.

The overall activity for the District has been strong in 2022, most notable of which was the return of the San Diego County Fair.

- Revenues:
    - **Concessions Revenue**, and specifically **Midway** revenue, far exceeds the annual budget amount in large part due to the shift to an independent midway for the 2022 San Diego County Fair, and therefore, gross revenues being collected by the District. At the time of budget planning, a master carnival operator was anticipated which would have paid net revenue to the District. The budgeted net revenue was estimated at $3,481,500 based on 35% revenue of rides and 25% revenue of games at a conservatively estimated $10,000,000 total midway gross. There is a direct correlation to the increase in **Program Expenses** due to this operational change.
    - **Facility Rentals Revenue** far exceeds the budget amount as a result of the oversight to include Commercial Vendor space rental fees in the 2022 Operating Budget when presented in December 2021. The board was made aware of this oversight at the January 11, 2022 meeting.
    - **Government Funding Contributions** is inclusive of all four months of the Budget Act of 2021 Targeted Support funds provided through the California Department of Food & Agriculture, for a total of $10.5 million for the period of May 2021 through April 2022.
    - **Interest Earnings** are outperforming the budgeted amount as result of having better than forecasted cash in the Local Agency Investment Fund account.

- Expenses:
    - As has previously been reported, filling vacancies has been a challenge in 2022. As such, **Payroll & Related Expenses** were trending significant savings in the months leading up to the Fair; however, those savings were then spent during the San Diego County Fair on increased hourly rates, employee recognition programs, overtime, and contracted temporary labor services. Due to the responsible management by supervisors, savings in Payroll & Related Expenses are back on track and reflective of the continued hiring challenge.
    - **Professional Services** consists of a multitude of services, the largest being food & beverage.
    - **Program Expenses** far exceed the annual budget amount due to the change in midway operations as described within the **Concessions Revenue** above. **Midway Expense** is comprised of payments to the ride and game operators based on percentages of gross revenues and was not anticipated during the 2022 Operating Budget development due to the consideration of a master carnival operation.

UNAUDITED FINANCIAL STATEMENTS

22nd DAA

Consolidated Balance Sheet (DAA, RTA, RTLC)

As of September 30, 2022

	2022	2021	2019
Assets			
Cash	$ 35,457,150	$ 12,674,184	$ 10,405,683
Restricted Cash - JLA	38,574	3,979	34,224
Restricted Cash - F&B Equipment Fund	304,550	191,017	253,125
Restricted Cash - RTA	11,941,017	8,955,929	7,880,685
Restricted Cash in Trust - WQI	(1)	421,064	4,137,650
Restricted Cash in Trust - The Center	-	2,227,256	12,580,716
Total Cash and Cash Equivalents	**47,741,290**	**24,473,430**	**35,292,083**
Accounts Receivable	1,030,200	123,902	1,319,276
Prepaid Expenses	703,197	441,626	2,371,877
Deferred Outflows Pension	5,422,668	5,422,668	5,193,040
Total Current Assets	**7,156,065**	**5,988,196**	**8,884,193**
Land	35,011,899	35,011,899	-
Building and Improvements	189,040,757	189,021,781	-
Equipment	38,091,995	37,989,227	-
Capital Projects in Process	38,467,462	34,725,355	-
Accumulated Depreciation	(173,822,663)	(172,119,301)	-
Total Capital Assets	**126,789,451**	**124,628,961**	**124,385,345**
Total Assets	**$ 181,686,805**	**$ 155,090,587**	**$ 168,561,621**
Liabilities			
Accounts Payable	5,971,189	3,388,407	1,558,587
Payroll Liabilities	445,533	144,541	
Accrued Liabilities	1,708,328	1,961,326	5,555,898
Other Current Liabilities	3,062,647	1,194,766	
Deferred Revenue	1,984,070	986,591	
Current Long Term Debt	2,610,785	3,772,327	1,275,000
Accrued Employees Leave Liabilities	1,225,870	1,331,509	3,222,673
Long Term Debt	63,670,398	65,840,737	65,625,915
Reserve - F&B Equipment Fund	578,458	268,708	
Reserve - JLA	20,838	20,838	
Pension Liability	35,322,345	35,142,559	37,706,271
Deferred Inflows - Pension	1,961,567	1,961,567	1,283,146
Total Liabilities	**118,562,027**	**116,013,876**	**116,227,490**
Net Resources			
Contributed Capital	82,170,171	82,170,171	
Less Contributed Capital to RTA	(37,644,384)	(37,644,384)	
Net Resources - Unrestricted	(8,225,351)	(8,225,351)	
Investment in Capital Assets	(3,891,786)	(3,891,786)	-
	32,408,650	32,408,650	-
Net Proceeds from Operations	30,716,129	6,668,061	52,334,131
Total Net Resources	**63,124,778**	**39,076,711**	**52,334,131**
Total Liabilities and Net Resources	**$ 181,686,806**	**$ 155,090,587**	**$ 168,561,621**

UNAUDITED FINANCIAL STATEMENTS

22nd DAA

Income Statement

For the Period Ending September 30, 2022

	September 2022			Year-to-Date			Full 2022
	Actual	Budget	*Variance*	Actual	Budget	*Variance*	Budget
REVENUES							
Admissions Revenue	**0**	**0**	***0***	**11,019,356**	**13,428,531**	***(2,409,175)***	**13,428,531**
Gates	*0*	*0*	*0*	*11,019,356*	*13,428,531*	*(2,409,175)*	*13,428,531*
Concessions Revenue	**2,138,450**	**1,773,750**	***364,699***	**37,112,964**	**18,139,744**	***18,973,220***	**19,650,571**
Food & Beverage Contract	*2,134,852*	*1,770,200*	*364,652*	*15,598,887*	*14,613,434*	*985,453*	*16,112,521*
Other Food & Beverage	*0*	*0*	*0*	*3,756,578*	*0*	*3,756,578*	*0*
Midway	*0*	*0*	*0*	*17,414,450*	*3,481,500*	*13,932,950*	*3,481,500*
Merchandise	*3,597*	*3,550*	*47*	*59,960*	*44,810*	*15,150*	*56,550*
Facility Rentals Revenue	**153,550**	**23,700**	***129,850***	**4,636,958**	**1,809,334**	***2,827,624***	**2,459,146**
Commercial	*0*	*0*	*0*	*3,235,975*	*918,000*	*2,317,975*	*918,000*
Leases Revenue	**616,340**	**615,656**	***684***	**1,583,543**	**1,535,061**	***48,481***	**2,607,447**
Program Revenues	**43,564**	**29,000**	***14,564***	**5,195,055**	**5,043,395**	***151,660***	**5,365,985**
Parking	*16,880*	*0*	*16,880*	*4,511,828*	*4,032,995*	*478,833*	*4,255,085*
Participation Fees	*0*	*0*	*0*	*345,727*	*450,900*	*(105,173)*	*450,900*
Satellite Wagering	*26,684*	*29,000*	*(2,316)*	*337,500*	*559,500*	*(222,000)*	*660,000*
OPERATING REVENUE TOTALS	**2,951,902**	**2,442,106**	***509,796***	**59,547,876**	**39,956,066**	***19,591,810***	**43,511,681**
Contributions	**4,600**	**4,600**	***0***	**12,962,678**	**12,423,200**	***539,478***	**12,437,000**
Government Funding	*0*	*0*	*0*	*11,380,714*	*10,500,000*	*880,714*	*10,500,000*
Grants	*0*	*0*	*0*	*12,813*	*0*	*12,813*	*0*
Sponsorships	*4,600*	*4,600*	*0*	*1,561,632*	*1,918,200*	*(356,568)*	*1,932,000*
Other Non-Operating Revenue	**56,062**	**13,716**	***42,346***	**2,201,251**	**158,744**	***2,042,507***	**211,392**
Interest Earnings	*0*	*5,000*	*(5,000)*	*67,526*	*20,000*	*47,526*	*25,000*
Reimbursed Costs	**41,244**	**195,303**	***(154,059)***	**536,014**	**1,184,030**	***(648,016)***	**1,379,739**
Prior Year Revenue	**0**	**0**	***0***	**10,069**	**0**	***10,069***	**0**
NON-OPERATING REVENUE TOTALS	**101,906**	**213,619**	***(111,713)***	**15,710,011**	**13,765,974**	***1,944,037***	**14,028,131**
			0				
TOTAL REVENUE	**3,053,809**	**2,655,725**	***398,084***	**75,257,886**	**53,722,039**	***21,535,847***	**57,539,812**
EXPENSES							
Payroll & Related Expense	**854,250**	**1,270,072**	***(415,822)***	**11,939,693**	**13,040,401**	***(1,100,708)***	**16,848,818**
Professional Development	*11,299*	*5,000*	*6,299*	*125,367*	*108,456*	*16,911*	*121,656*
Professional Services Expense	**1,940,216**	**1,492,883**	***447,333***	**17,892,269**	**18,612,128**	***(719,859)***	**20,750,712**
Food & Beverage Expense	*1,902,772*	*1,266,138*	*636,634*	*12,636,008*	*8,882,798*	*3,753,210*	*10,334,923*
Insurance Expense	**100,732**	**61,436**	***39,296***	**802,425**	**539,341**	***263,084***	**724,022**
Facility & Related Expense	**321,467**	**374,920**	***(53,453)***	**4,979,615**	**3,924,664**	***1,054,950***	**4,646,974**
Telephone & Internet	*7,557*	*7,094*	*463*	*84,200*	*63,846*	*20,354*	*85,128*
Utilities	*184,784*	*331,500*	*(146,716)*	*2,715,507*	*2,436,604*	*278,903*	*3,046,104*
Repairs & Maintenance	*23,722*	*27,826*	*(4,104)*	*524,332*	*637,484*	*(113,152)*	*703,512*
Supplies Expense	**13,929**	**30,207**	***(16,278)***	**917,465**	**960,409**	***(42,944)***	**1,031,829**
Marketing & Related Expense	**796**	**5,717**	***(4,921)***	**1,217,759**	**1,464,275**	***(246,516)***	**1,485,605**
Program Expenses	**14,456**	**21,835**	***(7,379)***	**14,651,460**	**4,795,364**	***9,856,096***	**4,880,179**
Prizes & Premiums	*0*	*0*	*0*	*80,516*	*400,000*	*(319,484)*	*400,000*
Travel & Transportation	*0*	*3,000*	*(3,000)*	*916,795*	*72,183*	*844,612*	*92,986*
Artists & Entertainment	*176*	*0*	*176*	*3,383,359*	*4,066,500*	*(683,141)*	*4,066,500*
Midway Expense	*0*	*0*	*0*	*10,124,751*	*0*	*10,124,751*	*0*
Other Operating Expense	**226,769**	**314,362**	***(87,594)***	**3,858,907**	**5,399,739**	***(1,540,832)***	**7,140,803**
Bank & Service Fees	*5,767*	*135*	*5,632*	*1,589,042*	*1,007,243*	*581,798*	*1,026,708*
Interest Expense	*220,604*	*7,162*	*213,442*	*2,002,363*	*1,809,996*	*(192,367)*	*2,759,982*
OPERATING EXPENSE TOTALS	**3,472,615**	**3,571,432**	***(98,816)***	**56,259,592**	**48,736,321**	***7,523,272***	**57,508,942**
Other Non-Operating Expense							
Prior Year Expense	*0*	*0*	*0*	*241,995*	*0*	*241,995*	*0*
NON-OPERATING EXPENSE TOTALS	**0**	**0**	***0***	**241,995**	**0**	***241,995***	**0**
TOTAL EXPENSE	**3,472,615**	**3,571,432**	***(98,816)***	**56,501,588**	**48,736,321**	***7,765,267***	**57,508,942**
NET INCOME (LOSS)	**(418,806)**	**(915,706)**	***496,900***	**18,756,299**	**4,985,718**	***13,770,580***	**30,870**

Food & Beverage Report
Sep-22

September 2022 Food Service Revenues were $2,120,611. Budgeted Revenues for September 2022 were

Net distribution to the District for September 2022 was $354,611 or 16.61%. Budgeted distribution for September 2022 was $403,787 or 22.81%.

Year-to-date 2022 distribution to the District is $3,919,083 or 25.12%. The budgeted distribution for YTD 2022 was $2,349,034 or 19.89%.

Aug-22	2022 ACTUAL	%	2022 BUDGET	%	2021 ACTUAL	%	2019 ACTUAL	%
TOTAL REVENUE	2,134,852	100.00%	1,770,200	100.00%	1,003,800	100.00%	913,949	100.00%
TOTAL COGS	312,885	14.66%	371,413	20.98%	405,896	40.44%	161,872	17.71%
GROSS MARGIN	1,821,967	85.34%	1,398,787	79.02%	597,904	59.56%	752,077	82.29%
TOTAL PAYROLL	1,164,282	54.54%	740,600	41.84%	570,720	56.86%	672,998	73.64%
OPERATING EXPENSES	252,415	11.82%	196,717	11.11%	144,209	14.37%	145,467	15.92%
NET PROFIT	405,270	18.98%	461,470	26.07%	(117,025)	-11.66%	(66,388)	-7.26%
CLIENT DISTRIBUTION	354,611	16.61%	403,786	22.81%	(102,397)	-10.20%	(58,090)	-6.36%

YTD	2022 ACTUAL	%	2022 BUDGET	%	2021 ACTUAL	%	2019 ACTUAL	%
TOTAL REVENUE	15,598,887	100.00%	11,807,739	100.00%	9,041,656	100.00%	20,207,136	100.00%
TOTAL COGS	3,407,864	21.85%	2,356,536	19.96%	1,865,512	20.63%	4,137,615	20.48%
GROSS MARGIN	12,191,023	78.15%	9,451,203	80.04%	7,176,144	79.37%	16,069,521	79.52%
TOTAL PAYROLL	6,026,661	38.64%	5,251,857	44.48%	3,518,164	38.91%	8,060,145	39.89%
OPERATING EXPENSES	1,685,410	10.80%	1,514,736	12.83%	1,051,235	11.63%	2,196,525	10.87%
NET PROFIT	4,478,952	28.71%	2,684,610	22.74%	2,606,745	28.83%	5,812,852	28.77%
Y-T-D CLIENT DISTRIBUTION	3,919,083	25.12%	2,349,034	19.89%	2,280,902	25.23%	5,086,246	25.17%

Item 7-D-2, DELEGATION OF AUTHORITY (Effective January 1, 2023)

Upon motion of Director ________________, seconded by Director ________________ and carried, Chief Executive Officer Carlene Moore is authorized to execute expense agreements consisting of Interagency Agreements, Standard Agreements, and Entertainment Agreements, up to $50,000 and revenue agreements consisting of Rental/Lease Agreements, Sponsorship Agreements, and Vendor Agreements up to $250,000 as long as these contracts do not exceed a one year term, without further authorization from the Board of Directors. Individual Project Agreements (IPA) with California Construction Authority (CCA) requires dual approval of the CEO and President of the Board. In the absence of the President, the Vice President can approve such an expense. Any IPA approved by the CEO and the President or Vice President shall be reported to the full Board at the next Board meeting.

All such executed agreements, however, are to be submitted to the Board of Directors for review at the subsequent meeting.

Through the Contract Approval delegation, the CEO is authorized for expenses for contracts that were previously approved by the Board of Directors. The CEO has delegated authority for all required payroll and related expenses, purchases and expenses that are otherwise categorically exempt from competitive bidding, per Section III of the 22nd DAA Contracting Policies and Procedures, and up to $50,000 for other expenses made through purchases or competitive bidding.

For expenses below the $50,000 limit, the CEO is responsible to develop and maintain operating policies that define signatory authority levels by position.

For expenses related to emergencies or construction change orders that exceed the delegated $50,000 limit, approval for such expenses requires dual approval of the CEO and President of the Board. In the absence of the President, the Vice President can approve such an expense. Any expense approved by the CEO and the President or Vice President shall be reported to the full Board at the next Board meeting. Splitting expenses or orders to avoid this $50,000 limit is not acceptable.

The CEO has delegated authority as the first signer and the Chief Administrative Officer (CAO) shall serve as the authorized second signature on checks over $15,000. In the absence of the CAO, the Chief Operations Officer (COO) shall serve as the authorized second signature. The signatures of those authorized shall be officially recorded on bank signature cards.

In addition, the Board authorizes the CEO to further delegate her/his signature authority authorizing individuals to conduct business on behalf of the 22nd DAA only when the CEO will be absent. The delegating officer retains responsibilities for actions taken by individuals exercising delegated authority.

This Delegation of Authority is separate from the annual delegation of authority and shall be effective January 1, 2023.

This Delegation of Authority shall expire on whichever of the following occurs last: (1) the date that the 22nd DAA Board of Directors adopts the 2023 operating budget for the 22nd DAA, and (2) the date that the 22nd DAA considers and approves a new delegation of authority.

Certified to be a True Copy	**Also authorized by this Delegation**
Signature	Signature
Carlene F. Moore	**G. Joyce Rowland**
Print Name	Print Name
Chief Executive Officer	**President**
Print Title	Print Title
Date	**Date**

Item 7-D-3 – Finance Committee, Out of State Travel

Background:
Out of State Travel for the coming year is typically presented to the Board as part of the coming year's Operating Budget presentation in December. However, time is of the essence for registration and travel arrangements for the Western Fairs Association Annual Conference & Convention as it is scheduled January 15 through 18, 2023, in Reno, Nevada.

Process/Approach
As a reminder, since June 26, 2015, AB 1887 prohibits California from approving a request for state-funded or state-sponsored travel to a state that discriminates against lesbian, gay, bisexual, and transgender people. There are limited exceptions to AB 1887 that allow travel to banned states in certain circumstances. Requests for exceptions must be submitted to the Governor's Office for approval.

Request
This request is to authorize Out of State Travel to the Western Fairs Association Annual Conference & Convention in Reno, Nevada, January 15-18, 2023. Nevada is currently on the approved travel list.

About the Western Fairs Association:

> Western Fairs Association is a nonprofit trade association serving the fair industry throughout the western United States and Canada. Its primary purpose is to assist in maintaining the highest professional standards within the fair industry through a voluntary network of individuals and organizations. Its primary objective is to promote the prosperity of fairs through educational activities, training programs and legislative advocacy, of which the Annual Convention & Trade Show is its marquee event.

ROB BONTA

Attorney General

PROHIBITION ON STATE-FUNDED AND STATE-SPONSORED TRAVEL TO STATES WITH DISCRIMINATORY LAWS (ASSEMBLY BILL NO. 1887)

In AB 1887, the California Legislature determined that "California must take action to avoid supporting or financing discrimination against lesbian, gay, bisexual, and transgender people." (Gov. Code, § 11139.8, subd. (a)(5).) To that end, AB 1887 prohibits a state agency, department, board, or commission from requiring any state employees, officers, or members to travel to a state that, after June 26, 2015, has enacted a law that (1) has the effect of voiding or repealing existing state or local protections against discrimination on the basis of sexual orientation, gender identity, or gender expression; (2) authorizes or requires discrimination against same-sex couples or their families or on the basis of sexual orientation, gender identity, or gender expression; or (3) creates an exemption to antidiscrimination laws in order to permit discrimination against same-sex couples or their families or on the basis of sexual orientation, gender identity, or gender expression. (Gov. Code, § 11139.8, subds. (b)(1), (2).) In addition, the law prohibits California from approving a request for state-funded or state-sponsored travel to such a state. (Gov. Code, § 11139.8, subd. (b)(2).)

The travel prohibition applies to state agencies, departments, boards, authorities, and commissions, including an agency, department, board, authority, or commission of the University of California, the Board of Regents of the University of California, and the California State University. (Gov. Code, § 11139.8, subd. (b).)

The law also requires the Attorney General to develop, maintain, and post on his Internet Web site a current list of states that are subject to the travel ban. (Gov. Code, § 11139.8, subd. (e).)

States Subject to AB 1887's Travel Prohibition

The following states are currently subject to California's ban on state-funded and state-sponsored travel:

1. Alabama
2. Arizona
3. Arkansas
4. Florida
5. Georgia
6. Idaho
7. Indiana
8. Iowa
9. Kansas
10. Kentucky
11. Louisiana

12. Mississippi
13. Montana
14. North Carolina
15. North Dakota
16. Ohio
17. Oklahoma
18. South Carolina
19. South Dakota
20. Tennessee
21. Texas
22. Utah
23. West Virginia

Exceptions

The Legislature created exceptions in AB 1887 that allow travel to banned states in certain circumstances. (Gov. Code, § 11139.8, subd. (c).) These exceptions only apply if travel to a subject state is "required." (*Ibid*.)

Specifically, AB 1887 does not apply to state travel that is required for any of the following purposes:

1. Enforcement of California law, including auditing and revenue collection.
2. Litigation.
3. To meet contractual obligations incurred before January 1, 2017.
4. To comply with requests by the federal government to appear before committees.
5. To participate in meetings or training required by a grant or required to maintain grant funding.

6. To complete job-required training necessary to maintain licensure or similar standards required for holding a position, in the event that comparable training cannot be obtained in California or a different state not subject to the travel prohibition.
7. For the protection of public health, welfare, or safety, as determined by the affected agency, department, board, authority, or commission, or by the affected legislative office.

(Gov. Code, § 11139.8, subd. (c).)

22nd DISTRICT AGRICULTURAL ASSOCIATION BOARD COMMITTEES

For review on November 17, 2022

Regular Meetings

AUDIT & GOVERNANCE
Joyce Rowland, Chair
Kathlyn Mead

COMMUNITY & GOVERNMENT RELATIONS
Don Mosier, Chair
Sam Nejabat

DMTC LIAISON
Richard Valdez, Chair
Lisa Barkett

FINANCE
Richard Valdez, Chair
Michael Gelfand

STRATEGIC PLANNING
Michael Gelfand, Chair
Joyce Rowland

FAIR OPERATIONS
Frederick Schenk, Chair
Sam Nejabat

Meet as needed

LEGAL
Richard Valdez, Chair
Frederick Schenk

PEOPLE & CULTURE
Joyce Rowland, Chair
Richard Valdez

SUSTAINABILITY
Don Mosier, Chair
Michael Gelfand

NOMINATING
Lisa Barkett, Chair
Michael Gelfand

AD-HOC COMMITTEES

AFFORDABLE HOUSING – AD HOC
Kathlyn Mead, Chair
Don Mosier

HORSEPARK – AD HOC
Michael Gelfand, Chair
Kathlyn Mead

RTA/SRTLC (appointed by the Governor)
Richard Valdez, Chair
Kathlyn Mead & Lisa Barkett

SANDAG

DIAMOND AWARDS 2022

Excellence In Commute Programs

BRONZE TIER

presented to

Del Mar Fairgrounds

In recognition of your efforts to improve the commute in the San Diego region and reduce greenhouse gas emissions.

Fiscal Year 2022

Horsepark Being Renovated, Shows Coming Soonish

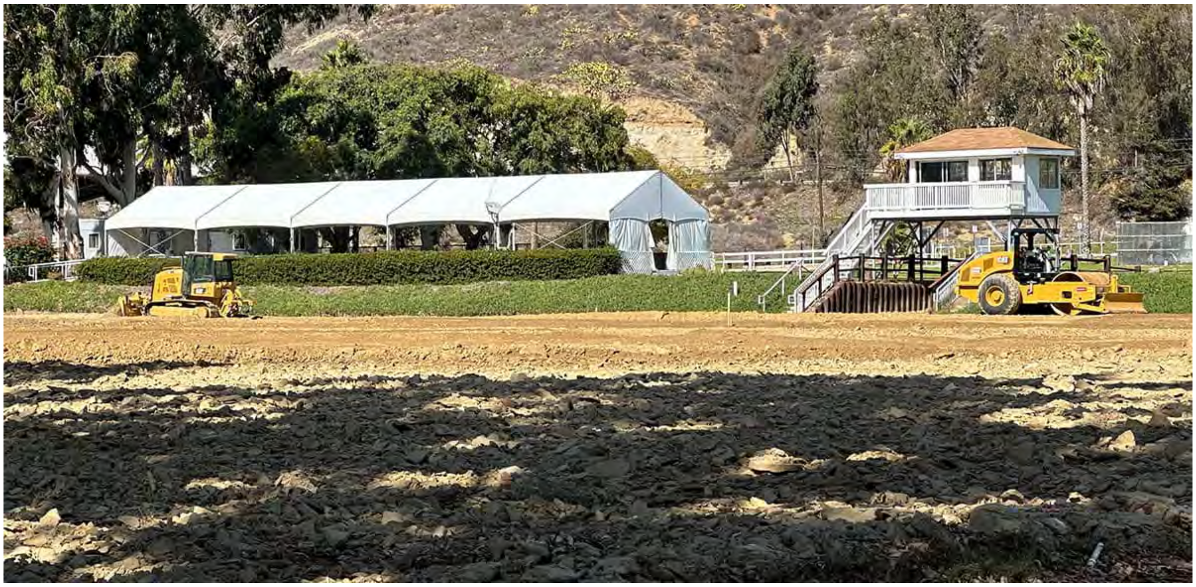
By **Phil Trubey** - November 8, 2022

Finally! It's been two years since the 22nd DAA shut down the Del Mar Horsepark, and we've been through inaction, aborted bid processes, and winning bidders pulling out.

But all that is in the past, and the new Horsepark operator, HITS, itself under new management, is now starting major renovations.

High End Drainage/Irrigation

When I visited Horsepark last Friday, I found several bulldozers hard at work. Peter Englehart, HITS' Chief Development Officer, said that when he recently visited Horsepark he found all arena footing was "like concrete". HITS is not only going to be replacing all footing, but they are going to go the extra several miles and install a state of the art ebb and flow underground irrigation and drainage system under each ring in addition to new high end geotex amended footing. Among other things, this means no more water trucks!



Bulldozers hard at work November 4 at Horsepark.

Ring fencing, stalls, and structures are all getting attention. Even the RV parking area is going to get an upgrade.

Horse Shows

HITS has USEF hunter/jumper dates starting July 2023, and they aim to be ready for business then. They plan on renting out the facility to other types of equestrian shows (dressage, western, county shows) whenever they aren't running their own USEF shows. Show organizers looking to book shows at Horsepark should contact Andrea Wells, HITS Facility Rental Coordinator.

The plan is to use the entire grounds and stall space for exhibitors, save maybe a small area for therapeutic riding. Since Horsepark is so expansive and has so many rings, it is possible they could run two smaller show simultaneously, like a dressage show and a county hunter/jumper show.

For now, HITS is focused on using the facility for equestrian events.

Traub Capital Partners

When you think of HITS, you think of Tom Struzzieri, its longtime owner/operator. But Tom sold a majority stake in HITS to Traub Capital Partners in March of this year and recently stepped down as CEO.

Traub is an investment firm that also owns Signature Brands (Betty Crocker, Cake Mate, Pumpkin Masters), among others. Englehart says he sees their HITS holding as a premier property in the "enthusiast" investment space. He likens it to when he was personally involved in 2006 in the endurance sports industry when he was part of a group that bought Elite Racing and ran the Rock and Roll Marathon among many other iconic race series.

HITS, the 22nd DAA and the Future

I was genuinely worried that we were never going to see Horsepark back online again. The 22nd DAA only ever cared about using it as a parking lot during the Fair. Their RFP was so one sided that, in the end, even the winning bidder decided the risk working with the 22nd DAA was too high.

Englehart says their plan is to invest so much into Horsepark that the 22nd DAA won't have a choice but to extend their ground lease well past the initial five year term. He says there are risks in every business, but that this is a risk they feel they can manage.

With the sale of Thermal three years ago, HITS was without a west coast presence. They aim to make Horsepark their crown jewel west coast anchor and plan on being part of the west coast horse community for a long time.

In the next month or so we should see artist drawings of what HITS' vision is for the property. From what I've heard so far, it is off to a great start.

MUSIC

Del Mar Fairgrounds' new $17 million concert venue, The Sound, sets Feb. 3 opening with Ziggy Marley

The Sound, the new 1,900-capacity concert venue at the Del Mar Fairgrounds, will open in February. (Jason McClain)

The 1,900-capacity venue will be run by Belly Up Entertainment, the booking and marketing division of the Belly Up concert venue

BY GEORGE VARGA

NOV. 8, 2022 6 AM PT

DEL MAR —

The Del Mar Fairgrounds' new $17 million concert venue, which has been in the works since before the pandemic, now has an official name and opening date.

The Sound will debut with a Feb. 3 performance by reggae-music star Ziggy Marley, whose 2021 San Diego performance was a stadium show at Petco Park.

The new venue will have a capacity of 1,900 and be open to all ages. It is at the northeast corner of the Del Mar Fairgrounds. It occupies what was the site of the Race Place off-track betting facility.

Tickets for Marley's concert, priced from $75 to $125, will go on sale Friday at noon at thesoundsd.com. A pre-sale will begin Wednesday at noon on the same website.

MUSIC

Beach Boys and Ziggy Marley play back-to-back Petco Park shows: 'Good Vibrations' meet 'Rastaman Vibration'

May 31, 2021

The Sound will be operated by Belly Up Entertainment, the booking and marketing division of the Belly Up concert venue. The Belly Up is in Solana Beach, barely a mile away from the new Del Mar venue. The company also books shows at other San Diego venues.

"We're larger than Humphreys and House of Blues and smaller than San Diego Civic Theatre," Belly Up Entertainment President Chris Goldsmith said Monday.

"Having The Sound means more touring bands will come to San Diego who have outgrown those other venues but are not big enough yet to play an arena show here or at

SDSU's Cal Coast Open Air Theatre. I think this could be a game-changer that brings a lot of artists who otherwise would not play here."

Those sentiments are seconded by Goldenvoice/AEG San Diego President John Wojas. His company exclusively books the 1,450-capacity Humphreys and has produced concerts at Copley Symphony Hall, The Rady Shell at Jacobs Park and other area venues.

"I'm excited about The Sound and think it will do well," Wojas said Monday.

"There's been a void in San Diego for venues of this size, and the fact they will book a lot of different genres of music is really welcome."

The Del Mar Fairgrounds entered into conversations about opening a concert venue at the fairgrounds in 2016 and subsequently awarded a contract to Belly Up Entertainment.

But the fairgrounds retreated from that nascent partnership in 2018, after the producers of the now-defunct KAABOO Del Mar threatened to move to another location if the contract to the new venue went to the Belly Up. The fair's board then announced it would book shows at what is now The Sound on its own.

The apparent demise of KAABOO — which last took place in 2019 and is now the subject of multiple lawsuits — led to the fairgrounds bringing back the Belly Up. The initial contract calls for Belly Up Entertainment to act as The Sound's managing promoter for the next 10 years.

MUSIC

Is KAABOO festival returning to Del Mar, moving, or finished? Lawsuit against San Diego Padres may decide

May 22, 2022

"We're especially proud to partner with the great people at the legendary Belly Up venue, a long-time San Diego music company, who will undoubtedly curate the new room with local sensitivity," Del Mar Fairgrounds CEO Carlene Moore said in a written statement. "And what better performer to start off the music at The Sound than a legend like Ziggy Marley?"

Marley won't be the first performer at The Sound, although he will be the first since the venue's new name was announced. San Diego's Mainly Mozart Festival Orchestra performed three concerts there in October when the venue was temporarily called The Center at The Del Mar Fairgrounds.

ENTERTAINMENT

Mainly Mozart's first concerts indoors since March 2020 will be at new Del Mar Fairground venue

Oct. 7, 2022

"Those were a prelude to our February opening," Goldsmith said. "I went to the first two Mainly Mozart concerts and was over-the-moon happy with how well they went and how good they sounded in the new venue."

The Sound, by the numbers

Venue size: 7,500 square-feet on the main floor, 2,000 square-feet on the upper level.

Capacity: 1,900 for general admission concerts, including 200 reserved seats upstairs and 100 downstairs. Capacity for all-seated concerts is 800.

Stage size: 43-feet wide and 32-feet deep

Amenities: Five bars, four on the main floor, one upstairs, with light food items.

Age limit: All-ages for all shows.

November 4, 2022 F2022-10

TO: All Fairs

SUBJECT: Proposition 12 Update

In 2018, California voters approved the Farm Animal Confinement Initiative (Proposition 12). The Proposition 12 regulations went into September 1, 2022. While the minimum confinement standards are exempt during fairs and exhibitions, Proposition 12 directly affects the fair industry as all junior livestock fair exhibitors raising the immediate offspring of a breeding pig for the purpose of producing and selling whole pork meat, must adhere to the minimum confinement standard requirements.

Enclosed is an FAQ outreach document that the CDFA Animal Health Branch has created for California Fair and Exhibitions Stakeholders. The document has many additional details about Proposition 12 and how it pertains to the fair industry. For more information about the implementation of Proposition 12 and to view the FAQ outreach document online, please visit the CDFA Animal Health Branch at https://www.cdfa.ca.gov/AHFSS/Animalcare/StakeholderResources/

If you have any questions, please contact Mike Francesconi at (916) 900-5365 or via email at mike.francesconi@cdfa.ca.gov.

Sincerely,

Michael W Francesconi

Mike Francesconi
Branch Chief

Enclosure

cc: Dr. Elizabeth Cox, Animal Care Program Manager
CDFA Animal Health Branch

GUIDANCE FOR FAIRS AND EXHIBITIONS STAKEHOLDERS

What is the Animal Care Program?

The California Department of Food and Agriculture's (CDFA) Animal Care Program (ACP) implements and enforces Animal Confinement laws[1] related to covered animals[2] raised in the state and in-state sales of covered products[3] from covered animals. Animal Confinement laws established minimum confinement standards for California farms[4] raising egg-laying hens, breeding pigs, and veal calves and made it illegal to engage in a commercial sale[5] of covered product from covered animals if they were not raised according to those minimum standards of confinement. For pork meat, this includes meat from the immediate offspring of a covered animal (breeding pig).

Effective September 1, 2022, Animal Confinement regulations outline a regulatory framework of certification, registration, accreditation, and inspection for ACP to implement Health and Safety Code (HSC) sections 25990-25994, which was passed by California voters as the Proposition 12 initiative in 2018.

Which animals are included?

Egg-laying hen[6] means any female domesticated chicken, turkey, duck, goose, or guineafowl kept for the purpose of egg production. Kept for the purpose of egg production means a sexually mature female confined for the purpose of laying eggs which are intended for use as human food.

Breeding pig[7] means any female pig of the porcine species kept for the purpose of commercial breeding who is six (6) months or older, or pregnant. A breeding pig must be in a compliant enclosure for the duration of its production cycle[8]. “Production cycle” means the lifecycle of a commercial breeding pig for the generation of immediate offspring. A production cycle for gilts begins when they are 6 months or older and moved into an enclosure for breeding and ends when a litter of piglets is weaned. A new production cycle for sows begins when each litter of piglets is weaned.

Veal calf[9] means any calf of the bovine species kept for the purpose of producing[10] the food product described as veal. “Kept for the purpose of producing” means keeping a calf that is, or is intended to be, harvested at more than 21 days of age, or more than 150 pounds in liveweight for the production of food described, advertised, represented, identified, or labeled as veal.

What are the exceptions[11] to Animal Confinement minimum standards as related to 4-H, FFA, Grange, Independent, or similar youth program to Fairs and Exhibitions?

- During transportation.
- During temporary periods for animal husbandry purposes for no more than six (6) hours in any 24-hour period, and no more than 24 hours total in any 30-day period.
- During state or county fairs and similar exhibitions.
- During 4-H, FFA, Grange, Independent, or similar youth programs.

What is considered a “sale” under Animal Confinement?

Commercial sale of a covered product means to sell, exchange, barter, trade, transfer title or possession, or distribute, conditional or otherwise, in California commerce including, but not limited to, transactions by a retailer with a consumer and electronic transactions made using the internet.

The sale of a show pig which is then slaughtered at an establishment under mandatory inspection under the Federal Meat Inspection Act (FMIA) has several potential options for that pork meat which has been inspected by Food Safety and Inspection Service, United States Department of Agriculture:

Animal Health and Food Safety Services | 1220 N Street, Sacramento, California 95814
Telephone: 916.900.5000 | Fax: 916.900.5332 | www.cdfa.ca.gov/ahfss

1. Whole pork meat which is then "resold" into California commerce, such as a grocery store, is considered a "sale" under Animal Confinement. This includes whole pork meat from show pigs.

2. Whole pork meat which is then sold to another establishment under mandatory inspection under the FMIA, such as a food processing facility making sausage, is not considered a "sale" under Animal Confinement.

3. Donations[12] of whole pork meat are not considered a "sale" under Animal Confinement.

The sale of a live animal does not fall under Animal Confinement.

- For example, if a show pig is sold at a fair and then processed as custom slaughter[13] for pork meat to be consumed only by the buyer of the live pig, then there is no sale under Animal Confinement laws and regulations because there is no commercial sale of pork meat.

I am a 4-H, FFA, Grange, Independent, or similar youth program exhibitor, leader, or parent planning to purchase show pigs from an exhibition/show breeder for the 2023 fair season, what do I need to do?

When purchasing a show pig from an exhibition/show breeder in California:

- As of January 1, 2022, all commercial breeding pigs in California are required to be raised in compliance with Animal Confinement minimum standards.
- To ensure pork meat from the show pig has access to a "resale" market, ask for self-certification or third-party certification confirming that the commercial breeding pig (dam of the show pig) was kept in compliance with Animal Confinement minimum standards.
    - Without written documentation that the show pig is an immediate offspring of a breeding pig kept in compliance with Animal Confinement, then pork meat from the show pig will not have access to the "resale" market after the fair.
    - The buyer of show pigs who processes the pigs as pork meat to be sold into the retail market in California will want this written documentation.

When purchasing a show pig from an exhibition/show breeder outside of California:

- To ensure pork meat from the show pig has access to a "resale" market, ask for self-certification or third-party certification confirming that the commercial breeding pig (dam of the show pig) was kept in compliance with Animal Confinement minimum standards.
    - Without written documentation that the show pig is an immediate offspring of a breeding pig kept in compliance with Animal Confinement, then pork meat from the show pig will not have access to the "resale" market after the fair.
    - The buyer of show pigs who processes the pigs as pork meat to be sold into the retail market in California will want this written documentation.

I am a commercial exhibition/show breeder housing breeding pigs and selling their immediate offspring to be shown in 2023 county and state fairs and similar exhibitions, what do I need to do?

When the farm keeping breeding pigs is located in California:

- As of January 1, 2022, all commercial breeding pigs in California are required to be raised in compliance with Animal Confinement minimum standards.
- To ensure pork meat from the show pigs (which are an immediate offspring of breeding pigs) can be sold in California commerce, CDFA recommends providing a self-certification or third-party certification of compliance with Animal Confinement with all show pigs sold to 4-H, FFA, Grange, Independent, or similar youth programs for the 2023 fair season.
- A self-certification or third-party certification is written documentation that the show pig is an immediate offspring of a breeding pig kept in compliance with Animal Confinement.

When the farm keeping breeding pigs is located outside of California:

- As of January 1, 2022, the sale of pork meat in California is required to be from a breeding pig confined according to Animal Confinement minimum standards.
- Show pigs shown and sold at a fair or exhibition may be processed for "resale" and the pork meat sold in California commerce.
- To ensure pork meat from the show pigs (which are an immediate offspring of breeding pigs) can be sold in California commerce, CDFA recommends providing a self-certification or third-party certification of compliance with Animal Confinement with all show pigs sold to 4-H, FFA, Grange, Independent, or similar youth programs for the 2023 fair season.
- A self-certification or third-party certification is written documentation that the show pig is an immediate offspring of a breeding pig kept in compliance with Animal Confinement.

I am a 4-H, FFA, Grange, Independent, or similar youth program exhibitor, leader, or parent planning to include breeding pig projects in the 2023 fair season, what do I need to do?

- Breeding pigs which are kept as part of a 4-H, FFA, Grange, Independent, or similar youth program breeding project are exempt from Animal Confinement minimum standards.
- Therefore, the commercial sale of pork meat from the breeding pig and immediate offspring of the breeding pig while she is part of a 4-H, FFA, Grange, Independent, or similar youth program breeding project, are exempt from Animal Confinement minimum standards.

I am a Fair CEO or Junior Livestock Auction Committee that manages a livestock auction, what do I need to do?

- Consider the processing options for the show pigs offered by the fair, Jr. Livestock Auction, or similar exhibition after live animals are sold:
    1. If the only option for buyers of show pigs at the fair or auction is custom slaughter, then no additional action will need to be taken because pork meat produced from custom slaughter cannot be resold. Therefore, there is no sale under Animal Confinement.
    2. If show pigs sold at the fair have the possibility of being processed through a slaughter plant under mandatory inspection under the FMIA and then the pork meat entering California commerce, a recommended best practice is to communicate directly with the slaughter plant that will be performing this service for the fair.
        - Whole pork meat from a slaughter plant under mandatory inspection under the FMIA has several options, refer to definition of "sale" under Animal Confinement above.

[1]Animal Confinement laws HSC §§ 25990-25994 and 3 California Code of Regulations (CCR) §§ 1320-1327.3.
[2]Covered animal as defined in 3 CCR § 1326(h).
[3]Covered product as defined in 3 CCR § 1326(l).
[4]Farm as defined in HSC § 25991(l).
[5]Commercial sale as defined in 3 CCR §§ 1320(e), 1321(f), 1322(f).
[6]Egg-laying hen as defined in HSC § 25991(g).
[7]Breeding pig as defined in HSC § 25991(a).
[8]Production cycle as defined in 3 CCR § 1322(v).
[9]Calf as defined in HSC § 25991(e).
[10]Kept for the purposes of producing as defined in 3 CCR § 1321(s).
[11]Exceptions as descried in 3 CCR §§ 1324-1324.1.
[12]Donations to nonprofit organizations that have a tax exemption under section 501(c)(3) of the Internal Revenue Code (26 U.S.C.).
[13]Custom slaughter as exempted from the California Meat and Poultry Supplemental Inspection Act FAC § 19020.

October 28, 2022 F2022-09

TO: Network of California Fairs and Interested Parties

SUBJECT: State Rules Advisory Committee Applications

The California Department of Food and Agriculture (CDFA) State Rules Advisory Committee held its annual meeting on October 19, 2022. One of the topics discussed at the meeting was the Advisory Committee terms. Eight positions, including the Committee Chair position, have termed out this year and CDFA is currently accepting applications for new members or reappointment of existing members. Applicants for Committee Chair may be existing members or new applicants.

The committee is appointed by the Branch Chief of Fairs and Expositions Branch (F&E) and will be announced by December 31, 2022. The responsibility of the committee is to review the State Rules on an annual basis and make a recommendation for adoption to CDFA F&E. The Advisory Committee application is for a four-year term that would begin on January 1, 2023, and end on December 31, 2026. Applicants must be representatives of the fair industry and employed within California, each having awareness of the current requirements of livestock classification and/or current trends in still exhibits. The committee should be a balance of expertise in livestock, horse shows, small animals, and/or still exhibits. Each member of the Committee shall serve without compensation.

Please Note: once the new committee members have been selected for the new two-year term, F&E will be requesting volunteers from the committee to serve on a sub-committee to assist F&E with State Rules issues that may arise throughout the 2023 fair season. Three sub-committees will be formed to assist with large animals, small animals, and still-exhibit-related matters.

Should you, or an appropriate member of your team, be interested in applying to be considered for State Rules Advisory Committee, please fill out the attached application form and email it to Sofia Goss at sofia.goss@cdfa.ca.gov and F&E's Branch Chief, Mike Francesconi at mike.francesconi@cdfa.ca.gov by November 15, 2022. If you are interested in being considered for Committee Chair, please email Sofia Goss directly to be added to the list of interested applicants for Committee Chair.

Respectfully,

Michael W Francesconi

Mike Francesconi
Branch Chief

October 26, 2022 F2022-08

TO: Fair CEOs and Board Chairs

SUBJECT: Fiscal Year 2022/2023 Fair Training Reimbursements

The California Department of Food & Agriculture, Fairs & Expositions Branch (F&E) would like to announce the opening of the annual Fair Training Reimbursement Program for FY 2022/2023 and provide you with the program details that will allow the fairgrounds to be reimbursed for select training costs. There are no substantive changes to the past program's requirements. While we continue to encourage the fairgrounds to explore virtual and online training options to maximize your reimbursement funds, please be sure to get prior approval from F&E to ensure that the training options not listed below are reimbursable.

This training reimbursement is available for fair class sizes I through IV+ and includes District Agricultural Associations, County Fairs, and Citrus Fruit Fairs. The allocation amount is based on class size and shall focus on training for CEOs, staff, and board of directors. The types of training include fair fiscal management, facility operations, effective management skills, minimizing liability exposure, and animal disease transmission prevention.

F&E encourages the fair to utilize 100% of the eligible funds to enhance the training development of the fair staff and board members. Additional information on the Fair Training Allocation Program and the process of submitting the training reimbursement requests are below. The reimbursement form contains detailed instructions and provides navigable links to help fill out the different sections and tabs.

ELIGIBILITY

Includes all fairs class sizes I to IV+ that have a signed and completed FY 2022/2023 Fair Funding Allocation contract on file. Only training events that have occurred **after** the execution date of the agreement are eligible for reimbursements.

ELIGIBLE TRAINING EXAMPLES

- CFA Fall Managers Conference
- WFA Convention
- Strategic Planning

- Staff & Board of Director Trainings
- Event & Management Symposiums
- Eligible IAFE Events and Courses
- Training Supplies & Materials

TRAVEL REIMBURSEMENTS

All travel expenses sent in for reimbursement must be in accordance with the California Travel Reimbursement Guidelines set by the Department of Human Resources (CalHR) as described below. For more information regarding travel reimbursement guidelines, please visit CalHR Travel Reimbursements.

REIMBURSEMENT SUBMISSION PROCESS

The following information and documentation are required in order to process the request:

1. Submit and have your Base Allocation agreement executed before the date of your first reimbursable training event.
2. Complete the Training Reimbursement Request form. (See Attached)
3. Include a copy of the training event registration receipt.
4. Credit card statements **Will Not** be accepted in place of receipts for registration and airfare expenses.
5. Include the lodging receipt that indicates the daily lodging amount and the daily tax amount per room/per day. Please verify that the rate you are submitting for reimbursement is at or below the maximum daily lodging rate allowed as noted above or they will be adjusted accordingly on the reimbursement form.
6. For air travel and shuttle service, a detailed receipt must be included in the reimbursement request.
7. For mileage reimbursement, include the departure and destination locations and miles traveled. The mileage reimbursement rate is subject to change annually at the beginning of each year.
8. For meal and incidental reimbursements, please complete the Travel Detail section and include the trip departure time and date and the trip arrival time and date for each leg of your trip.

Send the completed reimbursement form and supporting documentation listed above via email to Kenneth.Anater@cdfa.ca.gov. Should you prefer to mail hard copies, please mail to the Fairs and Expositions Branch at 1220 N Street, Sacramento, CA 95814, Attention Ken Anater.

REIMBURSEMENT SUBMISSION DEADLINE

All reimbursement requests are to be postmarked or emailed by June 1st, 2023. All requests postmarked or emailed after June 1st, 2023, **WILL NOT** be reimbursed.

Should you have any questions or require further information, please contact Ken Anater by email or call (916) 900-5073.

Sincerely,

Michael W Francesconi

Mike Francesconi Branch Chief
Fairs & Expositions Branch

Enclosure: FY 2022-23 Training Reimbursement Form

October 25, 2022 F2022-07

TO: Network of California Fairs

SUBJECT: Fairground and Community Resilience Centers Funding

This letter is to provide you with an update regarding the Fairground and Community Resilience Centers program, the one-time General Fund allocation of $150 million from the Budget Act of 2021. The goal of the allocation is to improve both local fairground and other community resilience centers to enhance the state's emergency preparedness capabilities, particularly in response to climate change. Elements for the infrastructure improvements may include cooling and heating centers, clean air centers, and extended emergency evacuation response centers with community kitchens, shower facilities, broadband, backup power, and other community needs due to wildfires, floods, and other emergencies or climate events.

The Fairs and Expositions Branch (F&E) has received the allocation (resiliency funds). As stated in the budget language, $10 million was provided to the California Exposition and State Fair, $38 million will be used toward a competitive application process for projects on other community centers, up to $7.5 million may be used for administrative costs, and the remaining $94.5 million will be used for resiliency projects solely on facilities within the Network of California Fairs. Of the $94.5 million, CDFA has set aside $5 million for the completion of up to 28 Public Safety Power Shutoff (PSPS) projects throughout the Network of California Fairs. The PSPS projects include a facility assessment and installation of automatic transfer switches and docking stations for backup power connections.

To begin the process of awarding the remaining $89.5 million for fairgrounds, CDFA formed a committee with industry representatives to come up with criteria for selecting the fairgrounds. The committee included industry representatives from the California Fair Services Authority (CFSA), Western Fairs Association (WFA), California Construction Authority (CCA), California Office of Emergency Services (CalOES), California Department of Forestry and Fire Protection (CAL FIRE), and the California Department of Social Services (CDSS).

The criteria were carefully selected to align with the goal of the resiliency funds. The initial set of criteria included fairgrounds without physical property, fairgrounds with difficult accessibility, especially during emergency/evacuation events, fairgrounds in less climate resilient locations/fairgrounds at or below sea level, fairgrounds with property size smaller than 33 acres, and fairgrounds not located in disadvantaged/severely disadvantaged communities. Furthermore, additional criteria included population reach, historical number of emergency/evacuation events served, and fairgrounds with past deferred maintenance (SB 5 and CS 6.10) projects. These criteria condensed the list to 15 fairgrounds:

Large Investments

- Northern Area – 3rd DAA Silver Dollar Fair
- Central Area – 24th DAA Tulare County Fair
- Central Area – 35th DAA Merced County Fair
- Southern Area – 28th DAA San Bernardino County Fair
- Southern Area – 50th DAA Antelope Valley Fair

Small/Extended Investments

- 4th DAA Sonoma-Marin Fair
- 10th DAA Siskiyou Golden Fair
- 12th DAA Redwood Empire Fair
- 13th DAA Yuba-Sutter Fair
- 18th DAA Eastern-Sierra Fair
- 24A DAA Kings Fair
- 26th DAA Amador County Fair
- 27th DAA Shasta District Fair
- 30th DAA Tehama District Fair
- Cal Expo

These selected fairgrounds were applied to a two-pronged approach: large investments and small/extended investments. The location of the fairgrounds is extremely important for the purpose of the resiliency funds; therefore, the large investments were selected on a regional basis: northern, central, and southern areas. The list of small/extended investments is a combination of fairgrounds that have potentially already received past deferred maintenance funding or need smaller improvements to make their facilities a resilient center. The list of 15 fairgrounds will undergo a facilities assessment to establish a scope of work, budget, and timeline which will assist in awarding the fairgrounds a portion of the allocation. The assessments do not guarantee that the fairgrounds listed above will be awarded funds. The fairgrounds and amounts awarded will be dependent on the information received through the assessments and the amount available for awarding. Once the assessments have been completed and submitted to F&E, F&E will review the assessments and announce to the industry the fairgrounds and amounts awarded.

Please note that there is still an opportunity to apply for the other community centers portion of the funding. For more information on the competitive application process and upcoming dates, please visit the Fairground and Community Resilience Centers website.

If you have any questions/concerns regarding the Fairground and Community Resilience Centers program, please contact Mike Francesconi at (916) 900-5365.

Respectfully,

Mike Francesconi
Branch Chief