



NOTICE OF MEETING

22nd District Agricultural Association Board of Directors meeting
February 14, 2023, 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
February 14, 2023, 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. **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 January 10, 2023 5-8
- Contract Approval 9-19
 - Standard Agreements
21-081 AM1, Talent Buying Services; 23-022, Midway Management; 23-014A, Parking Point of Sale and Online Ticketing System; 23-014B, Gate and Concert Admissions Point of Sale and Online Ticketing System; 23-014C, Electronic Ticketing/Redemption for Midway (Rides & Games) Point of Sale and Online Ticketing System; 22-102, Security alarm service and maintenance
 - Sponsorship Contracts
SPO-23-009-19, Wyndham Vacation Resorts; SPO-23-021-19, Tuff Spas, a division of LPI, Inc.; SPO-23-001-19, Pepsico Foodservice; SPO-21-008-19/AM1, Local Roots Kombucha; SPO-23-006-19, The San Diego Union Tribune; SPO-23-012-19, Champagne Spas; SPO-23-064-19, DSI dba Global Marketing on behalf of DIRECTV.
 - Review of Contracts Executed per Delegation of Authority
 - Service Agreements
23-902, Swim School Rental Agreement; 23-903, Golf Shop Rental Agreement; 23-011, Livestock scales repair
 - Event Contracts
23-3048, SD Building Engineers-IFMA SD Trade Show; 23-3049, Jiu Jitsu Tournament

4. **MANAGEMENT REPORT** – CEO Carlene Moore (Informational)

- Operational Announcements verbal
- Construction Projects & Facilities Updates 20
 - Emergency Roof Repairs
 - Emergency Plumbing Repairs
- Industry News & Updates verbal
 - CDFA Collaborative Exchange

5. **GENERAL BUSINESS**
- A. Comprehensive Policies Development and Review (Information) 21-56
 - Governance Policies
 - B. Consideration and vote on whether to approve the Memorandum of Understanding with Don Diego Scholarship Foundation (Action) 57-66
 - C. Consent to Assignment of Horsepark Operating Agreement 22-006 (Action) 67-70
 - D. Community & Government Relations Committee Report – Don Mosier, Chair (Information) verbal
 - E. Finance Committee Report – Richard Valdez, Chair 71-75
 - 1. Consideration and vote on whether to approve Out of State Travel (Action) 76
 - F. Fair Operations Committee Report – Frederick Schenk, Chair 77-80
 - International Association of Fairs & Expositions (IAFE) and Western Fairs Association (WFA) Award Results (Informational)
 - G. DMTC Liaison Committee Report – Richard Valdez, Chair 81-103
 - 1. Consideration and vote on whether to approve the 2023 Budget (Action)
6. **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.
7. **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.
 - F. 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.)]
8. **RECONVENE TO OPEN SESSION**
 Report on actions, if any, taken by the Board in closed executive session.
9. **MATTERS OF INFORMATION**
- Correspondence 105-115
 - 2023 Committee Appointments 104
10. **ADJOURNMENT**



22nd DISTRICT AGRICULTURAL ASSOCIATION
Board of Directors Meeting
Del Mar Fairgrounds
2260 Jimmy Durante Boulevard
Del Mar, CA 92014
January 10, 2023

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
Richard Valdez, 2nd Vice President (via ZOOM)
Carlene Moore, Chief Executive Officer

DIRECTORS PRESENT

Lisa Barkett (via ZOOM), Michael Gelfand, Kathlyn Mead, and Don Mosier (via ZOOM)

OFFICERS/DIRECTORS ABSENT

Frederick Schenk, 1st Vice President
Sam Nejabat

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 1:37 p.m. with a quorum present.

ROLL CALL

All Directors were present except for Vice President Frederick Schenk and Director Sam Nejabat who had excused absences.

CONSENT CALENDAR

Director Mead moved to approve the Consent Calendar. Director Gelfand seconded the motion. President Rowland, Vice President Valdez, Directors Barkett, Gelfand, Mead, and Mosier, were all in favor and the motion carried 6-0.

MANAGEMENT REPORT

CEO Moore reviewed the following items:

Operational Announcements

- Informed the Board on the upcoming new events.
- Fair Operations Committee meetings have resumed and will have regular updates going forward.
 - Request for Tent vigil project to honor the homeless lives lost between 2020 and 2022 was taken under consideration discussed as an exhibit at the 2023 San Diego County Fair. It was determined that the Fair environment may not be the best place for the exhibit to receive the respect and deference warranted. CEO Moore offered to work with the requestor to find a more appropriate venue and time.

Construction Projects & Facilities Updates

- CEO Moore reported that the fill-in of the floor at The Sound was completed.
- Scheduling a showcase of the Water Quality Improvement project in March that will include a tour.

Industry News & Updates

- CDFA Collaborative Exchange: CEO Moore attended and said there were representatives from the Department of Tax and Fee Administration that discussed the new fair funding, otherwise known as AB1499, regarding not just the Fair but all year-round events doing business on Fairgrounds in California.
- California Construction Authority (CCA): The 22nd DAA is one of the five member organizations that serve on that Board and CEO Moore was elected as the Board Chair for 2023.
- The Western Fairs Association Convention takes place January 15-19 in Reno, Nevada.

PUBLIC COMMENT ON MANAGEMENT REPORT (See page 20 of transcript)

Ann Menasche (via ZOOM) Martha Sullivan (via ZOOM)
Lori Saldana (via ZOOM)

GENERAL BUSINESS

COMPREHENSIVE POLICIES DEVELOPMENT AND REVIEW

CEO Moore referred to the report on page 11 and the draft policies on pages 12-53 of the Board packet. Draft policies will be presented to the Board for discussion and public input at a meeting, then be routed through the appropriate Board Committee(s) or delegated back to the Chief Executive Officer for further review and consideration of the input received. The policies will then be brought back to the Board during a regular meeting for final consideration and approval.

PUBLIC COMMENT ON COMPREHENSIVE POLICIES DEVELOPMENT (See page 33 of transcript)

Marth Sullivan

MEMORANDUM OF UNDERSTANDING (MOU) WITH DON DIEGO SCHOLARSHIP FOUNDATION

CEO Moore explained that the MOU is necessary under the best management practice from the Department of Food and Agriculture for all district agriculture associations with any affiliated non-profits. The Don Diego Scholarship Foundation is currently reviewing the document and will present it to their Board for approval. Following their approval, it will be brought back to the 22nd DAA Board for approval.

CONSENT TO ASSIGNMENT OF HORSEPARK OPERATING AGREEMENT 22-006

CEO Moore referred to the agreement on pages 67-69 of the Board packet, which consents to the assignment of the Horsepark Operator Agreement from Struzzieri Ventures, who the contract was originally entered into, to HITS Del Mar, LLC. Once the agreement is signed by the other parties, it will be brought back to the Board for approval.

PUBLIC COMMENT ON HORSEPARK OPERATING AGREEMENT 22-006 (See page 42 of transcript)

Marth Sullivan

FINANCE COMMITTEE

2023 Operating Budget

CEO Moore reviewed the monthly financials through November, included in the Board packet on pages 71-72 of the Board packet. Director of Finance Sadegh reviewed the food and beverage report on page 73 of the board packet. Vice President Valdez as Chair of the Finance Committee reviewed the process for budget planning. CEO Moore, Director of Finance Sadegh, CAO Carmichael and COO Mueller provided a detailed PowerPoint presentation of the 2023 Operating Budget, which includes the 2023 Midway rates, 2023 -2024 Facility and Event Rental rates, for approval. Director Gelfand moved to approve the 2023 Operating Budgets. Director Mosier seconded. President Rowland, Vice President Valdez, Directors Barkett, Gelfand, Mead, and Mosier, were all in favor and the motion carried 6-0.

2023 Capital Expenditures Budget

CAO Carmichael explained the need for the various facility improvement projects listed on page 77 of the Board packet in the Capital Expenditures Budget. Director Gelfand moved to approve the 2023 Capital Expenditures Budget. Director Mead seconded. President Rowland, Vice President Valdez, Directors Barkett, Gelfand, Mead, and Mosier, were all in favor and the motion carried 6-0.

PUBLIC COMMENT ON THE FINANCE COMMITTEE REPORT (See page 114 of transcript)

Marth Sullivan (via ZOOM) Carla Echols-Hayes (in-person)
Laura DeMarco (in-person) Lori Saldana (via ZOOM)

CONSIDERATION AND VOTE ON 2023 DELEGATION OF AUTHORITY

CEO Moore referred to the report on pages 78-80 in the Board packet. There was one significant change from the previous Delegation of Authority increasing entertainment contracts to \$500,000. Director Mosier moved to approve the Delegation of Authority and the Local Agency Investment Fund (LAIF), with one change reflected that where ever it says: "the Vice President" to read: "a Vice President." President Rowland, Vice President Valdez, Directors Barkett, Gelfand, Mead, and Mosier, were all in favor and the motion carried 6-0.

2023 CONTRACT APPROVAL

CEO Moore explained that typically contracts are approved under the Consent Calendar, but because the contracts listed on pages 81-98 are tied to the 2023 budget, the budget needed approval first before the authorization was approved to enter into the contracts. Director Gelfand moved to approve the contracts presented by staff. Director Mead seconded. President Rowland, Vice President Valdez, Directors Barkett, Gelfand, Mead, and Mosier, were all in favor and the motion carried 6-0.

SUSTAINABILITY COMMITTEE REPORT – Don Mosier, Chair

Director Mosier and Director Gelfand reported that the committee met in December. The committee discussed options that would be folded into the feasibility analysis. They also are carefully watching for state and federal funds that could help support sustainability projects.

PUBLIC COMMENT ON SUSTAINABILITY COMMITTEE REPORT (See page 133 of transcript)

Marth Sullivan (via ZOOM)

AFFORDABLE HOUSING AD-HOC COMMITTEE REPORT – Kathlyn Mead, Chair

CEO Moore reported that the committee met and that staff continues to work with the City of Del Mar. The Department of Housing and Community Development have revised the timeline with the City of Del Mar to reach an agreement with the District from December 2024 to April 2024.

PUBLIC COMMENT ON AFFORDABLE HOUSING (See page 136 of transcript)

Marth Sullivan (via ZOOM))

NOMINATING COMMITTEE – Lisa Barkett, Chair

Director Barkett moved for approval of the committee's recommendation for the 2023 slate of officers as follows: G. Joyce Rowland, President; Frederick Schenk, First Vice President; Richard Valdez, and Second Vice President. Director Mosier seconded. President Rowland, Vice President Valdez, Directors Barkett, Gelfand, Mead, and Mosier, were all in favor and the motion carried 6-0.

PUBLIC COMMENT ON NON-AGENDA ITEMS (See page 139 of transcript)

Martha Sullivan (via ZOOM)

RECESS TO CLOSED EXECUTIVE SESSION

The Board recessed to Executive Session at 4:47 p.m.

RECONVENE TO OPEN SESSION

The Board reconvened to Open Session at 6:01 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

President Rowland asked the Board to review the draft of the committee assignments and bring forth any comments at next month's meeting. See pages 99 of the Board packet.

ADJOURNMENT

There being no further business to discuss, President Rowland adjourned the meeting at 6:02 p.m.

Carlene Moore
Chief Executive Officer

Subject to Board approval

CONTRACT APPROVAL(S)

February 2023

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
DAA-21-081-40 AM1	Romeo Entertainment Group	Talent Buying Services	Request for Proposal	11/17/21 – 11/16/24	\$425,000.00 (AM1) <u>Total contract value</u> \$600,000.00
Agreements Awarded via Request for Proposals					
Contract #	Contractor	Purpose	RFP Number	Term	Amount
23-014	TBD	Computerized Ticketing	23-014	2/24/23 – 1/31/25	<u>TBD</u>
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
23-102	Raptor Security	Security alarm service and maintenance	Sole Source	1/1/22 – 12/31/24	\$75,000.00

Solicitations Released Since Last Board Meeting

Solicitation #	Solicitation Type	Purpose	Term	Amount
23-014 Rebid No. 1	Request for Proposal	Computerized Ticketing Services	2/15/23 – 2/14/25	<u>To be determined upon award</u>
23-021	Request for Qualifications	Environmental Planning, Permitting and Technical Studies	3/15/23 – 3/14/28	<u>To be determined upon award</u>

Delegated Authority Contracts Up to \$50,000.00

approved since last Board meeting

Contract #	Contractor	Purpose	Acquisition Method	Term	Amount
23-902	Noon Family Swim School	Swim School Rental Agreement	Rental Agreement	1/1/23 – 12/31/23	TBD
23-903	Worldwide Golf Shops	Golf Shop Rental Agreement	Rental Agreement	1/1/23 – 12/31/23	TBD
23-011	San Diego Scales Co.	Livestock scales	Categorical Exemption	5/25/23 – 7/7/25	\$4,500.00

STANDARD AGREEMENT - AMENDMENT

STD 213A (Rev. 4/2020)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED _____ PAGES

AGREEMENT NUMBER

DAA-21-081-40

AMENDMENT NUMBER

AM 1

Purchasing Authority Number

GL Acct: 600100-40

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTOR NAME

Romeo Entertainment Group, Inc.

2. The term of this Agreement is:

START DATE

November 17, 2021

THROUGH END DATE

November 16, 2024

3. The maximum amount of this Agreement after this Amendment is:

\$600,000.00

Six Hundred Thousand Dollars and Zero Cents

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

The purpose of this Amendment is to exercise the first two-year option of this Agreement, adding years two and three of a possible five year term and increase the dollar amount by \$425,000.00 (Option Year One = \$200,000.00, Option Year Two = \$225,000.00). The Through End Date is hereby amended from November 16, 2022 to November 16, 2024.

The Maximum Amount of This Agreement is hereby amended from \$175,000.00 to \$600,000.00.

Amendment Effective Date: November 16, 2022

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Romeo Entertainment Group, Inc

CONTRACTOR BUSINESS ADDRESS

5247 N 129th Street

CITY

Omaha

STATE

NE

ZIP

68164

PRINTED NAME OF PERSON SIGNING

Robert J. Romeo

TITLE

President

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

STANDARD AGREEMENT - AMENDMENT

STD 213A (Rev. 4/2020)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED _____ PAGES

AGREEMENT NUMBER

DAA-21-081-40

AMENDMENT NUMBER

AM 1

Purchasing Authority Number

GL Acct: 600100-40

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTING AGENCY ADDRESS

2260 Jimmy Durante Boulevard

CITY

Del Mar

STATE

CA

ZIP

92014

PRINTED NAME OF PERSON SIGNING

Carlene Moore

TITLE

Chief Executive Officer

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

FAC §4051 .a. 1

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER 22-102	PURCHASING AUTHORITY NUMBER (If Applicable) GL Account #: 600100-20-A
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1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTOR NAME

Raptor Security, Inc.

2. The term of this Agreement is:

START DATE

January 1, 2022

THROUGH END DATE

December 31, 2024

3. The maximum amount of this Agreement is:

\$75,000.00

Seventy Five Thousand Dollars and Zero Cents

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibits	Title	Pages
Exhibit A	Scope of Work	3
Exhibit A, Attachment I	AED Map	1
Exhibit B	Budget Detail and Payment Provisions	1
Exhibit C*	General Terms and Conditions (April 2017)	4
Exhibit D	Special Terms & Conditions	5
Exhibit D Attachment I	Insurance Requirements	4
Exhibit E	Preventing Storm Water Pollution	1
Exhibit F	22nd DAA RESOURCE CONSERVATION POLICY	1

Items shown with an asterisk (), are hereby incorporated by reference and made part of this agreement as if attached hereto.*

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Raptor Security, Inc.

CONTRACTOR BUSINESS ADDRESS

PO Box 572

CITY

Carlsbad

STATE

CA

ZIP

92018

PRINTED NAME OF PERSON SIGNING

Greg Levorchick

TITLE

President

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER 22-102	PURCHASING AUTHORITY NUMBER (If Applicable) GL Account #: 600100-20-A
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STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

22nd District Agricultural Association (District) / Del Mar Fairgrounds (Fairgrounds)

CONTRACTING AGENCY ADDRESS

2260 Jimmy Durante Boulevard

CITY

Del Mar

STATE

CA

ZIP

92014

PRINTED NAME OF PERSON SIGNING

Carlene Moore

TITLE

Chief Executive Officer

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

FAC §4051 .a. 1

**EXHIBIT A
SCOPE OF WORK**

1. SERVICES OVERVIEW

- A. Raptor Security, Inc., hereinafter referred to as the Contractor, agrees to provide to the 22nd District Agricultural Association / Del Mar Fairgrounds, hereinafter referred to as District, with services as described herein:

The Contractor shall provide management, installation, technical support/service, maintenance, and monitoring of security alarms, and access systems for the District.

- B. The services shall be performed at both the Contractor's place of business located at 2772 Roosevelt St., Carlsbad, CA 92008 and at the District located at 2260 Jimmy Durante Blvd., Del Mar, CA, 92014.
- C. The alarm services (i.e., repair/installation) shall be provided primarily Monday through Friday, however alarm services (i.e., monitoring/technical support) are continuously needed and shall be provided 24 hours a day, seven days a week.
- D. The Project Representatives during the term of this Agreement will be:

22 nd District Agricultural Association	Contractor: Raptor Security, Inc.
Name: Mark Elvin, Director of Public Safety	Name: Gregory Levorchick, President
Address: 2260 Jimmy Durante Boulevard Del Mar, CA 92014	Address: P.O. Box 572 Carlsbad, CA 92018-0572
Phone: 858-792-4282	Phone: 858-458-9944
e-mail: melvin@sdfair.com	e-mail: greg@raptorsecurity.net

The parties may change their Project Representative upon providing ten (10) business days written notice to the other party. Said changes shall not require an Amendment to this Agreement.

2. WORK TO BE PERFORMED:

- a. Contractor shall provide management, installation, repair/removal, technical support/services, maintenance and monitoring of security alarms and access control systems for the District.
- b. Contractor shall provide all services at the direction of and to the satisfaction of District's Director of Public Safety/Management.
- c. Contractor shall have current licenses and certifications required by law to provide all services for the District and shall perform this work in accordance with all current applicable laws and codes. Contractor will provide District copies of licenses and certificates within 48 hours, upon District's written request, including electronic e-mail requests by District, including any applicable vehicle licensing, registration, and insurance as well as information on any staff that are working for the Contractor.

**EXHIBIT A
SCOPE OF WORK**

- d. District documents shall supersede and take precedence over any Contractor's documents.
- e. Contractor shall be fully responsible for all actions and omissions of its' Subcontractors, and of persons and organizations directly or indirectly employed by them, and of person(s) and organization(s) for whose actions any of them may be liable to the same extent that the Contractor is responsible for the actions and omissions of persons directly employed by the Contractor. Nothing in this Agreement shall create any contractual relationship between the District and any Subcontractor, or other person(s) or organization(s) having a direct contract with the Contractor, nor shall it create any obligation on the part of the District to pay or require the payment of any funds due any Subcontractor or other person(s) or organization(s), except as may otherwise be required by law.
- f. Approval of the Contractor's insurance by the District shall not diminish or alter the extent to which the Contractor or any Subcontractor(s) may be held responsible for payment of all damages resulting from its' operations.
- g. The Del Mar Fairgrounds, within the County of San Diego, California is located within environmentally sensitive wetlands. Therefore, any equipment/machinery that is leaking fluid/hazardous material (battery acid, coolant, diesel, gas, hydraulic fluid, motor oil, power steering fluid, transmission fluid, etc.) will immediately either be repaired or removed from the District's property by the Contractor. Furthermore, Contractor agrees to dispose of/recycle all waste according to the State and local laws and regulations, including Exhibit E – Storm Water Pollution Prevention.
- h. The District shall not guarantee the exact amount of services to be used as the District cannot guarantee the occurrence of service needs generated by facility use.
- i. Contractor further agrees the alarm monitoring shall not exceed **\$34.00** per month per unit system. Monitoring for AED units not to exceed **\$2.00**, per unit. Exhibit A, Attachment I, 'Map B' shows the AED units and alarm panel locations within the District. Monthly maintenance and repair shall not exceed **\$300.00**, per month, without **prior** approval of District management.
- k. Contractor agrees the cost for system survey, testing and reprogramming shall not exceed, **\$150.00**, per system. Annual installation of temporary alarm systems during the annual County Fair, shall not exceed **\$1,300.00** per system. The annual charges for miscellaneous equipment rental for servicing alarms shall not exceed **\$1,500.00**, without **prior** approval of **District** Management.
- l. Contractor agrees the annual cost of services for the term of the Agreement shall not exceed budgeted appropriation.
- m. The District may approve additional servicing and monitoring as well as security-related software installation with the prior written approval of District management.

EXHIBIT A
SCOPE OF WORK

- n. Contractor agrees to perform security alarm services for a total amount not to exceed, **\$75,000.00**. This funding includes all Contractor costs for qualified labor, monitoring, equipment, materials/supplies, insurance, licenses, surcharges, taxes, transportation, and administrative overhead.
- o. The Contractor agrees to provide a written quote for approval by the District's Director of Public Safety/Management, prior to the initiation of any additional services.
- p. Contractor is required to respond to the District within 24 hours on any calls for service or information.
- q. Contractor is required to start/complete required installation, upgrade, removal, or any other request for service in regards to the alarm/access equipment within 30 days or supply, in writing a valid reason for delay in starting and/or completing the project.
- r. Contractor is required to complete the installation and activation of the security alarm system and access control door system by January 9, 2023, for the planned opening of the District's "The Sound" venue on Jan 12, 2023.

SPONSORSHIP CONTRACT APPROVAL(S)

February 2023

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-23-009-19	Wyndham Vacation Resorts	Wyndham returns as a fair sponsor this year. They will market and sell vacation packages.	6/7/23 – 7/4/23	<u>\$60,500.00 total cash</u>
SPO-23-021-19	Tuff Spas, a division of LPI, Inc.	Tuff Spas will be selling rotomolded hot tubs in the O'Brien hall.	5/31/23 – 7/5/23	<u>\$56,000 total cash</u>
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	<u>\$625,000 total cash (\$125,000 each year)</u> <u>\$50,000 marketing activation (\$10,000 each year)</u> <u>\$3,125 water donation (\$625 each year)</u>
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	<u>\$160,500.00 total cash</u> <u>2021 - \$29,500</u> <u>2022 - \$20,000</u> <u>2023 - \$28,000</u> <u>2024 - 38,000</u> <u>2025 - 45,000</u>
SPO-23-006-19	The San Diego Union Tribune	The UT returns as our wine and spirits festival sponsor. Additionally, the UT Espanol will sponsor our Dias de la Familia days.	6/7/23 – 7/4/23	<u>\$13,000 total cash</u> <u>\$140,000 cash-in-kind</u>
SPO-23-012-19	Champagne Spas	Champagne spas returns to sell Sundance spas and swim spas.	6/7/23 – 7/4/23	<u>\$100,000 total cash</u>
SPO-23-064-19	DSI dba Global Marketing on behalf of DIRECTV.	DSI is the agency for Global Marketing. They will be marketing and selling DirecTV.	6/7/23 – 7/4/28	<u>\$52,500 total cash</u>

SPO-23-033-19	Aqua Paradise.	Aqua Paradise will sell and market Jacuzzi spas and swim spas.	6/7/23 – 7/4/23	<u>\$82,500.00 total cash</u>
SPO-23-058-19	M724, Inc. dba Tropicana Outdoor Living	Tropicana will sell BBQ islands and back furniture.	6/7/23 – 7/4/23	<u>\$80,000 total cash</u>
SPO-23-052-19	Bluegreen Vacations Unlimited	Bluegreen will sell and market vacation ownership and vacation packages.	6/7/23 – 7/4/23	<u>\$60,000 total cash</u>
SPO-23-013-19	Encore Ginal, Inc	Encore Ginal will continue to be the exclusive skin care sponsor of the fair. They sell luxury skin care and LED Face lights..	6/7/23 – 7/10/28	<u>\$600,000 total cash</u> <u>A \$120,000 payment in May of 2023, 2024, 2025, 2026 and 2027</u>



Emergency Repairs

Background:

Due to the heavy rainfall and public activities taking place in our facilities, we needed to immediately engage California Construction Authority (CCA) on emergency roof repairs for several of our buildings, including, Wyland Hall, O'Brien Hall, and the Arena. Specifically, our Wyland Hall has sixty-five skylights, and several were leaking. The Arena had had a cracked and rotted downspout running through the ceiling that needed repairing and rerouting, and our O'Brien hall currently has many leaks that we were unable to repair, due to the current state of the roof; CCA is coordinating with a structural engineer to assess the safety of the O'Brien roof.

In addition, the Surfside upstairs kitchen had not been used for several years and in opening the kitchen for use, we had water leaking into the new venue space, as plumbing pipes were broken.

These repairs fall under the 'exigency' clause and are exempt from public bid.

Process/Approach:

The 22nd District Agricultural Association (District) staff contacted CCA for emergency repairs to stop the roof leaks and to replace and repair the broken/damaged plumbing. A roofer and plumber were contracted, and the temporary repairs were completed on the Wyland Hall. In addition, the Arena building downspout was replaced and rerouted and the Surfside plumbing was repaired.

The district is currently waiting for quotes to make permanent repairs to the Wyland and O'Brien roofs.

Recommendation:

Staff will make recommendations for future roof repairs or replacements once quotes are received.

Environmental/Coastal Commission Review:

Not applicable.

Fiscal Impact:

The emergency repairs for the plumbing at Surfside are estimated at approximately \$30,000. The temporary emergency roof repairs for Wyland and the Arena downspout repairs are estimated at \$45,000.



Item 5-A, General Business – Comprehensive Policies Development & Review

Background:

As previously reported, 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 (DAAs) 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 DAAs 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. The process will be 1) present draft policies to the Board at a duly noticed public meeting for discussion, 2) route through the appropriate Board committee(s) or delegate back to the Chief Executive Officer for further consideration of the input received, 3) brought back to the Board at a subsequent public meeting for additional feedback, and 4) finally presented to the Board for consideration and approval.

The attached draft policies were presented last month and have subsequently been reviewed and, in some instances, amended by the Audit & Governance Committee in further detail.

Recommendation

Provide feedback on the policies as presented.

Environmental/Coastal Commission Review

None at this time.

Fiscal Impact

None at this time.

22nd District Agricultural Association

Board Policies

Introduction

The 22nd District Agricultural Association (the 22nd DAA) is a California state institution that is organized in accordance with the California Food and Agricultural Code (the Code).

The 22nd DAA's purposes under the Code are (1) to hold fairs, expositions and exhibitions in San Diego County to exhibit the industries and industrial enterprises, resources, and products of every kind or nature of the state, with a view toward improving, exploiting, encouraging, and stimulating them; and (2) to construct, maintain, and operate recreational and cultural facilities of general public interest in San Diego County. The 22nd DAA has adopted purpose and mission statements to effectuate these purposes.

Purpose

The 22nd DAA is a timeless community treasure where all can flourish, connect, and interact through year-round, exceptional experiences.

Mission

The 22nd DAA connects 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.

Vision

The 22nd DAA will be the community's iconic place for social interaction and cultural expression, honoring traditions, embracing innovation, celebrating excellence, and having fun. The 22nd DAA does business under the name of the Del Mar Fairgrounds and the San Diego County Fair. The 22nd DAA manages and operates three distinct properties in Del Mar, California consisting of the 212-acre main campus (Fairgrounds), 48-acre recreational campus

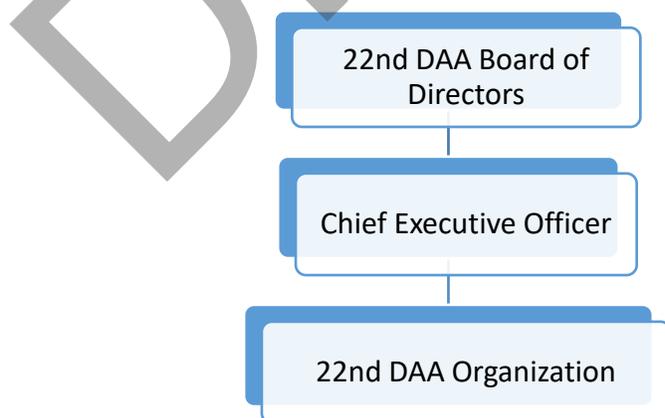
(Surf & Turf), and 64-acre equestrian center (Horsepark), and produces the San Diego County Fair each summer.

Two tax-exempt nonprofits work closely with the 22nd DAA to further its purpose and mission, the Don Diego Scholarship Foundation and the Friends of the San Diego County Fairgrounds.

In accordance with Section 3965(b) of the Code, a nine-person Board of Directors (the Board) manages the affairs of the 22nd DAA and guides its strategic direction. Board Members are state officers appointed by the Governor of California. In accordance with the Code, the Board has the authority to delegate certain powers and responsibilities for managing the affairs of the 22nd DAA to the Chief Executive Officer (CEO) and other designated employees. This delegation is subject to the 22nd DAA's Bylaws as well as the Board Policies set forth in this manual.

Policies set forth the framework for how Board Members, the CEO, and other 22nd DAA employees are to carry out their individual and shared responsibilities as they work together to serve the community. These policies formalize:

- The core institutional values and ethical framework of the 22nd DAA;
- The responsibilities and authority of the Board as a body and of its members individually;
- The responsibilities and authority of the 22nd DAA's employees, including the CEO;
- The relationship between the Board, the CEO, and other employees of the 22nd DAA; and
- The general principles that guide the Board's governance practices.



22nd District Agricultural Association
Policies

Policy 2.01: Institutional Values

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this Policy contradict any provision of California law, California law shall control.

Purpose

The purpose of this Policy is to outline the institutional values of the 22nd DAA. These values are the ethical foundation for all activity conducted in connection with the 22nd DAA, including interactions among 22nd DAA Personnel and interactions by 22nd DAA Personnel with External Stakeholders.

Policy

It is the Policy of the 22nd DAA that all 22nd DAA Personnel know and act in accordance with the following institutional values.

Institutional Values

- **Fun!:** We believe in celebrating the ordinary and the extraordinary in unique ways.
- **A+ Quality:** We believe in creating exceptional and memorable experiences.
- **Integrity:** We believe in being responsible to our community, the environment and to one another.
- **Respect:** We believe in providing an inclusive and interactive place where all people can connect.
- **Service:** We believe in purposeful and inspiring engagement.

It is the responsibility of all 22nd DAA Personnel to apply these values in their activities for the 22nd DAA, whether in the workplace or any other setting in which they are representing the 22nd DAA. In turn, the 22nd DAA Leadership Team will strive to create an environment that supports every individual's ability to uphold and work by our shared ethical principles.

22nd District Agricultural Association
Policies

Policy 2.02: Code of Ethics

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this policy contradict any provision of California law, California law shall control.

Purpose

All 22nd DAA Personnel are responsible for adhering to the highest standards of ethical conduct and behavior. This Code of Ethics is designed to help 22nd DAA Personnel make ethical decisions in their work for the 22nd DAA. This Code of Ethics applies to all 22nd DAA Personnel and independent contractors contracted by the 22nd DAA.

Policy

It is the Policy of the Board that all 22nd DAA Personnel act in accordance with this Code of Ethics. While the Code of Ethics cannot address every issue, it provides basic principles to guide activities and decisions. Minimum compliance with legal requirements does not necessarily meet the standards set forth in this Code of Ethics. All 22nd DAA Personnel are encouraged to consult with their supervisor, the CEO, or the Board Chair or Board Vice Chair regarding questions about whether a particular course of conduct meets the requirements of the Code of Ethics. All 22nd DAA Personnel are required to report any suspected wrongdoing in accordance with the reporting procedures set forth in *Board Policy 2.05: Reporting Wrongdoing*. Any directives or communications, whether formal or informal, that have the effect of discouraging such reporting are strictly prohibited.

1. Uphold the Law and Ethical Principles

All 22nd DAA Personnel are expected to follow the law and applicable regulations, both in letter and spirit. While ethical principles and legal requirements may overlap, in many respects they may differ. Ethical decision-making and practices should be considered along with legal

requirements and appropriately fill any gaps in legal interpretation and application. It is the policy of the Board that all 22nd DAA Personnel exhibit the highest fidelity to ethical conduct and avoid even the appearance of impropriety.

2. Professional Integrity and Responsibility

All 22nd DAA Personnel are expected to add value to the 22nd DAA, contribute to its ethical success, and accept professional responsibility for individual decisions and actions. All 22nd DAA Personnel are expected to serve as advocates for the 22nd DAA by engaging in activities that enhance its credibility and value.

General Guidelines

1. Adhere to the highest standards of ethical and professional behavior, including honesty, transparency, and fairness.
2. Take actions that are grounded in furthering the mission of the 22nd DAA.
3. Take actions that are consistent with the institutional values of the 22nd DAA (see Policy 2.01: *Institutional Values*).
4. Strive to achieve the highest levels of service for the community served by the 22nd DAA.
5. Advocate for the appropriate treatment, appreciation, and care of all 22nd DAA Personnel and External Stakeholders as valuable individuals.
6. Do not harass, mistreat, belittle, harm, or take unfair advantage of anyone.
7. Do not tolerate lying, deliberate misrepresentation, theft, fraud, unlawful discrimination, or ill use of other individuals — whether such persons be guests, peers, superiors, subordinates, contractors, Board Members, members of the public, or other stakeholders.
8. Do not misappropriate the 22nd DAA's resources or resources belonging to others which are entrusted in the care of the 22nd DAA.

3. Ethical Leadership

All 22nd DAA Personnel are expected to exhibit individual leadership as role models for exemplifying ethical conduct. All 22nd DAA Personnel should strive to earn individual respect and increase the organization's credibility with the people and community we serve.

General Guidelines

1. Act ethically in every professional interaction. Several key questions can help identify actions or situations that may be unethical:
 - a. Do my actions comply with the law and the 22nd DAA's mission, values, and policies?
 - b. Have I been asked to misrepresent information or deviate from normal procedures?
 - c. Would I feel comfortable describing my decision or action in a public meeting?
 - d. Could I cause harm to the 22nd DAA, the 22nd DAA's reputation, 22nd DAA Personnel, or External Stakeholders?
2. Question (in a professional and appropriate way) pending individual and group actions or decisions when necessary to ensure that they are ethical and are implemented in an ethical, inclusive manner.
3. Seek expert guidance if in doubt about the ethical propriety of a situation.
4. When appropriate, champion the development of others as ethical leaders in the profession and the 22nd DAA through coaching and mentoring.

4. Diversity, Equity, and Inclusion

All 22nd DAA Personnel are ethically responsible for promoting and fostering diversity, equity, and inclusion for all 22nd DAA Personnel and External Stakeholders. In addition, the 22nd DAA has a policy of promoting diversity, equity, and inclusion among its Board and staff and to the community at large in order to strengthen its programmatic effectiveness.

General Guidelines

1. Respect the uniqueness and intrinsic worth of every individual.
2. Treat people with dignity, respect and compassion to foster a trusting work and service environment free of harassment, intimidation, and unlawful discrimination.
3. Advocate for and take actions to ensure the organization's work and service environment promotes diversity and inclusion.
4. Develop, administer, and advocate policies and procedures that foster fair, consistent, and equitable treatment for all.
5. When involved in the HR process, promote diversity and inclusion in employee recruitment, hiring, promotion, and retention.

5. Professional Competency

All 22nd DAA Personnel must strive to meet the highest standards of professional competency and commit to strengthening their competencies on a continuous basis.

General Guidelines

1. Ensure an adequate level of personal competency to perform assigned responsibilities and duties proficiently.
2. Be honest about individual level of competency and commit to continuous learning, skills development, and application of new knowledge related to the work of the 22nd DAA.
3. Contribute to the organizational knowledge and growth of other 22nd DAA Personnel by openly sharing information and engaging in collaborative learning.

6. Conflicts of Interest

See *Policy 2.03: Conflicts of Interest*.

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22nd District Agricultural Association
Policies

Policy 2.03: Conflicts of Interest

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this Policy contradict any provision of California law, California law shall control.

Purpose

It is in the best interest of the 22nd DAA to be aware of and properly manage all real, potential, and perceived conflicts of interest. This Policy is designed to help 22nd DAA Personnel identify situations that present potential conflicts of interest and to provide guidelines for handling perceived, potential, or actual conflicts of interest in accordance with the 22nd DAA’s institutional values and legal requirements.

Section 2.03.01 sets forth the reporting procedure applicable to 22nd DAA employees other than the CEO and CEO Direct Reports.

Section 2.03.02 sets forth the reporting procedure applicable to Board Members, the CEO, and CEO Direct Reports.

Note: This Policy supplements but does not replace any disclosure or recusal requirements set forth in the Conflict of Interest Code of the California Department of Food and Agriculture (“COI Code”) or any other applicable state law or regulation, including but not limited to, California common law, California Government Code, section 1090, California Public Contracts Code, section 10410, and the Political Reform Act of 1974 (including any regulation promulgated by the Fair Political Practices Commission to enforce the Political Reform Act of 1974, [collectively, “California Law”]).

If any provision contained in this Policy conflicts with any provision set forth in the COI Code and/or California Law, the provision contained in the COI Code and/or California Law shall govern and control. This Policy does not replace, modify, or alter any reporting

requirements under California law, including but not limited to, the reporting of economic interests through the completion and submission of the annual Statement of Economic Interests (Form 700).

Definitions

For the purpose of this Policy, the following definitions apply:

- **Family Member:** any member of an employee's or Board Member's family (spouse, parent, sibling, child, stepchild, grandparent, grandchild, great-grandchild, in-law, or registered domestic partner)
- **Interest:** any interest, financial or otherwise, whether direct or indirect, including, but not limited to: being employed by, consulting with, holding office in (including serving on a fiduciary or advisory board of), representing, or deriving income from a Third Party
- **Third Party:** any individual or entity, whether organized for profit or not-for-profit, other than the 22nd DAA
- **Transaction:** any transaction between a Third Party and the 22nd DAA in which the Third Party would receive something of value (whether financial or not) from the 22nd DAA

Policy

All 22nd DAA Personnel are expected and required to avoid any relationship or activity that might impair, or appear to impair, their ability to ethically carry out their responsibilities, without disclosing that information and obtaining the appropriate approval in accordance with this Policy.

In general, a conflict of interest may occur if an outside Interest or activity influences, appears to influence, or has the potential to influence the ability of an individual to exercise objectivity in the performance of their duties at the 22nd DAA or to perform their duties in the best interests of the 22nd DAA. Specific examples of potential conflicts of interest include, but are not limited to, situations where an employee or Board Member:

- Participates in decision-making related to, or otherwise seeks to influence, a potential Transaction between the 22nd DAA and a Third Party in which they have an Interest or their Family Member has an Interest.
- Receives compensation, gifts, favors, entertainment, personal advancement, or other benefits of more than a nominal value (\$500 accumulated annually from the same source)

from a Third Party, which has engaged in, or seeks to engage in, a Transaction with the 22nd DAA.

- Discloses or uses confidential, privileged, special, or inside information about the 22nd DAA or its employees or Board Members for personal gain or advantage.
- Has an opportunity to influence the 22nd DAA's business, administrative, or other material decisions in a manner that leads to personal gain or advantage.
- Uses their position at the 22nd DAA to obtain employment at the 22nd DAA for their Family Members or other Third Parties in which they have an Interest.

The above list of examples is not exhaustive. All 22nd DAA Personnel are expected to exercise careful judgment in determining whether or not to disclose a potential conflict of interest in accordance with this Policy. In the case of uncertainty about whether a situation constitutes a potential conflict of interest, 22nd DAA Personnel are encouraged to err on the side of disclosure.

2.03.01: Disclosure Requirement and Approval Procedure for Employees Other Than the CEO and CEO Direct Reports

Any time an employee other than the CEO or CEO Direct Report is aware or becomes aware of facts or circumstances that could give rise to a potential conflict of interest or, in a reasonable person's judgment, could present the appearance of impropriety, such employee shall promptly report that information to their direct supervisor.

Any employee who is or becomes aware that the 22nd DAA is considering entering into a Transaction with a Third Party in which the employee (or their Family Member) has an Interest shall ensure that the CEO is made aware of the potential conflict of interest *prior to* the Transaction being entered into by the 22nd DAA.

All disclosed information will be treated on a confidential basis, except to the extent necessary for the protection of the interests of the 22nd DAA or as otherwise required under California law. The CEO may implement additional procedures to address these disclosures.

Reporting and Violations of the Policy

An employee who discovers or suspects a violation of this Policy should follow the procedures outlined in *Policy 2.05: Reporting Wrongdoing*.

Violations of this Policy will be treated as serious misconduct. The Board delegates the responsibility to establish appropriate investigation and disciplinary procedures relating to violations of this section to the CEO.

2.03.02: Disclosure Requirement and Approval Procedure for Board Members, CEO, and CEO Direct Reports

Any time the CEO, a CEO Direct Report, or a Board Member is aware or becomes aware of facts or circumstances that could give rise to a potential conflict of interest or, in a reasonable person's judgment, could present the appearance of impropriety, such individual shall promptly report that information to the Board Chair, prior to its next regularly scheduled meeting.

Any time the CEO, a CEO Direct Report, or a Board Member is aware, or becomes aware, that the 22nd DAA is considering entering into a Transaction with a Third Party in which the CEO, a CEO Direct Report, a Board Member, or one of the foregoing's Family Members may have an Interest, such individual shall disclose the existence of the potential conflict of interest and all material facts to the Board *in advance* of the Transaction being entered into by the 22nd DAA. Such report shall be made first to the Board Chair and Board Vice Chair and subsequently reviewed by the full Board in a duly noticed public meeting. The CEO shall not knowingly permit such a Transaction to proceed without first obtaining the Board's express approval following full disclosure to the Board, during a regularly scheduled meeting, of all material facts. This applies to Transactions above and below the amount of any delegation of signature authority made by the Board to the CEO.

Recusal

When the CEO, a CEO Direct Report, or a Board Member has an Interest in a proposed Transaction, that individual will provide information as requested and then will abstain from any deliberation on the merits of the proposal or the vote.

Reporting Violations of the Policy

Any individual who discovers or suspects a conflict of interest should follow the procedures outlined in *Policy 2.05: Reporting Wrongdoing*.

Documentation

The minutes of any Board meeting at which any actual, potential, or perceived conflict of interest is disclosed or discovered involving the CEO, a CEO Direct Report, or a Board Member will contain:

- The name of the person who disclosed, or otherwise was found to have, an actual, potential, or perceived conflict of interest; the nature of the interest; any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest or duality of interest in fact existed.
- The name of each person present for discussions, the vote of each Board Member relating to the Transaction, a summary of the discussion, including adopted alternatives to the proposed Transaction, and a record of any votes taken in connection with the discussion.

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22nd District Agricultural Association
Policies

Policy 2.04: Discrimination and Harassment Prevention

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this Policy contradict any provision of California law, California law shall control.

Purpose

The purpose of this Policy is to ensure that all 22nd DAA Personnel are committed to providing a work, service and business environment that are free from unlawful harassment, discrimination, and retaliation.

This policy applies to all persons involved in 22nd DAA activities, including, but not limited to, staff; Board Members; contracted, temporary and voluntary employees; unpaid interns; members of the public; applicants for employment; or visitors on 22nd DAA property who may come into contact with 22nd DAA employees. This policy also applies to any incidents involving inappropriate behavior made either to or by 22nd DAA guests and business partners.

*Note: This Policy supplements but does not replace any discrimination and harassment prevention protections provided for California law **or Federal law**, including but not limited to, the California Fair Employment and Housing Act.*

If any provision contained in this Policy conflicts with any provision of California law, the provision of California law shall govern and control.

Policy

The 22nd DAA is committed to a work and service environment in which all individuals are treated with respect and dignity. The 22nd DAA expressly prohibits discrimination, harassment, and bullying by or against any 22nd DAA Personnel or External Stakeholders, and will take all

reasonable steps to prevent the occurrence of discrimination, harassment, and bullying from occurring.

The 22nd DAA exercises a zero tolerance policy on discrimination, harassment, and bullying for causes including, but not limited to: age, ancestry, color, disability (mental and physical), exercising the right to family care leave, gender, gender expression, gender identity, genetic information, marital status, medical condition, military or veteran status, national origin, political affiliation, race, religion, sex (includes pregnancy, childbirth, breastfeeding, and related medical conditions), sexual orientation, citizenship status, or any other protected status in accordance with all applicable Federal, State, and local laws. The 22nd DAA, in compliance with all applicable federal, state, and local anti-discrimination and harassment laws and regulations, will enforce this policy in accordance with the following definitions and guidelines:

Discrimination

The 22nd DAA prohibits discrimination of any kind. For the purposes of this Policy, discrimination may include, but is not limited to: hostile or demeaning behavior toward people because of their protected class; allowing the protected class of an employee, applicant, or other person involved in 22nd DAA business to be a factor in hiring, promoting, compensating or other employment related decisions unless permitted by applicable law; or providing unwarranted assistance or withholding work-related assistance, cooperation, and/or information to employees, applicants, or other persons involved in 22nd DAA business because of their protected class. Such conduct may violate this policy, even if it is not unlawful.

Harassment

The 22nd DAA prohibits harassment of any kind, including sexual harassment. For purposes of this Policy, harassment is unwelcome, disrespectful, or unprofessional conduct, including conduct based on any of the protected classes. Harassment includes, but is not limited to, verbal (jokes, slurs, epithets, teasing), visual (posting of offensive graphic material, symbols, computer displays), or physical conduct in an unwanted manner. The following examples of harassment are intended to be guidelines and are not exclusive when determining whether there has been a violation of this policy:

- Verbal harassment includes comments that are offensive or unwelcome regarding a person's national origin, race, color, religion, gender, sexual orientation, age, body, disability or appearance, including epithets, slurs, and negative stereotyping.

- Nonverbal harassment includes distribution, display, or discussion of any written or graphic material that ridicules, denigrates, insults, belittles or shows hostility, aversion or disrespect toward an individual or group because of national origin, race, color, religion, age, gender, sexual orientation, pregnancy, appearance, disability, sexual identity, marital status or other protected status.
- Physical harassment includes any threatening, intimidating, violent, or hostile physical acts.

All harassing conduct is unacceptable in the workplace and in any work-related setting, such as business trips and business-related social functions, regardless of who is engaging in the conduct. Even if it is not unlawful, such conduct, even if a single incident, may violate this policy.

Sexual Harassment

Sexual harassment constitutes discrimination and is illegal under federal, state, and local laws. For the purposes of this policy, sexual harassment is defined as harassment based on sex (including pregnancy, childbirth, breastfeeding or related medical conditions), gender, gender identity, or gender expression. Sexually harassing conduct does not need to be motivated by sexual desire.

Sexual harassment is categorized into two types:

Quid Pro Quo:

- The demand of sexual favors in exchange for a job benefit or continued employment.
- Submission to or rejection of the demand is used as the basis for an employment decision affecting the victim.
- Typically committed by a supervisor, management or someone with authority over the victim.

Hostile Work Environment:

- Conduct of a sexual nature that unreasonably interferes with an employee's work performance and/or creates an intimidating, hostile, or otherwise offensive working environment. Examples include, but are not limited to:
 - Unwelcome sexual advances, flirtation, teasing of a sexual nature.
 - Sexually aggressive or obscene letters, invitations, notes, emails, voicemails, or gifts.
 - Sex, gender, or sexual orientation-related comments, slurs, jokes, remarks, or epithets.
 - Leering, obscene or vulgar gestures, or sexual gestures.
 - Displaying or distributing sexually suggestive or derogatory objects, pictures, cartoons, posters, or other such items.
 - Impeding or blocking movement, unwelcome touching or assaulting others.

- Reprisals and threats after a negative response to a sexual advance.
- Conduct or comments consistently targeted at one gender, even if the conduct is not sexual.

All sexually harassing conduct is unacceptable in the workplace and in any work-related settings, such as business trips and business-related social functions, or when interacting with External Stakeholders regardless of who is engaging in the conduct. Such conduct, even if a single incident, may violate this policy even if it is not unlawful.

Intent vs. Impact for Harassment Cases

In cases of alleged harassment, the intent of the harasser is irrelevant. It is the impact of the behavior and how it is perceived by the recipient that determines if the conduct is harassment. In addition, a witness to the conduct has the right to submit a complaint.

Retaliation

For the purpose of this Policy, retaliation is an adverse employment action against an individual for engaging in a protected activity. To prove retaliation, there must be a causal link between the adverse employment action and the protected activity.

No hardship, loss, benefit, or penalty may be imposed on a Board Member or employee in response to opposing discriminatory practices, filing a complaint, or testifying, assisting or participating in any manner in an investigation, proceeding or hearing. These prohibitions apply to all 22nd DAA Personnel, not only managers and supervisors or others against whom complaints are filed.

Lodging a bona fide complaint will in no way be used against the individual or have an adverse impact on the individual's employment status. However, filing groundless or malicious complaints is an abuse of this policy and will be treated as a violation.

Procedures

Internal Complaint Process

The 22nd DAA's discrimination and harassment complaint process provides the employee, applicant, or other person involved in the 22nd DAA's business, the opportunity, including External Stakeholders, to raise allegations and to seek resolution of their complaint. Complaints will be resolved at the lowest organizational level possible while assuring that the process provides for timely, thorough, and impartial review of the discrimination or harassment complaint without fear of reprisal or retaliation.

Reporting Violations of the Policy involving an Employee other than the CEO

Employee violations of this policy will be treated as serious misconduct. The Board delegates the responsibility to develop appropriate discrimination and harassment investigation and disciplinary procedures for employees to the CEO. However, these procedures must include a provision that the Board be notified promptly about any complaints against a member of the organization's Senior Management Team.

If the issue is about something other than discrimination or harassment, an employee who discovers or suspects a conflict of interest should follow the procedures outlined in the 2.05 Reporting Wrongdoing policy.

Reporting Violations of the Policy involving a Board Member and/or CEO

Violations of this policy will be treated as serious misconduct.

Employee:

- It is encouraged, though not required, to tell the individual engaging in inappropriate conduct to stop.
- If the individual engaging in inappropriate conduct is the CEO, report conduct to the Board Chair or Human Resources Department if the Board Chair is unavailable to resolve the complaint.
- If the individual engaging in inappropriate conduct is a Board Member, report conduct to the CEO or Board Chair.

Supervisors:

- Anyone in a supervisory position is considered an obligated reporter for the purpose of this Board Policy. Supervisors must report any and all potential violations of this policy to the Human Resources Department immediately. Failure to do so may result in disciplinary action against the Supervisor.
- Maintain confidentiality to the extent possible.

Human Resources Department:

- Determine if the complaint filed meets jurisdictional and procedural requirements and assign an investigator. The objective of the investigation is to determine if there is sufficient evidence to show a violation of the 22nd DAA Discrimination and Harassment Prevention Policy.
- If necessary, advise the Board Chair or CEO and the Complainant that a complaint has been received, the intent to investigate the allegations, and inform them of the policy against retaliation.
- Conduct the investigation. When the investigation is complete, the Board Chair and/or CEO, the Complainant, and the Respondent will be informed of the findings. The

investigation will be conducted with discretion and the information gathered during an investigation will be kept confidential to the extent possible.

Nothing in this policy may prevent the complainant or the respondent from pursuing formal legal remedies or resolution through local, state, or federal agencies or the judicial system.

The following additional options are available to resolve a complaint:

Complaints Filed Outside of the 22nd DAA

No one is required to file a complaint internally. Anyone may file a complaint with the following agencies:

Equal Employment Opportunity Office
San Diego Local Office
555 West Beech Street, Suite 504
San Diego, CA 92101
(619) 900-1616

California Department of Fair Employment and Housing
320 West 4th Street, 10th Floor
Los Angeles, CA 90013
Phone: (213) 439-6799

U.S. Equal Employment Opportunity Commission
Los Angeles District Office
Roybal Federal Building
255 East Temple St., 4th Floor
Los Angeles, CA 90012
(213) 785-3090

Liability for Unlawful Discrimination and Harassment

22nd DAA:

- Responsible for the actions of their employees and as a result can be held financially liable for the employees' acts if the supervisor or staff director knew or should have known of the existence of discrimination or harassment and failed to take appropriate action.

Supervisors:

- Because supervisors are responsible for ensuring a work environment free of discrimination, harassment and retaliation, they must take immediate action if they learn of any alleged incident of discrimination, harassment, or retaliation. Actions always include notifying the Human Resources Department immediately. Failure to act can

expose the supervisors personally to financial liability for damages, as well as disciplinary action.

- Supervisors who engage in Quid Pro Quo Harassment can be subject to disciplinary action and held financially liable for their conduct.

Individual Harasser:

- An employee found guilty of unlawful discrimination or harassment may be sued separately from his/her employer and if found guilty, will be held financially liable for his/her actions. Insurance generally does not indemnify for intentional conduct, and the employer may have no legal obligation to pay the cost of defense or judgment for an employee determined to have sexually harassed another. The employee may be responsible for paying part or all monetary damages if any are awarded. Monetary damages may include substantial compensatory and punitive damages and attorney fees.

Training

All 22nd DAA employees, including newly appointed supervisors and staff directors, Board Members and the CEO are required to complete a harassment prevention training class within six months after appointment or promotion, and **every two years thereafter**. Newly hired employees shall be provided with a copy of the 22nd DAA's Discrimination and Harassment Prevention Policy as part of the hiring package.

All temporary and seasonal employees must complete a harassment prevention training class within two weeks of being hired.

All Supervisors are required to discuss and review the 22nd DAA's Discrimination and Harassment Prevention Policy with subordinate **employees annually**.

Exclusion

These policies should not, and may not, be used as a basis for excluding or separating individuals of a particular gender, or any other protected characteristic, from participating in business or work-related social activities or discussions. In other words, no one should make the mistake of engaging in discrimination or exclusion to avoid allegations of harassment.

22nd District Agricultural Association
Policies

Policy 3.01: Board Composition and Officers

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this Policy contradict any provision of California law, California law shall control.

Purpose

The purpose of this policy is to outline the Board’s organizational structure—including its composition and officers.

Policy

Board Composition

The Board is comprised of nine members, appointed by the Governor of California to serve staggered four-year terms. Board Members may serve more than one term and are reappointed at the discretion of the Governor.

Board Officers

Annually, the Board will elect three of its members to fill the officer positions as outlined in Article III of the 22nd DAA Bylaws.

In addition, and in accordance with California law, the Board shall select a secretary, a manager, and a treasurer from among individuals that are not members of the Board. One person may be the secretary, manager, and treasurer and the Board may elect to delegate responsibilities vested in the Board to its officers or employees, including to the secretary, manager, and treasurer.

Board Chair Responsibilities

The role of the Board Chair is to ensure the integrity of the Board's processes. In addition to the specific duties outlined in other areas of the Policies, the Board Chair has the following general responsibilities:

- a) The Board Chair is the manager of the Board's activities, ensuring that the Board of Directors and its members follow Board of Directors rules and policies as well as the provisions of the Bagley-Keene Open Meeting Act. Since the Board conducts business during public Board meetings, the Board Chair is responsible for ensuring that the Board's work is conducted efficiently and effectively. To that end:
 - o Meeting discussion content will include only those issues that clearly (according to Policy) belong to the Board to decide, consider, or to monitor.
 - o Information that is not for monitoring performance, educating the Board or aiding in the Board's decision-making processes will be avoided or minimized and always noted as such.
 - o Deliberation will be fair, open, thorough, timely, orderly, and kept to the point.
- b) The Board Chair will set the agenda for Board meetings with input from the other members of the Board and with the assistance of the CEO. The Board Chair will ensure that Board meetings are focused on matters of Board responsibility.
- c) The Board Chair is responsible for promoting the development of a Board work plan, complementary to the strategic plan and objectives of the organization.
- d) The Board Chair—without undermining the CEO's accountability to the full Board of Directors—will be the Board's primary liaison with the CEO, who is responsible for the execution of Board policies and directives, and for determining the means, organizational structure and management processes necessary to achieve the strategic objectives.
- e) The Board Chair is responsible for ensuring that conflict of interest issues and other conflicts or disputes are addressed sensitively and resolved constructively.
- f) The Board Chair, with the support and cooperation of the Board, is responsible for ensuring adequate communications and accountability to External Stakeholders.
- g) The Board Chair may sign, in conjunction with the CEO or any other officer of the 22nd DAA authorized by the Board, any deed, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed with the exception of cases where the signing and execution thereof shall be expressly delegated by the Board or by the Bylaws or by statute to some other officer or agent of the 22nd DAA.
- h) The Board Chair is the only Board Member authorized to speak for the 22nd DAA, unless this is specifically delegated to another Board Member. The Board Chair will act as public and media spokesperson for the Board of Directors and 22nd DAA as required.

Board Vice Chair Responsibilities

The Board Vice Chair will act on the Board Chair's behalf in the absence of the Board Chair or in the event of the Board Chair's inability or refusal to act. When acting in this capacity, the Board Vice Chair will have all the powers and responsibilities of the Board Chair. The Board Vice Chair will also take minutes at all closed session meetings when the CEO is not in attendance.

CEO Responsibilities

The CEO will attend all meetings of the Board of Directors, unless excused by the Board. See Policy 5.03 (Delegation of Executive Authority) for additional details about the CEO's responsibilities.

Secretary Responsibilities

The CEO will serve as the Secretary of the 22nd DAA in accordance with Article III, Section 6 of the Bylaws.

Treasurer Responsibilities

The CEO will serve as the Treasurer of the 22nd DAA in accordance with Article III, Section 7 of the Bylaws.

Policy 3.02: Board Composition and Committees

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this Policy contradict any provision of California law, California law shall control.

Purpose

In accordance with Bylaw Article IV, Section 6, the 22nd DAA recognizes that either the Board Chair or the Board of Directors can establish committees to assist in the work of the Board. The purpose of this policy is to outline the authority of the Board Chair to establish committees.

Policy

Within this structure, Board Committees have one essential role—to strengthen and support the work of the Board as a whole.

The Board of Directors must comply with all requirements of the Bagley-Keene Open Meeting Act in creating standing committees. The Board Chair may form standing committees to address long-term or continuing needs of the organization upon his or her discretion during a duly noticed meeting of the Board of Directors. A standing committee with more than two Board Members must comply with the requirements of the Bagley-Keene Open Meeting Act.

The Board Chair may also create time-limited ad hoc committees to oversee specific projects, tasks or initiatives. Each ad hoc committee may have between two and four members. Ad hoc committees with more than two members must comply with the requirements of the Bagley-Keene Opening Meeting Act. When the task of an ad hoc committee is completed or no longer relevant, the Board Chair should dissolve that committee through formal action at a properly noticed public meeting.

Procedure

Committee Member Selection

The Board Chair is responsible for selecting committee members. When selecting members, the Board Chair will consider the Board Member's knowledge and expertise, competencies and skills and personal interest in serving on the committee. In the interest of having committee members represent the community served by the committee, the Board Chair may also consider the diversity of each Board Member's personal experiences and backgrounds. Unless otherwise specified, the CEO or his/her staff designee will serve as a non-voting member of each committee.

Committee Member Resignation

Committee members may resign from their committee positions or recommend replacement at any time by giving written notice of resignation to the Board Chair. The resignation is effective when notice is received, unless the notice specifies a later effective date. The acceptance of the resignation is not necessary to make it effective.

Committee Member Removal

The Board Chair can remove and/or reassign committee members when, in the Board Chair's sole judgment, it would be in the best interest of the 22nd DAA.

Policy 3.03: Board Member Code of Conduct

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this policy contradict any provision of California law, California law shall control.

Purpose

Board Members are expected to conduct themselves in a manner that cultivates a spirit of cooperative decision-making, shared goals and collective ownership of decisions of the Board of Directors. In addition to the guidelines provided in the Organizational Values, Code of Ethics, and Conflicts of Interest policies, this policy outlines a specific Code of Conduct that applies to all Board Members.

Policy

The Board commits itself and each Board Member to professional and respectful conduct, including proper use of authority and appropriate decorum when acting as Board Members. Accordingly, Board Members are expected to embrace and support the following principles:

1. **Group Responsibility:** The Board of Directors will cultivate a sense of group responsibility. The Board may use the expertise of individual Board Members to enhance the Board's understanding of issues, but will not substitute such expertise for the collective judgment of the Board.
2. **Preparation and Participation:** Board Members are accountable for discharging their duties honestly and in good faith. Board Members shall exercise the degree of care, diligence and skill that a reasonably prudent person would use in similar circumstances.
 - a. *Preparation:* Board Members will review agenda materials in advance of public Board meetings and committee meetings, and will participate productively in discussions.

- a. Opening Day of the annual San Diego County Fair
- b. Awards presentations
- c. Other special events as determined by the Board or requested by the CEO

Board will govern itself in a manner consistent with standards of excellence. Board members that fail to meet the standards of the code of conduct may be subject to reporting to the Governor's Appointment Secretary.

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Policy 3.04: Board Member Conflict Resolution

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this policy contradict any provision of California law, California law shall control.

Purpose

Board Members are commonly appointed to bring diverse views on issues to the decision-making process. Constructive disagreements among Board Members are encouraged. However, in the heat of debate, disagreements sometimes degenerate into serious conflict on issues or between or among personalities. The purpose of this policy is to outline how conflict between Board Members should be resolved.

Policy

If disputes among Board Members begin to interfere with the ability of the Board to effectively carry out its business, the Board Chair is responsible for managing and resolving those conflicts. If the Board Chair is party to a conflict, the Board Vice Chair will take on this responsibility. If the Board Vice Chair is party to the conflict, a neutral Board Member will be selected to fulfill this role by the Board of Directors during a public meeting in accordance with the Bagley-Keene Open Meeting Act.

The Board Chair will review any disputes and provide an opportunity for the Board Members concerned to represent their respective positions during a duly noticed public meeting. Every attempt should be made to resolve such matters fairly. Any recommendations regarding resolution of such matters shall be brought to the Board for consideration and approval, and any recommendation of the Board shall be made during a public meeting and shall be considered the official position of the Board. Should any Board Member refuse to abide by the recommendation of the Board, during a duly noticed public meeting, the Board may consider and

vote on whether to refer the matter to the Governor’s Appointment Secretary to determine whether to remove the Board Member(s) from the Board.

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22nd District Agricultural Association
Policies

Policy 3.05: Board Meetings and Agendas

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this Policy contradict any provision of California law, California law shall control.

Purpose

The purpose of this policy is to outline meeting and agenda-setting requirements, including compliance with all applicable California laws.

Policy

To support transparent communication, and in alignment with the Bagley-Keene Open Meeting Act, it is the policy of the 22nd DAA that its work will be conducted openly so that the public may remain informed and involved in the decision-making process. As such, the actions of the Board are conducted in compliance with all pertinent statutes, including – but not limited to – the Bagley-Keene Open Meeting Act.

Notices of Meetings

All meetings will be noticed in accordance with the Bagley-Keene Open Meeting Act.

Regular Meetings

In accordance with Article II, Section 2 regular meetings of the Board of Directors will be held monthly on the second Tuesday or at the discretion of the Board Chair, for no less than eight months per year. Since the 22nd DAA hosts the annual San Diego County Fair in the month of June through the July 4th holiday weekend, there will not be a June or July Board meeting unless specifically requested and approved by the Board.

Via a resolution, the Board may select the time and place within San Diego County, California, to hold its regular meetings.

Except when the Board convenes to closed session, in accordance with the Bagley-Keene Open Meeting Act, Board meetings are open to the public. Board meetings will follow Robert's Rules of Order unless the Board Bylaws explicitly substitutes an alternative procedure. Committee meetings are not open to the public unless required by law or otherwise requested by Board committee members.

Special Meetings

“Special Meetings” of the Board of Directors may be called at any time in accordance with Government Code section 11125.4, the provisions of the Bagley-Keene Open Meeting Act that governs special meetings.

Emergency Meetings

“Emergency Meetings” of the Board of Directors may be called at any time in accordance with Government Code section 11125.5, the provisions of the Bagley-Keene Open Meeting Act that governs emergency meetings.

Closed Sessions

Closed sessions of the Board shall be noticed in accordance with the requirements of the Bagley-Keene Open Meeting Act.

Recessed and Adjourned Meetings

Any meeting may be recessed or adjourned until a stated later date and hour. In the absence of a quorum, a majority of the Board Members present at the meeting may adjourn any meeting.

Decision-Making Process

Decisions of the Board are made as a group at Board meetings at which a quorum of the Board (50% plus one) is present. A quorum is required for the transaction of any business of the 22nd DAA. Decisions will ideally be made through a consensus development process leading to a formal vote to record the decision. This process is intended to encourage full discussion and

development of a decision that all, or at least the largest possible majority of, board members can support, prior to a vote. Where disagreements continue to exist, dissenting members may request that their objections be recorded in the minutes. A favorable vote of a majority of the members present, regardless of abstentions, is required for approval. Board Members have the right to discuss questions before the Board and make their decisions in an uninhibited atmosphere.

Agenda

As stated in Policy 3.01 (Board Composition and Officers), the Board Chair will set the agendas for Board meetings, with input from Board Members and assistance of the CEO. The Board Chair will ensure that discussions at Board meetings are confined to those issues properly agendaized and that clearly fall within the Board's authority according to its policies. Deliberation on issues during Board meetings will be timely, fair, orderly, thorough, and efficient.

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22nd District Agricultural Association
Policies

Policy 3.06: Board Member Orientation and Training

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this Policy contradict any provision of California law, California law shall control.

Purpose

The 22nd DAA works to actively develop and maintain a high quality, engaged, and effective Board. This policy outlines the responsibility of the Board to orient and train its members.

Policy

New Board Member Orientation

The 22nd DAA will provide a welcoming and comprehensive orientation process to encourage new Board Members to become informed and engaged. Within 30 days of appointment, each new Board Member will receive a thorough orientation to their position by the CEO and Board Chair. Orientation should include, but not be limited to:

- The history, purpose, mission, vision, and values of the 22nd DAA
- The Board Bylaws and all Policies
- An organizational chart
- An overview of funding sources
- Calendar of meetings and events
- A tour of facilities and introduction to key staff
- The requirements of the Bagley-Keene Open Meeting Act

Continuing Education

To build an informed and engaged Board of Directors, the 22nd DAA provides ongoing education, including:

- State-mandated training courses including, but not limited to:
 - Maintaining a Respectful Work Environment-EEO Compliance
 - Protecting Privacy in State Government
 - SANS Security Awareness
 - Ethics Orientation for State Officials
- Bagley-Keene Open Meeting Act training

Whenever possible, the Board should consider participating in the above required training as a group during a duly noticed public meeting to foster discussion.

Procedure

On an annual basis, the Board Chair, in collaboration with the CEO, will determine the continuing education schedule and opportunities for the year. As part of this process, the Board Chair, in collaboration with the CEO, will ensure that all Board Members have the opportunity to attend and complete all required trainings.

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22nd District Agricultural Association
Policies

Policy 3.07: Board Self-Assessment

Date Adopted/Last Revised:

Note: Capitalized terms not otherwise defined in this Policy have the meanings set forth in the Definitions section of Policy 1.01. Should any provision in this Policy contradict any provision of California law, California law shall control.

Purpose

The purpose of this Policy is to ensure that the Board functions as effectively as possible by regularly conducting self-assessments of their own performance.

Policy

Led by the Audit & Governance Committee, the Board will conduct a formal self-assessment of its own performance on an annual basis. This assessment should take place at the same time as the CEO Performance Evaluation (see Policy 5.05). The evaluation should include an assessment of:

- The Board's progress in relation to the strategic plan.
- The Board as a whole in terms of its capacity to function effectively and collaboratively.
- The Board's strength of relationship/collaboration with the CEO and other members of the Executive Team.
- Board Members' individual understanding and support of the organization's mission, values, ethics, as well as Board-specific responsibilities.

Additionally, the process should include an opportunity for the CEO to provide direct feedback to the Board.

The Board will review the results of the self-assessment. Under the guidance of the Board Chair, the Board is responsible for taking any appropriate steps suggested by the review to improve its internal operations.



Item 5-B, Memorandum of Understanding with Don Diego Scholarship Foundation

Background:

In response to the economic crisis created for many District Agricultural Associations (DAA) throughout the state in 2011, when General Fund support for the California Network of Fairgrounds was eliminated, many foundations were formed to assist individual District Agricultural Associations with ongoing operations and/or capital expenditures. Over time, as board members of the foundation and/or DAA changed, so too did the mutual understanding of the role of the foundation to the respective DAA. In recent years, the California Department of Food and Agriculture (CDFA) has recommended that each DAA have a Memorandum of Understanding in place that outlines the relationship between the nonprofit and the DAA.

Though established for a purpose other than ongoing operations and/or capital expenditures, the mutually beneficial relationship that the 22nd DAA and Don Diego Scholarship Foundation have enjoyed over the decades merits formally defining that relationship for continued success. It is a relationship that began in May 1985 when the Board of Directors of the 22nd DAA established the Don Diego Memorial Scholarship Trust Fund. In 1993, the fund proceeds were transferred to a newly created and independent 501(c)(3) corporation, The Don Diego Fund which, in 2013, changed its name to the present-day Don Diego Scholarship Foundation.

Over the decades, the Don Diego Scholarship Foundation has remained true to its mission – promoting education by providing scholarships to deserving San Diego area graduating high school seniors and graduates who are associated with activities at the Del Mar Fairgrounds, including the San Diego County Fair, and grants for agricultural education such as the Plant*Grow*Eat program of the Fair – which is complimentary to the 22nd DAA’s mission – to 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.

Process/Approach:

Beginning in November 2021 and continuing throughout 2022, 22nd DAA staff has met with the Don Diego Scholarship Foundation Executive Director and members of their Executive Committee on the details of the attached Memorandum of Understanding framework.

Recommendation

Approve the Memorandum of Understanding with Don Diego Scholarship Foundation.

Environmental/Coastal Commission Review

None

Fiscal Impact

Financial support of agriculture and education programs of the San Diego County Fair.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made and entered into on January 23, 2023, by and between the 22nd District Agricultural Association, a California state institution, also known as the San Diego County Fairgrounds (“District”), and the Don Diego Scholarship Foundation, a 501(c)(3) California nonprofit public benefit corporation, (“Foundation”). District and Foundation are sometimes referred to collectively in this MOU as the “Parties”.

Recitals

- A. District is a district agricultural association formed under the California Food and Agricultural Code as a state institution for the purposes of holding fairs, exhibitions, community-based programs and services, and constructing, maintaining, and operating recreational and cultural facilities of general public interest.
- B. Foundation is a California nonprofit public benefit corporation, with Articles of Incorporation filed on or around December 8, 1998 (and an amended filed on or around September 20, 2012) with the California Secretary of State and qualified as a 501(c)(3) tax exempt organization pursuant to the Internal Revenue Service and the California Franchise Tax Board. Foundation was formed for the purpose of providing scholarships to deserving San Diego area graduating high school seniors and graduates who are associated with activities at the San Diego County Fairgrounds, including the San Diego County Fair. Foundation was also formed to provide grants for agricultural education. As an independent nonprofit public benefit corporation, Foundation is not required to comply with the provisions of the California Bagley-Keene Open Meeting Act.
- C. District and Foundation are separate and distinct legal entities; each with its own tax identification number and purpose.
- D. The Parties desire to enter into this MOU to define the relationship between the Foundation and District. The Parties, while working together towards accomplishing common goals, objectives, and purposes, will be managed and operated independently of the other party.

Agreement

In consideration of the mutual promises set forth in this MOU, the Parties agree to the following:

1. **Term.** The term of this MOU shall be for a two (2) year period, commencing on January 1, 2023 (the “Initial Term”), and shall automatically be extended for an additional three (3) year term (the “Renewal Term”), unless terminated earlier by either Party in accordance with the terms of this MOU. At the end of the Renewal Term, the Parties may extend the term of this MOU by the mutual written consent of the Parties.

2. Independent Legal Entities. Each Party acknowledges and agrees that the other Party is a separate and distinct legal entity and will act accordingly in its ongoing relationship and business dealings with the other Party.

District maintains sole and exclusive control of the Fairgrounds, personal property and operation of events that occur on the Fairgrounds, including any and all District events and programs supported by the Foundation.

The Foundation maintains sole and exclusive control of the Foundation personal property and is responsible for the lawful and prudent management of all funds consistent with donor intent.

To the extent individuals that serve as members of the District's Board of Directors also serve as members of the Foundation's Board of Directors, those individuals serve in their individual capacities and not as representatives of the District.

3. Joint Obligations of the Parties. The Parties agree to the following:
 - a. To collaborate in good faith and to develop and implement a strategic plan (the "Plan") that is designed to fulfill mutually agreed-upon fundraising goals and priorities of District and the Foundation for the purpose of providing scholarships to deserving San Diego area graduating high school seniors and graduates who are associated with activities at the San Diego County Fairgrounds, including the San Diego County Fair. Further, the Parties agree to meet on an annual basis to review the Plan and make mutually agreed upon amendments to the Plan if appropriate.
 - b. To share relevant information regarding grants, advertising and donations sought, solicited, and secured by each of the Parties with the intent of working collaboratively to streamline solicitations and to ensure no duplication of fund-raising tasks or efforts.
 - c. To maintain the Legacy Brick Program at the San Diego County Fairgrounds. Foundation will cover any and all costs associated with the Legacy Brick Program, including but not limited to purchasing and inscribing the bricks (the "Legacy Bricks") and installing and maintaining the Legacy Bricks. District has the exclusive authority to relocate the Legacy Bricks depending on the District's operational needs. If District determines that it is necessary to relocate the Legacy Bricks, it will provide Foundation with 6 months' written notice and will work collaboratively with Foundation to identify a new suitable location.

4. Individual Obligations of each Party. In furtherance of Paragraph 3 of this MOU, the Parties agree as follows:

a. District's Obligations:

- i. Each year, District shall communicate District's priorities and long term plans for the marketing and development of educational programming to the Foundation.
- ii. District will have the exclusive right to secure sponsorships for its facilities and events, including but not limited to San Diego County Fair.
- iii. District grants the Foundation a limited non-exclusive revocable license to use District's name, logo(s), or other identifying marks solely for the purpose of promotion and marketing provided the promotion and/or marketing is in furtherance of Foundation's purpose and youth related education programs and exhibits of District. District maintains the sole and absolute authority to revoke this license at any time and for any reason.
- iv. District will provide Foundation with the following:
 1. Logo placement on District's Website with link to Foundation website;
 2. Foundation presence in a mutually agreed location during District's annual county fair;
 3. Use of office space for the Foundation to conduct Foundation-related business that directly benefits the District; and
 4. No more than 24 times per year, use of meeting room space as requested by Foundation for the purpose of conducting Foundation meetings (up to 22 meetings per year, up to 2 hours each meeting) and Foundation youth scholarship interviews (up to 2 full days of interviews per year), subject to meeting room availability.

b. Foundation's Obligations:

- i. Immediately upon demand by District, Foundation shall provide District with (a) an accounting of all proceeds derived from previous fundraising activities for District that occurred before or after the execution of this MOU and that are currently in possession of Foundation, and (b)

- Foundation's most recent audit report by a certified public accountant or public accountant.
- ii. District CEO or other designated member of District's management team will serve as liaison to the Foundation Board of Directors.
 - iii. Foundation will pay for any and all costs incurred by District for the bus program that transports students from San Diego County Title One Elementary Schools to the fairgrounds for the Districts' Plant*Grow*Eat agriculture education program, which provides the students with an enriching day at the San Diego County Fair showcasing lovingly-grown fruit and vegetables, petting farm animals, and planting the seeds for a life-long love of agriculture and healthy nutrition.
 - iv. Foundation will engage an independent accounting firm to conduct an audit of the Foundation's financial and operational records as required by California law, including but not limited to the California Non-Profit Integrity Act and/or at the discretion of Foundation's Board of Directors. Foundation will provide a copy of each audit to District.
 - v. Foundation acknowledges that its function is to promote education in a fair and fiscally sound manner by providing scholarships to deserving San Diego area graduating high school seniors and graduates who are associated with activities at District's annual San Diego County Fair and to provide grants for agricultural education. Foundation will strive to create an environment conducive to maintaining and increasing levels of private support for the mission and priorities of Foundation's purpose.
 - vi. If Foundation distributes gift funds to District, Foundation will disclose, if applicable, any terms, conditions, or limitations imposed by the donor or legal determination of the gift. If such terms, conditions, or limitations are acceptable and approved by District then District may, in its sole and absolute discretion, elect to accept such gift funds and agree to abide by such terms, conditions, or limitations.
 - vii. Foundation shall maintain and abide by the terms of its Articles of Incorporation and current by-laws, copies of which are attached to this MOU collectively as Exhibit A. Should Foundation revise its Articles of Incorporation or its by-laws, it shall immediately provide the revised Articles of Incorporation and by-laws to District.
 - viii. Foundation shall abide by the California Non-Profit Integrity Act to the extent required by law.

- ix. Foundation shall maintain a visible statement on its website that it is an established 501(c)(3) organization.
- x. Foundation shall post on its website all documents required for posting by the Internal Revenue Service, including but not limited to Form 990 (annual information return), which form is filed by tax-exempt organizations, nonexempt charitable trusts, and Section 527 political organizations.
- xi. Foundation grants to District the revocable and limited right to use Foundation's name, logo(s), or other identifying marks in the promotion of the San Diego County Fair and the objectives of the parties as described in this MOU.
- xii. Foundation shall maintain its own mailing address and website, both of which shall be separate from the mailing address and website maintained by District.
- xiii. Foundation shall maintain insurance coverage as provided in this Section 4(b)(xiii). The insurance coverage provided by Foundation under this section shall be primary and any separate coverage or protection available to District or any other additional insured shall be secondary.

Nothing in this section shall be construed as limiting in any way the extent to which Foundation may be held responsible for damages resulting from Foundation's operations, acts, omissions, and/or negligence. Insurance coverage obtained in compliance with this section shall not relieve Foundation of liability in excess of such minimum coverage, nor shall it preclude District from taking other actions available to it under contract documents or by law.

Upon request by District, Foundation shall immediately furnish a complete copy of any policy required by this section, including all endorsements, certified by the insurance company issuing the policy to be a true and correct copy of the original policy.

a) Worker's Compensation. Foundation shall secure and maintain, at its own expense, during the Initial Term and any subsequent Renewal Term, Worker's Compensation insurance as required by California law for all of Foundation's employees.

b) Automobile Insurance. Foundation shall secure and maintain at its own expense during the Initial Term and any subsequent Renewal Term Commercial Automobile Liability coverage, on a per accident basis, at least as broad as the current ISO policy form # CA 00 01 (any auto), or any successor ISO policy form, with limits of not less than \$1,000,000 combined single limit per accident for contracts involving the use of Foundation's vehicles on the premises of District.

c) Commercial General Liability Insurance. Foundation shall secure and maintain at its own expense during the Initial Term and any subsequent Renewal Term of this Agreement a minimum of one million dollars (\$1,000,000) per occurrence combined single-limit commercial general liability insurance covering Foundation, its employees, agents and subsidiaries, for claims for damages for bodily injury, property damage, personal injury, liquor liability, automobile and maintenance vehicle liability insurance.

Foundation agrees that the general liability insurance required under this Section shall be in effect at all times during the Initial Term and any and all Renewal Terms. In the event Foundation's insurance coverage under this MOU expires at any time or times prior to or during the Initial Term or any Renewal Term, Foundation agrees to provide District at least consistent with the provision of this MOU, before any expiration date, a new certificate of insurance evidencing insurance coverage as provided for in this MOU for a term not less than the remainder of the Initial Term of the then-current Renewal Term, or for a period of not less than one (1) year. New certificates of insurance and additional insured endorsements are subject to the approval of District and California Fair Services Authority, and Foundation agrees that no work or services shall be performed prior to the giving of such approval. In the event Foundation fails to keep in effect at all times insurance coverage as required under this section, District may, in addition to any other remedies it may have, terminate the MOU.

The following statement regarding additional insured must be included on all insurance certificates:

“That the State of California, the 22nd District Agricultural Association, the San Diego County Fair, 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 respective agents, directors, officers, servants, and

employees, are made additional insured, but only insofar as the operations under this MOU are concerned.”

In addition to the foregoing, Foundation shall provide a certified copy of an additional insured endorsement to District, Forms ISO CG 2005, 2010, 2012, 2024, showing the State of California, the 22nd District Agricultural Association, and their agents, directors, officers, servants, and employees are made additional insureds on Foundation’s general liability insurance policy and automobile liability policy.

5. Annual Valuation of Foundation’s Contributions to District. During each year of the Initial Term and the Renewal Term of this MOU, District shall calculate the value of the contribution made by Foundation to District under this MOU during that year and determine whether that contribution is equal to, greater than or less than the market rate for the office and meeting room space used by the Foundation during that year.

If District, in its sole and absolute discretion, determines that the contribution made by the Foundation to District during that year is less than the market rate for the office and meeting room space used by the Foundation during that year, District shall send to the Foundation a written demand for payment equal to the difference (the “Facility Use Payment”). The Foundation shall remit to District the Facility Use Payment within fifteen (15) calendar days from the date of District’s demand.

6. Rental Agreements Between District and Foundation. District and Foundation maintain the ability to enter into rental agreements for use of District facilities, see Exhibit B – Sample Rental Agreement. Any rental agreement entered into between District and the Foundation must comply with all applicable local, state and Federal law.
7. Default. Either Party shall be in default under this MOU should it fail to perform or observe any of its obligations under this MOU, and such failure continues for a period of thirty (30) days following written notice by the non-defaulting Party specifying the default. If the default is of such nature that it cannot reasonably be remedied within the thirty (30) days, such Party will not be in default so long as it commences to remedy the default within the thirty (30) days and continues diligently until the default is corrected. In the event of an uncured default, this MOU may be terminated immediately by the non-defaulting Party by providing written notice to the defaulting Party.
8. Termination. This MOU may be terminated by either Party at any time without cause upon one hundred eighty (180) days written notice.
9. Modification/Amendments. This MOU may be renegotiated, amended, or modified at any time by mutual agreement of the Parties. No modification or amendment of this MOU will be of any force or effect unless made in writing and executed by both Parties.

10. Dissolution of the Foundation. In the event the Foundation should cease to function and terminate its operations for any reason, the Foundation shall dissolve in accordance with its Articles of Incorporation and California law, and the Foundation shall distribute any remaining assets in accordance with the Foundation's Articles of Incorporation and the California Non Profit Integrity Act or then applicable governing law.
11. Counterparts. This MOU may be executed in any number of counterparts and delivered by facsimile or other means of electronic transmission, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same MOU.
12. Applicable Law. It is specifically stipulated that this MOU will be interpreted and construed according to the laws of the State of California. Venue for any dispute arising under this MOU shall be in the Superior Court of the State of California for the County of San Diego.
13. Successors and Assigns. This MOU shall inure to the benefit of and be binding upon District and Foundation and their respective legal representatives, successors and assigns. Notwithstanding the foregoing, this MOU may not be assigned by either party without the prior written consent of the other Party.
14. Severability. If any one or more of the provisions contained in this MOU are held to be invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision hereof.
15. Headings. All headings in this MOU are inserted only for convenience and ease of reference, and are not to be considered in the construction or interpretation of any provision of this MOU.
16. Notices: Any notice required or permitted to be given under this MOU shall be in writing and shall be deemed duly given (i) if delivered personally, when received; (ii) if transmitted by electronic means, upon electronic confirmation that the notice has been successfully transmitted; (iii) if sent by recognized courier service, on the business day following the date of deposit with such courier service, or (iv) if sent by registered mail, postage prepaid, return receipt requested, on the third business day following the date of deposit in the United States mail. All such notices shall be addressed to a Party at its address as set forth below, or to such other address or facsimile number as a party shall notify the other of in accordance with this MOU.
17. Representation by Legal Counsel. Each Party acknowledges that it has been represented by legal counsel in connection with this MOU.

18. Interpretation: The Parties agree that this Agreement shall be interpreted in a manner, which reflects that both parties participated equally in its drafting. Further, the provisions of this MOU shall be interpreted in a reasonable manner to effectuate the intent of the Parties.
19. Entire Agreement. This MOU constitutes the entire agreement between the Parties. No prior written or prior, contemporaneous, or subsequent oral promise or representation shall be binding.
20. Authority. Each individual executing this MOU on behalf of a party hereto, by his or her signature, represents that he or she maintains full authority on behalf of the applicable party to all covenants, duties, and obligations contained herein.

IN WITNESS WHEREOF, the Parties have executed this MOU on the date(s) shown below.

Don Diego Scholarship Foundation

22nd District Agricultural Association

By: Ashley Colburn

By: Carlene Moore

Title: Executive Director

Title: Chief Executive Officer

Date: _____

Date: _____



Item 5-C, Consent to Assignment of Horsepark Operating Agreement 22-006

Background:

In December 2022, Struzziери Ventures, Inc. (SVI) and HITS Del Mar Leasing, LLC, jointly requested the District's approval to transfer Agreement 22-006 from SVI as the contracting party to HITS Del Mar Leasing, LLC, a company related to HITS, LLC (HITS). HITS owns, operates, and manages horse show facilities and horse show events throughout the United States. Tom Struzziери, owner of SVI, is also a founder of HITS and sold part of his interest in HITS in early 2022.

As contemplated in SVI's RFP bid, SVI is the contracting party and HITS, as the experienced horse show management company, is SVI's operating arm for Horsepark. Under the current arrangement, HITS is managing and financing the improvements now underway at Horsepark and, once open, will manage and operate Horsepark.

Process/Approach:

HITS Del Mar Leasing, LLC provided the necessary documentation to the District as was required in the original RFP solicitation including insurance, evidence of financial capability, infrastructure improvements, and statement of any current or pending legal action (of which there is none). The assignment will simplify the arrangement currently in place between SVI, HITS, and the District. The request to assign is consistent with the original RFP document and the Agreement.

Pending approval of the Consent to Assignment, HITS Del Mar Leasing, LLC will become the contracting party and HITS will remain the hands-on operator.

Recommendation

Approve the Consent to Assignment of the Equestrian Center Operator of the Del Mar Horsepark Agreement 22-006 from SVI to HITS Del Mar Leasing, LLC.

Environmental/Coastal Commission Review

None

Fiscal Impact

None

**Item 5-C, CONSENT TO ASSIGNMENT OF STANDARD AGREEMENT NO. 22-006 BY
AND BETWEEN 22ND DISTRICT AGRICULTURAL ASSOCIATION
AND STRUZZIERI VENTURES, INC.**

RECITALS

1. The 22nd District Agricultural Association, a California state institution (“District”) and Struzziere Ventures, Inc., a Delaware corporation (“SVI”) entered into a written agreement (subject to certain express conditions that are required under Request for Proposals, No. 21-07) for the operation of the District’s Horsepark facility (“Agreement”) with a five-year term and five one-year options. A copy of the Agreement is attached as Exhibit “A” to this Consent to Assignment of Agreement (“Consent”) and incorporated by this reference.

2. Under the Agreement, SVI agreed to, among other things, provide the necessary capital investment in the site, including the design, implementation, and ongoing compliance management of the required storm water improvements at the District’s Del Mar Horsepark Facility (“Horsepark”) located at 14555 El Camino Real, Del Mar, California, and to improve, operate and maintain Horsepark.

3. Exhibit C, Paragraph 3, of the Agreement states:

This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.

4. Exhibit D, Attachment 1 (Insurance Requirements), Section II, Subsection 3, of the Agreement states:

*Contractor’s Responsibility - Nothing herein shall be construed as limiting in any way the extent to which contractor/renter may be held responsible for damages resulting from contractor/renter’s operations, acts, omissions or negligence. Insurance coverage obtained in the minimum amounts specified above shall not relieve contractor/renter of liability in excess of such minimum coverage, nor shall it preclude the fair from taking other actions available to it under contract documents or by law, including, but not limited to, actions pursuant to contractor/renter’s indemnity obligations. **The contractor/renter indemnity obligations shall survive the expiration, termination or assignment of this contract.***

While SVI’s indemnity obligations under the Agreement survive this assignment, those obligations relate only to claims that predate the effective date of the Assignment.

CONSENT

1. Pursuant to Paragraph 3 of Exhibit C of the Agreement, the District’s Board of Directors consent to SVI’s assignment of its rights and obligations under the Agreement to HITS Del Mar Leasing LLC, effective December 31, 2022 (“Effective Date”); provided, however, that this Consent is subject to and expressly conditioned upon the following:

- A. The execution by SVI and HITS Del Mar Leasing LLC of the “ASSIGNMENT AND ASSUMPTION AGREEMENT”, a copy of which is attached to this Consent as Exhibit “B” and incorporated by this reference (the “Assignment”).
- B. The District shall not be liable to pay or reimburse SVI for any performance under the Agreement or under this Consent including, but not limited to, costs or expenses incurred, or to be bound by any provision prior to the Effective Date.
- C. The written approval of the Assignment by the District, which approval may be granted or withheld by the District in its sole and absolute discretion.

2. This Consent is incorporated by reference into the Agreement and the Agreement remains in full force and effect. Except as expressly provided in this Consent, all other terms, conditions and provisions of the Agreement shall remain in full force and effect as provided in the Agreement as if fully republished in this Consent.

3. This Consent does not waive any restriction or requirement in the Agreement.

4. Subject to the terms and conditions of this Consent, HITS Del Mar Leasing LLC expressly assumes and agrees to be bound by and to perform and comply with each and every obligation of SVI under the Agreement.

5. Notwithstanding this Consent and the Assignment, SVI remains fully liable for any and all claims or causes of action, of every kind and nature whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, related to the Agreement or SVI’s performance under the Agreement, that predate the effective date of the Assignment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

6. The officers of the District are authorized and directed to take such action and to execute such documents as may be deemed necessary or proper to carry out the purpose and intent of this Consent.

Dated: January __, 2023

22nd DISTRICT AGRICULTURAL ASSOCIATION

By: _____
G. Joyce Rowland
President of the Board of Directors

By: _____
Carlene Moore
Chief Executive Officer

Dated: January __, 2023

STRUZZIERI VENTURES, INC.

By: _____
Tom Struzzieri
President

Dated: January __, 2023

HITS DEL MAR LEASING, LLC

By: _____
Peter Englehart
Chief Executive Officer



Item 5-E, Finance Committee Report

Executive Summary

The attached preliminary financial reports are through December 31, 2022 and are subject to change as the District works to close out the 2022 fiscal year.

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 and increased interest rates pursuant to actions taken by Federal Reserve/FOMAC.

- 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 December 31, 2022

	2022	2021	2019
Assets			
Cash	\$ 32,814,733	\$ 22,412,818	\$ 5,885,990
Restricted Cash - JLA	30,099	23,264	81,744
¹ Restricted Cash - F&B Equipment Fund	172,903	338,980	249,163
² Restricted Cash - RTA	14,371,193	11,320,043	11,657,505
Restricted Cash in Trust - WQI	(1)	421,064	3,825,813
Restricted Cash in Trust - The Center	-	1,983,024	10,317,176
Total Cash and Cash Equivalents	47,388,928	36,499,194	32,017,391
Accounts Receivable	(149,204)	4,101,557	419,628
Prepaid Expenses	584,971	480,079	1,015,589
³ Deferred Outflows Pension	5,422,668	5,422,668	5,193,040
Total Current Assets	5,858,434	10,004,303	6,628,257
Land	35,011,899	35,011,899	-
Building and Improvements	189,040,757	189,021,781	-
Equipment	38,169,612	37,989,227	-
Capital Projects in Process	38,665,502	38,036,965	-
Accumulated Depreciation	(173,822,663)	(173,822,663)	-
Total Capital Assets	127,065,107	126,237,209	123,419,577
Total Assets	\$ 180,312,470	\$ 172,740,707	\$ 162,065,225
Liabilities			
Accounts Payable	5,219,777	6,336,788	2,292,738
Payroll Liabilities	536,704	197,740	-
Accrued Liabilities	1,650,762	1,891,480	6,849,112
⁴ Other Current Liabilities	1,485,694	955,046	-
⁵ Deferred Revenue	2,948,025	12,055,204	-
Current Long Term Debt	2,421,764	3,827,327	1,330,000
⁶ Accrued Employees Leave Liabilities	1,251,687	1,197,178	2,995,677
Long Term Debt	62,160,398	64,405,737	64,249,343
Reserve - F&B Equipment Fund	607,289	344,475	-
Reserve - JLA	20,838	20,838	-
³ Pension Liability	35,351,940	35,184,870	37,706,271
³ Deferred Inflows - Pension	1,961,567	1,961,567	1,283,146
Total Liabilities	115,616,444	128,378,249	116,706,287
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	32,287,376	11,953,808	45,358,938
Total Net Resources	64,696,025	44,362,458	45,358,938
Total Liabilities and Net Resources	\$ 180,312,470	\$ 172,740,707	\$ 162,065,225

¹ Per Food & Beverage Services agreement, 1.50% of all Gross Revenues for unexpected or emergency expenses, including repair and maintenance of equipment

²

Per bond Pledge Agreement, maintain Reserve account and District cash separately equal to at least Maximum Annual Debt Service

³ Information provided by CDFA/State Controllers Office; results from changes in components of net pension liability; applicable to a future reporting period

⁴

⁵ Advance payments for events/activities in the future

⁶ Paid out upon separation

UNAUDITED FINANCIAL STATEMENTS

22nd DAA Income Statement For the Period Ending December 31, 2022

	December 2022			Year-to-Date			Full 2022
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
REVENUES							
Admissions Revenue	0	0	0	11,019,180	13,428,531	(2,409,351)	13,428,531
<i>Gates</i>	0	0	0	11,019,180	13,428,531	(2,409,351)	13,428,531
Concessions Revenue	455,420	379,975	75,445	38,395,076	19,650,571	18,744,504	19,650,571
<i>Food & Beverage Contract</i>	453,695	373,435	80,260	17,520,962	16,112,521	1,408,440	16,112,521
<i>Other Food & Beverage</i>	(3)	0	(3)	3,751,301	0	3,751,301	0
<i>Midway</i>	(1,842)	0	(1,842)	16,766,545	3,481,500	13,285,045	3,481,500
<i>Merchandise</i>	3,774	6,540	(2,766)	73,182	56,550	16,632	56,550
Facility Rentals Revenue	106,652	223,500	(116,848)	5,087,068	2,459,146	2,627,921	2,459,146
<i>Commercial</i>	0	0	0	3,229,663	918,000	2,311,663	918,000
Leases Revenue	557,004	840,965	(283,961)	2,847,866	2,607,447	240,419	2,607,447
Program Revenues	58,318	88,500	(30,182)	5,604,992	5,365,985	239,007	5,365,985
<i>Parking</i>	38,575	60,000	(21,425)	4,847,429	4,255,085	592,344	4,255,085
<i>Participation Fees</i>	0	0	0	345,078	450,900	(105,822)	450,900
<i>Satellite Wagering</i>	19,743	28,500	(8,757)	412,485	660,000	(247,515)	660,000
OPERATING REVENUE TOTALS	1,177,394	1,532,939	(355,545)	62,954,182	43,511,681	19,442,501	43,511,681
Contributions	4,600	4,600	0	13,124,001	12,437,000	687,001	12,437,000
<i>Government Funding</i>	0	0	0	11,380,714	10,500,000	880,714	10,500,000
<i>Grants</i>	0	0	0	12,813	0	12,813	0
<i>Sponsorships</i>	4,600	4,600	0	1,725,054	1,932,000	(206,946)	1,932,000
Other Non-Operating Revenue	276,176	30,716	245,460	7,603,853	211,392	7,392,461	211,392
<i>Interest Earnings</i>	209,402	5,000	204,402	456,960	25,000	431,960	25,000
<i>Pledged Revenue</i>	0	0	0	6,273,000	0	6,273,000	0
Reimbursed Costs	33,236	16,503	16,733	1,631,442	1,379,739	251,703	1,379,739
Prior Year Revenue	0	0	0	10,069	0	10,069	0
NON-OPERATING REVENUE TOTALS	314,012	51,819	262,193	22,369,365	14,028,131	8,341,233	14,028,131
TOTAL REVENUE	1,491,406	1,584,759	(93,353)	85,323,546	57,539,812	27,783,734	57,539,812
EXPENSES							
Payroll & Related Expense	854,168	1,269,072	(414,904)	14,764,313	16,848,818	(2,084,504)	16,848,818
<i>Professional Development</i>	136	4,000	(3,864)	137,648	121,656	15,992	121,656
Professional Services Expense	395,265	644,026	(248,761)	20,979,764	20,750,712	229,052	20,750,712
<i>Food & Beverage Expense</i>	332,300	390,882	(58,582)	14,702,728	10,334,923	4,367,805	10,334,923
Insurance Expense	97,320	61,560	35,759	1,117,836	724,022	393,815	724,022
Facility & Related Expense	441,983	230,820	211,163	6,254,781	4,646,974	1,607,807	4,646,974
<i>Equipment & Small Wares</i>	10,000	0	10,000	25,086	0	25,086	0
<i>Telephone & Internet</i>	7,988	7,094	894	107,600	85,128	22,472	85,128
<i>Utilities</i>	389,019	197,000	192,019	3,717,429	3,046,104	671,325	3,046,104
<i>Repairs & Maintenance</i>	26,542	18,226	8,316	723,934	703,512	20,421	703,512
Supplies Expense	58,349	22,107	36,242	1,036,636	1,031,829	4,807	1,031,829
Marketing & Related Expense	1,805	9,037	(7,231)	1,222,454	1,485,605	(263,151)	1,485,605
Program Expenses	23,455	28,244	(4,789)	14,713,053	4,879,679	9,833,375	4,879,679
<i>Prizes & Premiums</i>	0	0	0	80,516	400,000	(319,484)	400,000
<i>Travel & Transportation</i>	0	3,894	(3,894)	916,795	92,986	823,809	92,986
<i>Artists & Entertainment</i>	0	0	0	3,383,359	4,066,500	(683,141)	4,066,500
<i>Midway Expense</i>	0	0	0	10,124,751	0	10,124,751	0
Other Operating Expense	240,952	275,711	(34,759)	4,638,927	7,140,803	(2,501,876)	7,140,803
<i>Bank & Service Fees</i>	19,433	6,345	13,088	1,666,005	1,026,708	639,297	1,026,708
<i>Interest Expense</i>	214,626	7,162	207,464	2,652,218	2,759,982	107,764	2,759,982
OPERATING EXPENSE TOTALS	2,113,297	2,540,578	(427,281)	64,727,765	57,508,442	7,219,323	57,508,442
Other Non-Operating Expense							
<i>Prior Year Expense</i>	0	0	0	247,879	0	247,879	0
NON-OPERATING EXPENSE TOTALS	0	0	0	247,879	0	247,879	0
TOTAL EXPENSE	2,113,297	2,540,578	(427,281)	64,975,644	57,508,442	7,467,202	57,508,442
NET INCOME (LOSS)	(621,891)	(955,819)	333,928	20,347,902	31,370	20,316,532	31,370

**Food & Beverage Report
Dec-22**

December 2022 Food Service Revenues were \$453,695. Budgeted Revenues for December 2022 were \$373,435.

Net distribution to the District for December 2022 was \$160,139 or 35.3%. Budgeted distribution for December 2022 was (\$12,679) or %-3.4.

Year-to-date 2022 distribution to the District is \$3,866,478 or 22.1%. The budgeted distribution for YTD 2022 was \$2,391,334 or 18.0%.

Dec-22	2022 ACTUAL	%	2022 BUDGET	%	2021 ACTUAL	%	2019 ACTUAL	%
TOTAL REVENUE	453,695	100.00%	373,435	100.00%	366,272	100.00%	401,927	100.00%
TOTAL COGS	(80,657)	-17.78%	68,932	18.46%	42,383	11.57%	71,631	17.82%
GROSS MARGIN	534,352	117.78%	304,503	81.54%	323,889	88.43%	330,296	82.18%
TOTAL PAYROLL	216,529	47.73%	257,902	69.06%	310,440	84.76%	405,532	100.90%
OPERATING EXPENSES	134,807	29.71%	61,091	16.36%	128,688	35.13%	127,493	31.72%
NET PROFIT	183,016	40.34%	(14,490)	-3.88%	(115,238)	-31.46%	(202,729)	-50.44%
CLIENT DISTRIBUTION	160,139	35.30%	(12,679)	-3.40%	(100,834)	-27.53%	(177,388)	-44.13%

YTD	2022 ACTUAL	%	2022 BUDGET	%	2021 ACTUAL	%	2019 ACTUAL	%
TOTAL REVENUE	17,520,962	100.00%	13,306,827	100.00%	14,092,732	100.00%	22,512,037	100.00%
TOTAL COGS	3,640,410	20.78%	2,659,323	19.98%	3,076,911	21.83%	4,688,254	20.83%
GROSS MARGIN	13,880,552	79.22%	10,647,503	80.02%	11,015,821	78.17%	17,823,783	79.17%
TOTAL PAYROLL	7,297,733	41.65%	6,157,680	46.27%	5,640,542	40.02%	9,730,997	43.23%
OPERATING EXPENSES	2,163,987	12.35%	1,756,870	13.20%	1,614,527	11.46%	2,582,357	11.47%
NET PROFIT	4,418,831	25.22%	2,732,953	20.54%	3,760,752	26.69%	5,510,429	24.48%
Y-T-D CLIENT DISTRIBUTION	3,866,478	22.07%	2,391,334	17.97%	3,290,658	23.35%	4,821,625	21.42%



Item 5-D-1 – Out of State Travel

Background:

The California Department of Food and Agriculture requires board approval for work-related out of state travel.

Since June 26, 2015, AB 1887 prohibits state-funded or state-sponsored travel to a state that discriminates against lesbian, gay, bisexual, and transgender people, which impacts professional development opportunities for District staff. Over the years, the list of prohibited states has been updated including as recently as August 2022.

Process/Approach

The board approved the 2023 Operating Budget at the January 10, 2023 meeting which assumed travel to other states for certain professional development opportunities, subject to the locations being in compliance with AB 1887.

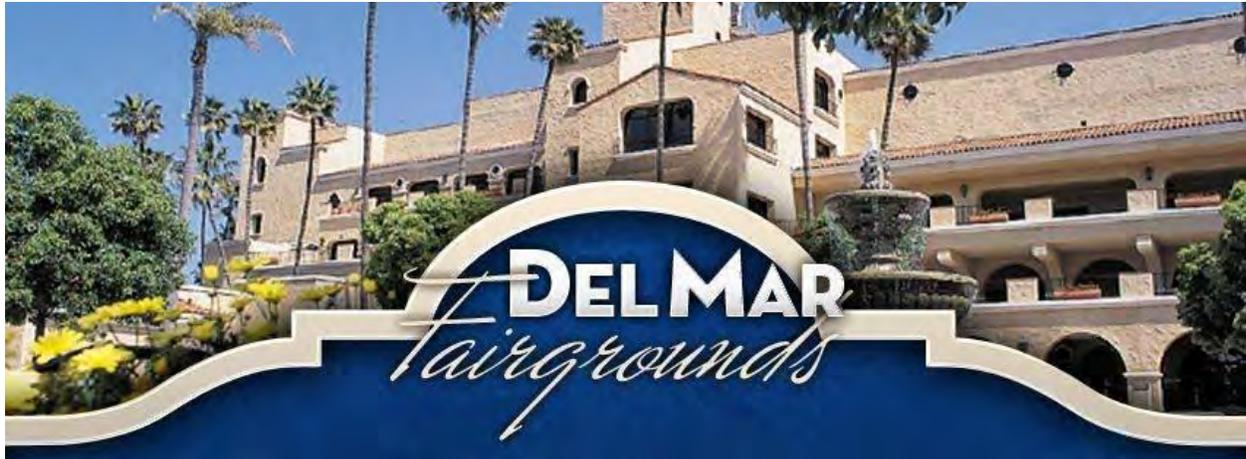
Request

This request is to conditionally authorize Out of State Travel for the following professional development opportunities in 2023 so long as each is permissible under AB 1887 at the time of travel:

- Western Fairs Association
 - Feature Fair Tour: Arizona State Fair, between September 22-October 29
- International Association of Venue Managers
 - Academy of Venue Safety & Security: Pittsburgh, PA – February 26-March 3
 - Senior Executive Symposium: Georgetown University – in May
- International Association of Fairs & Expositions
 - Management Conference: St. Louis, MO – April 19-21
 - Annual Conference & Convention: Salt Lake City, UT – November 26-December 1
- AccountingWare
 - Accounting Conference: Las Vegas, NV – April 23-26
- National Independent Concessionaires Association
 - Annual Conference: Las Vegas, NV – December 3-6
- Other Training and Learning Opportunities
 - Adobe Summit: Las Vegas, NV, March 19-23
 - Minnesota State Fair: St. Paul, MN – between August 24–September 4

If approved for travel, CEO Moore will make the final determination of employee(s) that will participate in each opportunity, taking into consideration the operational needs and financial resources of the District at the time.

While staff has worked diligently to identify all of the professional development opportunities for the coming year, new opportunities may be discovered. Should any new opportunities require out of state travel, they will be brought to the board for approval.



MEDIA CONTACT:

Jennifer Hellman
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Del Mar Fairgrounds, 22nd DAA
2260 Jimmy Durante Blvd.
Del Mar, CA 92014
media@sdfair.com

FOR IMMEDIATE RELEASE

Images are available [here](#).

SAN DIEGO COUNTY FAIR CONCLUDES 2022 SEASON WITH 42 TRADE INDUSTRY AWARDS

DEL MAR, CA (February 8, 2023) – The 2022 San Diego County Fair received 42 Awards of Excellence from two top fair industry associations; 10 are from the International Association of Fairs and Expositions (IAFE) and 32 from Western Fairs Association (WFA). The awards were announced and presented during the IAFE 2022 Virtual Awards Show, and the WFA 2023 Convention & Trade Show.

The IAFE and WFA have developed these award programs to recognize fairs excelling in their marketing, publicity, competitive exhibits, and agricultural education efforts, among others. Entries are judged by panels of experts in their respective fields, based on creativity, use of theme, production excellence, best use of resources, highest level of innovation and other criteria.

"We are so very proud and honored to have been recognized by the fair industry for our team's efforts in 2022," stated Carlene Moore, CEO at the Del Mar Fairgrounds. "Summer starts at the San Diego County Fair, and we look forward to once again hosting this cherished annual family tradition!"

2022 IAFE Contest Results

(Category and entry submitted.)

First Place Awards

Hall of Honor Communications

- Single-Sided, Flat Promotional Ad – Full Page Color Advertisement in San Diego Magazine
- Promotional/Advertising Poster – Toyota Summer Concert Series Poster
- Miscellaneous Marketing – Costco Savings Pack Pallet Display
- Promotional Advertising: Outdoor – Fair-themed Outdoor Billboard

Third Place Awards

Hall of Honor Communications

- Digital Advertising Video – 30-second Social Media Reels Promoting Ice Cream Vendors (“[Sunny with a Chance of Sprinkles](#)”) and the [Toyota Summer Concert Series](#)
- Online Advertisement – Cross-promotion with Hispanic radio partner Uniradio

Competitive Exhibits

- Display Method and/or Prop – New Prop Display at Garden Show featuring #SDFAIR letters
- Competitive Exhibit (Single Photo) – Photo of father holding smiling toddler at Gems & Minerals Exhibit

Agricultural Awards

- Program/event/exhibit designed to educate consumers/fair-going public on the Story of Food – Avocado Exhibit at California Grown Building
- Agriculture Individual Photo: Ag Education (4-H/FFA) – Photo of young 4-H member vying for top prize in the market swine show

2022 WFA Contest Results

(Category and entry submitted.)

First Place Awards

Featured Programs

- Community Outreach - [Care ‘n Share Toy Drive](#)
- Overall Fair Marketing Campaign - Heroes ReUnite!

Media and Marketing

- Fair Advertising Poster
- Fair Commemorative Poster - *Award of Excellence*
- Fair Logo

- Radio Ad, Foreign Language
- Radio Ad, Series
- Radio Ad, Single
- Social Media Ad, Series
- Social Media Ad, Single
- [Television Ad, Foreign Language](#)
- Television Ad, Series
- [Television Ad, Single](#)

Innovations and Management Excellence

- Interim Events - FoodieLand Night Market
- New Competition, Animal or Still - Chalk Art
- Non Profits - Don Diego Scholarship Foundation
- Theme Program - Heroes ReUnite!

“Give it Your Best Shot” Photography Competition

- Animals With or Without People - *Award of Excellence*
- Carnival - *Award of Excellence*
- Entertainment & Grounds Acts - *Best Entertainment Photo*
- Exhibits, Competitive or Educational
- Food & Beverage - *Award of Excellence*

Second Place Awards

Media and Marketing

- Fair Pocket Program
- Year-Round Logo - Del Mar Fairgrounds Community

Innovations and Management Excellence

- Auctions - Junior Livestock Auction
- Agricultural Programming - Avocado Exhibit at California Grown Building
- New Children’s Program - Kids Activities in Theme Exhibit
- New Sponsorship - Hollandia Dairy

“Give it Your Best Shot” Photography Competition

- Community Outreach/Emergency Response Venues

Third Place Awards

Media and Marketing

- Special Event Logo - Toyota Summer Concert Series

Innovations and Management Excellence

- New Fairtime Event, Exhibit or Program - “Let’s go to the Show”

“Give it Your Best Shot” Photography Competition

- People at the Fair

#

About the 22nd DAA/Del Mar Fairgrounds

Established in 1936, the Del Mar Fairgrounds is a world-class, multi-use, public facility with an emphasis on promoting agriculture, education, entertainment, and recreation in a fiscally sound and environmentally conscientious manner for the benefit of all. The 22nd District Agricultural Association manages and operates the Del Mar Fairgrounds on behalf of the State of California, and is governed by a nine-member board appointed by the governor. Fairgrounds operations are primarily funded by revenues generated by hosting events, the largest being the annual San Diego County Fair. For more information, visit delmarfairgrounds.com.

About the San Diego County Fair

Adventure awaits next summer at the 2023 San Diego County Fair, as happy campers are invited to “*Get Out There!*” and explore the great outdoors, June 7 through July 4 (the Fair will be closed Mondays and Tuesdays in June.) This year’s theme will celebrate the diversity of outdoor experiences that San Diego County is known for. Summer camp has never been so much fun! The public is encouraged to “*Get Out There!*” and take part in the Fair by performing center stage as a community entertainer, or submitting arts and hobbies through the fair’s competitive exhibition program. Entry materials and applications for public participation programs are now available online, and admission and ticketed concerts and festivals are expected to go on sale mid-March. For all of the latest information, visit the Fair website subscribe to eblasts at sdfair.com.



Michael R. Ernst
Executive Vice President
Chief Financial Officer

December 15, 2022

Carlene Moore
Chief Executive Officer
22nd District Agricultural Association
2260 Jimmy Durante Boulevard
Del Mar, CA 92014

Re: Del Mar Thoroughbred Club 2023 Budget

Dear Carlene:

We enclose Del Mar Thoroughbred Club's ("DMTC") 2023 budget pursuant to Section 7.1 of the Del Mar Race Track Operating Agreement, as amended (the "Operating Agreement"). Our goal in preparing the 2023 budget is to provide a realistic and achievable operating plan designed to maximize combined DMTC rent – and racing-related food and beverage ("F&B") net income ("Combined Race Meet Net Income") – while also maintaining the quality and historic character of our summer meeting and continuing to build upon the success of the fall meeting.

OPERATIONAL OVERVIEW

Del Mar is viewed as a world-class venue for Thoroughbred racing. DMTC enjoys a reputation for having operations considered to be among the very best in the industry, both in terms of our ability to attract the highest quality Thoroughbred racing and our success in generating a highly diversified revenue stream. DMTC is viewed as an industry leader in developing innovative programs, adopting new technologies and creating dynamic marketing campaigns designed to attract top Thoroughbred racing to Del Mar and new fans to racing. DMTC also is the leader in developing practices and procedures to protect and enhance equine, rider and patron safety.

DMTC has long been at the forefront of enacting industry-leading safety protocols and procedures and, those efforts have resulted in Del Mar consistently being ranked among the safest racing venues in the country. DMTC has implemented extensive safety measures, including adopting the industry's most stringent medication rules, increasing veterinary oversight and testing of horses, enhancing stable security and establishing a safety advisory committee

consisting of trainers, veterinarians, jockeys, track maintenance personnel and management which meet regularly to review safety practices, operations and racing surfaces. In 2022, the track proudly continued its exemplary national safety record for the fourth consecutive year, with no catastrophic injuries among its 2,688 starters in the 294 races during the 31-day summer race meet. Additionally in 2022, Tom Robbins, DMTC's Executive Vice President of Racing was the lone racing association executive named to the Horseracing Integrity & Safety Authority's ("HISA") newly formed Horsemen's Advisory Committee. DMTC's efforts to provide the safest possible environment for the sport's equine and human athletes never cease and safety remains our top priority. We continue to work with industry stakeholders, including HISA to ensure Del Mar's equine safety and welfare protocols are the industry's gold-standard.

Overall horse population and the inventory of race horses available to run in Southern California are key factors impacting our industry. As we previously have noted, the number of horses that run in each race (known as "field size") directly correlates to the amount wagered on a race, or the "wagering handle." The more horses that run in a race, the larger the wagering pool and a larger wagering pool means greater wagering commissions are paid to track operators along with higher purses paid to the horsemen and women. While other racetracks across California and the entire nation have struggled to maintain field sizes, DMTC is considered an industry leader in developing innovative programs to address the challenges of horse population in Southern California and bolster field sizes.

DMTC created the innovative and highly successful Ship & Win program. The program provides an incentive for owners of out-of-state horses to ship them into California and race at Del Mar. DMTC and the Thoroughbred Owners of California ("TOC") jointly funded the program and provided record incentive payments for the 2022 program. Since the Ship & Win program was introduced in 2011, it has brought 2,120 horses to race at Del Mar, with many remaining and continuing to race at other California racetracks.

Additional funding to attract out-of-state horses that do not qualify for Ship & Win incentives is provided through the Co-Op marketing program and the ADW purse supplement, which represent negotiated funding provided by California's largest ADW providers. These programs are discussed in greater detail later in this report.

The Ship & Win program, along with our other horse recruitment efforts, not only helped Del Mar's average field size levels at our summer and fall meets but also contributed to increased field sizes at the other tracks in California. For example, following our two race meets this year through the date of this report, horses from our Ship & Win program made more than 141 starts at the race meets at Los Alamitos and Santa Anita.

While wagering revenue is our primary revenue source, we strive to diversify our revenue stream and generate significant non-wagering revenues. Our non-wagering revenues consist of admissions-related revenues (e.g., daily admissions, seating and parking, season suites and boxes, Turf Club memberships and suites, Group sales, programs and novelty concessions) and sponsorships revenues as well as fee-based management services that we provide to others in our industry. Del Mar historically has enjoyed the highest level of non-wagering revenues compared to total revenues of all tracks in California and among the highest of any racetrack in the United States. Although F&B revenues are not reflected in our financial statements, our marketing efforts also are designed to produce significant race meet-related F&B net revenues, all of which flow directly to the 22nd District Agricultural Association (“District”).

Another important component of our diversified non-wagering revenues is our industry-leading sponsorship revenue program. DMTC has been successful in maintaining and growing corporate partnerships by creating and implementing robust marketing and co-branded initiatives. Even in the recently changed landscape that resulted in DMTC forgoing large scale general admission concerts, Del Mar continues to provide substantial value to our corporate partners, including on-line and social media opportunities. These digital assets, combined with traditional on-site engagement, offer sponsorship opportunities not seen by many other racetracks. In addition, Del Mar’s dedicated and robust fan base is rich with Millennial and Gen Z demographics and offers our corporate partners access to this highly sought-after audience. DMTC also will continue to leverage its in-demand high-end race day hospitality to increase sponsorship revenues. Lastly, DMTC works in tandem with District staff on facility-wide corporate partnerships that maximize year-long sponsorships for the Fairgrounds and will continue to collaborate on these opportunities to ensure that venue sales goals are achieved.

2022 RESULTS

The eight-week, 31-day, 2022 summer race meet opened on Friday July 22 and enjoyed record field sizes, highly competitive racing and, most importantly, was one of the safest meets in the nation and in Del Mar’s history. The 2022 summer meet provided world-class racing and some of the best overall performances in Del Mar’s 83-year history including the finest individual race ever seen at the summer meet when the unbeaten superstar Flightline captured the \$1-million TVG Pacific Classic on September 3 in breathtaking fashion by nearly 20 lengths. Flightline’s extraordinary display of speed and class in the TVG Pacific Classic drew raves from racing fans and officials around the globe and moved him to the world’s top-rated Thoroughbred. Our 2022 marketing efforts once again included many of our popular lifestyle events, with the exception being our concert series, which we chose to forego this summer. Our popular promotions, such as craft beer festivals and local food specialty events, were aimed at driving attendance and generating high-margin F&B revenues. Moreover, we utilized our valuable

Diamond Club database to offer our core customers enticing value-added promotions to drive attendance on the lesser-attended race days (i.e., Thursdays and Sundays). On-track attendance rose 16.1% over 2021 levels and exceeded our budgeted growth of 10.9%. The attendance gains were due to our expanded marketing efforts and also because last year we restricted general admissions and walk-up sales until the second week of the summer race meet due to uncertainties regarding COVID-related state guidelines for public events and until we became comfortable with our reopening procedures and our ability to safely host our fans. On-track attendance was up 24.1% after the sixth week of racing but was impacted the final two race weeks by a 12-day period of unseasonably hot and humid weather, including rain the final Friday of the summer race meet.

The recently completed four-week fall race meet was the ninth fall session that now complements the historic Del Mar summer race meet. The Del Mar fall meet is North America's most heavily wagered race meet during the fall season, with fans and stakeholders viewing Del Mar as offering the nation's premier autumn racing. The fall race meet's quality racing product – with its emphasis on turf racing – was highlighted with eight major turf stakes races, (“Turf Festival”) contested over the fall meet's final two weekends. The quality of our racing attracted 15 out-of-state horses along with several of the nation's leading trainers including Chad Brown, Todd Pletcher, Shug McGaughey, Christophe Clement, and Graham Motion who competed in this year's Fall Turf Festival. The fall's major turf stakes races also drew several of the country's top jockeys including Irad Ortiz, Joel Rosario and Florent Geroux. Trainer Chad Brown enjoyed the most success over closing weekend by winning two stakes races including the Grade I Matriarch Stakes convincingly with Regal Glory. Fellow trainer Graham Motion started 13 horses over the duration of the Fall season, including Speaking Scout who was victorious in the Grade I Hollywood Derby. The quality racing product, expanded lifestyle promotional events, together with growth in our Group Sales business, led to a 7% increase in on-track attendance and resulted in admission-related revenues exceeding projection.

The foundation of our operations is a strong live racing program and the wagering commissions and purses generated on our races. Our horse recruitment efforts, including the Ship & Win, Co-Op marketing and ADW purse supplement programs, were a key focus of our 2022 operations. We increased Ship & Win program incentives for the 2022 summer race meet to record levels. Last year, the program paid a \$5,000 starter bonus and a 50% purse supplement for any out-of-state dirt runner and a \$4,000 starter fee and a 40% purse bonus paid for out-of-state runners in the more popular turf races. The purse bonus was paid for additional starts at the summer meet and was also expanded this summer to award a purse bonus on winnings by first-through-fifth place finishers. Our racing department started early in 2022 to actively promote our

record purse offerings and the enhanced Ship & Win program incentives to out-of-state horse owners and trainers.

These recruitment efforts and programs attracted a record 430 horses that made 515 starts during the 2022 summer and fall race meets. The horses recruited to race last summer helped Del Mar's average field size grow to an all-time high of 9.1 horses per race in 2022, which is an increase from 8.45 horses in 2021 and 8.36 horses in 2020. The summer race meet's field sizes were the highest in the nation for all major race meets, including this summer's popular Saratoga race meet in upstate New York, which had an average field size of 7.86 horses per race. Our recruitment efforts also grew the recent fall race meet's field size to 7.91 horses, up from 7.76 runners during the 2021 fall race meet. Del Mar's fall race meet had the second highest field size of all of California's race meets in 2022, behind only the Del Mar summer race meet. Our large fields, quality racing program and record purse distributions attracted bettors from across North America and grew total wagering to \$744.68 million in 2022, an all-time record for the Del Mar race meets excluding Breeders' Cup wagering.

Revenues for 2022 are projected to total \$40.27 million and be \$1.05 million, or 2.7%, over budget. Wagering revenues are projected to be \$170,000, or 0.7%, above budget as our large race fields and quality racing product increased wagering on live racing. The growth in on-track attendance drove an increase in attendance-related revenues, which are projected to be \$470,000, or 5.3%, over budget. Other operating revenues are projected to be \$400,000, or 10.3%, over budget due to growth in sponsorship revenues and higher interest income. Total expenses for 2022 are projected at \$33.6 million and were \$1.61 million, or 5.0%, over budget. The higher expenses were primarily due to increased staff costs related to the tight job market and hosting a greater number of fans than was projected. Additionally, several seasonal services contracts were renewed at higher-than-expected rates due to increased materials and labor costs.

The 2022 summer and fall meets are projected to generate combined DMTC rent and race-meet related F&B net revenues (as defined in the Del Mar Race Track Operating Agreement) of \$11.81 million for the year. This amount is \$150,000 above the budgeted return from racing and \$400,000 higher than combined contribution in 2021 (excluding the \$4.08 million one-time benefits of the Breeders' Cup and the Payroll Protection Program ("PPP") loan forgiven). Racing net revenues are projected to total \$6.56 million in 2022, and are projected to be \$570,000 under budgeted net racing revenues. Racing net revenues consist of \$1.225 million of Direct Payments, as well as the \$5.33 million of payments to the Race Track Authority ("RTA"). The \$5.33 million RTA payments consist of: (1) \$4,725,000 paid on November 15, 2022; and (2) an expected additional payment to the RTA of approximately \$605,000. This additional payment, which will include the results of our fall race meet, will be paid in late April following the completion of our 2022 audited financial statements.

Race meet F&B revenues in 2022 totaled \$12.52 million, \$11.02 million during the summer race meet and \$1.5 million during the fall race meet. F&B revenues exceeded projections by 15.9% due to higher than anticipated on-track attendance together with strong F&B sales in our high-margin premium seated and Group sales areas during both race meets. F&B net revenues, all of which flowed directly to the District, totaled \$5.26 million in 2022. These net revenues were \$720,000, or 28.5%, above prior year race meet F&B net revenues and 15.9% higher than budgeted F&B net revenues.

LEGISLATIVE MATTERS

SPORTS WAGERING

As we have noted in our previous reports, the California horse racing industry currently operates at a significant disadvantage compared to racetracks in other states that benefit from having additional forms of gaming (e.g., casino) revenues available to support purses and horse racing operations. Racetracks in states such as New York, Kentucky, Florida and Maryland, for example, either directly operate casinos or receive subsidies from gaming entities. California competes with these subsidized racetracks to draw horses and customers.

In May 2018, the United States Supreme Court ruled that a federal ban on sports wagering was unconstitutional and individual states have the right to legalize sports wagering in their state. Since the Supreme Court's ruling, 36 states have adopted legislation to permit sports wagering and several other states are expected to do so in the next few years. In several states, such as New Jersey – the first state to enact sports wagering after the Supreme Court's decision – racetrack operators are offering sports wagering (at brick-and-mortar locations and online) to increase revenues for their horse racing operations.

Del Mar and other California horse racing industry stakeholders worked closely with leadership from California tribal casinos to develop a framework for sports wagering in the state. The result was a ballot measure – Proposition 26 – in California's November 2022 election in which voters were asked to decide if the state's 53 Tribal casinos and four horse racetracks – including Del Mar – would be allowed to offer brick-and-mortar sports wagering on a year-round basis at their facilities. Del Mar was the only fairground in California included in Proposition 26.

In addition to Proposition 26, California voters were also asked to decide if sports wagering through the Internet should be legalized. This ballot measure – Proposition 27 – was sponsored by out-of-state on-line operators such as FanDuel and DraftKings and did not include Del Mar and the state's other horse racing interests.

Nearly \$500 million was spent on campaigns for and against Propositions 26 and 27, more than doubling the previous record spent in 2020 by Uber, Lyft and other app-based ride-hailing and delivery services to prevent drivers from becoming eligible for benefits and job protections.

California ballot initiatives routinely fail when faced with an aggressive negative campaign and that was certainly the case with Propositions 26 and 27, as voters rejected both initiatives in the November 2022 election. Collectively, over \$280 million was spent against both ballot measures and the avalanche of negative messaging caused many voters to be confused and ultimately doomed both Propositions. Interestingly, post-election research has shown that a majority of Californians favor some form of sports wagering.

While both sports wagering ballot measures failed to pass, it is notable that Proposition 26 – with very little money spent in support – received almost double the amount of “yes” votes as compared to Proposition 27. Based on these results, it seems unlikely that the Internet operators that supported Proposition 27 would be in favor of funding another initiative unless there was broad support among the majority of the state’s gaming stakeholders.

By November 2024 – the earliest voters could authorize sports wagering – California likely will be surrounded by states that have legalized sports wagering (currently totaling 36 states). Based on the popularity of sports wagering in other states and the opportunity for California to create incremental tax revenues and jobs, there will likely continue to be a steady push for implementing sports wagering in the state. And if sports wagering were to be legalized in 2024 and approved to be a permitted activity at the Del Mar Fairgrounds operated by DMTC, DMTC has an agreement in place with a top-tier operator that would generate significant guaranteed revenues for the District.

DMTC has developed strong relationships with the state’s gaming stakeholders – including leadership at Tribal casinos – that will contemplate the future of sports wagering. DMTC will continue to work with all parties to position Del Mar and horse racing interests for inclusion in the framework of California sports wagering.

HORSERACING INTEGRITY & SAFETY AUTHORITY

In 2022 the industry made great strides in achieving uniform equine safety reforms throughout the country under the federal regulation of the Horseracing Integrity & Safety Authority (HISA). Signed into federal law in 2020, HISA is overseen by the Federal Trade Commission (FTC). HISA is responsible for drafting and enforcing uniform safety and integrity

rules in Thoroughbred racing in the U.S. and was created to implement, for the first time, a national, uniform set of rules applicable to every Thoroughbred racing participant and racetrack facility. The blueprint for HISA's rules were the safety and welfare protocols that have been implemented at Del Mar and California's other racing associations over the last few years.

At the time of this filing, HISA's continued authority for national regulation in 2023 and beyond is uncertain. This uncertainty stems from a November ruling by the Fifth Circuit Court of Appeals holding HISA to be an unconstitutional delegation by Congress of unsupervised government power to a private entity. There appear to be two options for HISA to address the ruling issued by the Fifth Circuit Court of Appeals. The first is a judicial option in which HISA appeals the Fifth Circuit's decision. In addition, the Sixth Circuit Court of Appeals is also expected to issue a ruling on the constitutionality of HISA by early 2023. Under the judicial option, it is possible that HISA's future ultimately will be determined by the United States Supreme Court. HISA's second option is a legislative remedy in which Congress amends a single provision of HISA to confirm Congress' original intent for the FTC ultimately to control rulemaking under the Authority. An overall decision on the future of HISA is expected by the second quarter of 2023.

2023 BUDGET OVERVIEW

DMTC's 2023 budget reflects the operating, staffing and marketing strategies that we have implemented since 2014 when we began conducting our two distinctly different race meets. Consistent with past practices, our 2023 budget is designed to maximize both the rent payment made to the District by DMTC, as well as race meet-related F&B net revenues that flow directly to the District.

Our proposed 2023 budget is affected by a number of key factors that are reflected in both the revenue and expense projections. As in the past, these factors result from legislative changes, new state-mandated regulatory actions and the upcoming racing calendar approved by the California Horse Racing Board ("CHRB"), our industry's governing body in California, as well as opportunities and changes in the business environment surrounding racing. Some of the key assumptions and other factors include:

- A slowing regional and national economy into 2023 as a result of the pressures of increased borrowing costs and lower yet persistently above average inflation;

- A tight labor market and ongoing wage pressures as unemployment increases slightly in 2023 however unemployment is expected to remain low by historical standards;
- Short-term interest rates are expected to continue to increase and peak mid - 2023 at 5.0% as the Federal Reserve Bank continues in its efforts to lower inflation;
- A favorable resolution of the HISA matter in early 2023. Under the leadership of HISA, we anticipate continued momentum toward a national comprehensive and centralized set of standards that include safety protocols, enhanced drug testing and medication protocols, operational best-practices and organizational reforms across all major racing jurisdictions nationally;
- CHRB approval of extension of the current agreement between the Southern California racetracks and the TOC to continue to provide funding for Southern California Off-Track Wagering Inc. ("SCOTWINC") operations through a deduction from the ADW handle;
- CHRB approval of the request to modify the deduction from both ADW wagering and California brick and mortar wagering to provide funding for 2023 stabling and vanning operations; and
- CHRB approval and extension of the current agreement between DMTC and the TOC to continue a deduction from the ADW handle that provides funding for the Co-Op marketing program.

The accompanying budget is formatted to reflect the following: (i) summer race meet budgeted revenues, expenses and rent payment; (ii) fall meet budgeted revenues, expenses and rent payment; and (iii) a consolidated budget showing all revenues, expenses and our 2023 payments to the District and the RTA.

This budget precedes the start of our summer race meet by seven months and requires us to make assumptions regarding on-track attendance and wagering levels and other factors that will impact our operations and financial projections. Over the years, impactful events have developed following the December submission of our annual budget which required us to significantly adjust our operations.

As we move toward the start of the 2023 summer race meeting, our objective is to continue to implement a thoughtfully prepared budget and dynamic business plan that addresses evolving conditions and delivers a combined race meet net income that exceeds the projected amount in

this budget. Through our 2023 quarterly budget submissions we will provide updates on adjustments to our operation, the costs and expected benefits of any programs and other events that are not contemplated in this budget. We also will meet with District staff and the liaison Committee to provide updates on any other developments that arise.

2023 RACING CALENDAR

At the California Horse Racing Board's ("CHRB") September 2022 meeting Del Mar was awarded 13 weeks of racing in 2023, consisting of a nine-week summer calendar from July 12 through September 12 and a four-week fall calendar from November 11 through December 4.

Our summer race meet will again offer 31 days of live racing run over eight weeks. Opening Day will be on Friday July 21 and the meet will close Sunday September 10. The upcoming summer calendar is similar to the 2022 nine-week calendar – 31 live race days conducted over eight weeks and will conclude the Sunday following Labor Day. In addition to eight weeks of live racing in the summer of 2023, there will be no live racing ("dark days") in Southern California the week prior to the start of live racing. During these dark days, Del Mar earns wagering commissions and purse funds when Southern California patrons wager on races imported from racetracks outside California ("imported races") and those races run in Northern California ("Northern races").

As was the case in 2022, the 2023 summer meet will open a week later in July and the final race week will take place after Labor Day, both departures from the past several years. As we experienced in 2022 and are projecting in 2023, post-Labor Day summer race meet dates result in reduced profitability due in part to many on-track customers concluding vacations by this time. The later start date in 2023 (and 2022) and racing post-Labor Day is due to a combination of factors including: (1) the Fair's closing date occurring later in the calendar; (2) the time required after the Fair closes for us to comply with mandated safety protocols for preparing, maintenance and renovations of the racing surfaces; (3) Labor Day falling earlier in the calendar; and (4) the CHRB's allocation of racing dates to Santa Anita and Los Alamitos. DMTC will continue to notify District staff of any future race meet calendars that may cause DMTC to operate later than our traditional Labor Day close.

Further, the 13-day fall race meet opens Friday, November 10 and closes on Sunday, December 3. The four-week and weekend-focused fall race meet will have live racing Friday through Sunday and also offer racing on Thanksgiving, Thursday, November 23. The upcoming fall calendar matches the 13-day and four-week 2022 fall race meet opened on Friday, November 11 and closed on Sunday December 4.

Summer race meet attendance is projected to total 292,600 in 2023, 5% higher than the 278,005 in total attendance for the 2022 summer race meet. Fall attendance is projected to equal the 2022 total of 47,500. The 2023 marketing plan will feature an expanded events calendar highlighted by our lifestyle promotions such as craft beer events, local artisan food festivals, wine tastings and college days. These events are aimed at casual race fans and generate high-margin F&B revenues. In order to engage our core customers, we will continue to utilize our valuable Diamond Club database. This loyalty program allows us to offer our most dedicated customers enticing value-added promotions to drive attendance on Thursdays and Sundays. Summer race meet attendance projections also consider the impact of usually hot weather the last two weeks of the 2022 summer race meet. On-track attendance was up 24.1% after the sixth week of the 2022 summer met but was impacted the final two race weeks by a 12-day period of unseasonably hot and humid weather, including rain the final Friday of the prior summer race meet.

Summer race meet F&B per capita revenues are projected to increase 2%, which is below historic F&B revenue trends. F&B revenues are projected to increase due to the additional high-margin lifestyle events during the summer race meet which will be partially offset by the impact of the slowing economy and other F&B revenues. Fall race meet per capita revenues are projected to decline 2% due to the impact of the slowing economy.

REVENUES

Revenues for 2023 are projected to total \$41.6 million, an increase of \$1.33 million, or 3.3%, from 2022 revenues. Summer race meet revenues are projected to increase \$1.25 million, or 3.8%, due to additional admissions-related, sponsorship revenues and interest income. Fall race meet revenues are projected to increase \$80,000, or 1.2%, due to higher wagering and admissions-related revenues.

Wagering Revenues: DMTC receives wagering commissions and purses from betting by patrons in California whether the wagers are made on-track at Del Mar, off-track at Southern California satellite ("ITW") locations, or from Southern California residents wagering through Advanced Deposit Wagering ("ADW") providers that are licensed by the CHRB. Del Mar also receives commissions and purses when patrons who are located outside of California wager on Del Mar races at brick-and-mortar locations (e.g., racetracks, casinos, ITW locations and sports bars) and through ADW providers that contract with Del Mar to take betting on our races. California patrons are able to wager on three types of races: 1) those run at Del Mar ("live races"); 2) those run in Northern California; and 3) races imported from racetracks outside California. DMTC also receives wagering commissions and purses from separate pool simulcast fees, breakage and ITW expense fund distributions.

Wagering revenues are DMTC's primary source of revenue accounting for a projected 62.1% of summer race meet revenues, 83.9% of fall race meet revenues and 64.3% of total projected 2023 revenues. The fall meet has a larger concentration of wagering-to-total-revenues because all existing sponsorship agreements, management services and other operating revenues are allocated to the summer race meet. Additionally, because the summer meet draws more out-of-town and casual patrons than the fall meet, the summer meet generates higher attendance-related revenues.

Our horse recruitment efforts, including the Ship & Win and Co-Op marketing programs, again will be a key focus of our 2023 operations. Field sizes for the summer race meet are expected to remain near the 2022 record levels as we will continue our aggressive horse recruitment efforts and promote Del Mar's summer race meet purse levels, the highest of all California race meets. The fall race meet field size is also projected to remain at 2022 levels which increased over 2021 levels and were the second highest of all California race meets behind only the Del Mar summer race meet.

Horse recruitment funding for both the 2023 summer and fall meets again will benefit from an ADW purse supplement – designed to enhance California's racing product – provided by two of the largest ADW companies, TVG and Xpressbet. The purse supplement is the result of negotiations between DMTC, ADW operators and the TOC, and the funding will be again used to attract out-of-state stables to race at Del Mar this coming summer and fall.

Wagering and purse revenue projections reflect various changes to statutory wagering deductions and modifications to contractual ADW wagering deductions that are used to fund stabling and vanning, the operations of the SCOTWINC satellite network and deductions used to fund the CHRB's annual operation and California's share of HISA's annual operations.

Stabling and vanning ("S&V") operations are funded through a statutory deduction on wagering at satellite facilities and on-track wagering on imported and Northern California races as well as a contractual deduction from California ADW wagering. S&V wagering revenues were significantly impacted in 2020 as the pandemic caused California racetracks to operate without fans and a limited number of small satellites with outdoor facilities. This decline in S&V revenues resulted in a \$2.23 million operating deficit for the S&V fund at the end of 2020. With the reopening of the satellite network and the return of fans at racetracks in 2021, S&V revenues slightly exceeded S&V expenses. Nonetheless, a \$1.95 million S&V fund deficit remained as of December 31, 2021. In order to eliminate the S&V fund deficit, the TOC and the Southern California racetracks increased the statutory deduction on Southern California satellite wagering in 2022 by 30 basis points and also raised the deduction from ADW wagering that fund stabling

and vanning operations by a similar 30 basis points. These higher funding levels eliminated the S&V fund deficit in 2022. The TOC and Southern California racetracks will reduce both the statutory deduction on Southern California satellite wagering and deduction from ADW wagering that fund stabling and vanning operations by 18 basis in 2023. The impact on 2023 wagering revenues and purses from these statutory and ADW changes is projected to increase track commissions and purse generation each by \$260,000.

Racing law provides that the operations of the CHRB and California's equine drug testing program are to be funded by California racing associations and purses by a deduction from on-track, ITW and out-of-state wagering at all California racetracks and racing fairs. There is no provision in the racing law for such a funding deduction from California ADW wagering. The CHRB funding deduction from wagering is established annually on July 1st and is based on the projected on-track, ITW and out-of-state wagering compared to the CHRB's annual operating budget for the upcoming fiscal year ending June 30. This deduction from wagering effectively reduces wagering revenues and purses equally during the fiscal year. Any surplus or deficit between the funds generated from the funding deduction and the cost of CHRB operations at the end of the fiscal year is either refunded to, or further deducted from, the following year's commissions and purses.

Statewide wagering in fiscal year 2023 is projected to increase as Santa Anita will host the 2023 Breeders' Cup. This growth in wagering and CHRB funding is expected to offset the anticipated increase in the CHRB's 2023 fiscal annual budget. Accordingly, the CHRB funding deduction is expected to remain unchanged for the fiscal year starting July 1, 2023.

The record \$943.4 million of wagering at Del Mar during 2021, when Del Mar hosted the Breeders' Cup, contributed to a record statewide surplus of CHRB board support over CHRB operating costs for the fiscal year ending June 30, 2022. This surplus was redistributed equally to benefit 2022 purses and commissions. Based on wagering levels to date, a lower CHRB Board support is projected for the fiscal year ending June 30, 2023. This statewide surplus is projected to be \$400,000 lower than the CHRB board support surplus for the fiscal year ending June 30, 2022. Del Mar's share of the net decrease in CHRB board support surplus is \$60,000. Accordingly, the board support surplus benefiting purses and commissions in 2023 is expected to be \$30,000 lower than in 2022.

HISA is comprised of two programs: the Racetrack Safety Program, which became effective July 1, 2022, and the Anti-Doping and Medication Control (ADMC) Program, which will go into effect in January 2023. HISA funding started on July 1, 2022 and the organization's first year funding included various startup and one-time charges. California's share of the initial-year funding totaled \$1,450,000. The State's share of HISA funding for 2023 declined to

\$1,050,000 because of elimination of start-up and other one-time charges. Additionally, California's existing extensive drug testing and medication protocols effectively eliminated California's need to fund the State's share of the ADMC program which became effective in 2023. Each California racing association funds its proportionate share of this program by paying the CHRB through an ADW deduction. Del Mar's share of the lower ADW funding deduction will benefit wagering commissions and purses generate each by \$60,000 in 2023.

Del Mar and the TOC plan to extend the agreement, subject to CHRB approval, that provides funding for the Co-Op marketing program through a deduction from ADW wagering. The Co-Op marketing program includes horse recruitment efforts, on-track large player reward incentives and a social media program to educate the public about Del Mar's industry-leading safety record, our comprehensive safety protocols and procedures, and California's aftercare program for retired racehorses. Minor changes are proposed in the Co-Op marketing program and the changes are projected to reduce purses and commissions each by \$20,000 in 2023.

Live wagering on the Pick 6 is expected to return to more usual levels for the 2023 summer race meet when compared to the 2022 summer race meet. Live wagering during the 2022 summer race meet was impacted by unusually lower wagering levels on the Pick 6 wager on the mandatory payout days. The Pick 6 wager, which pays tickets that pick the winning horse of the last six races of the day, also pays a bonus jackpot if only one Pick 6 ticket correctly selects the six winners for that race day. If there are more than one Pick 6 winning tickets, the bonus jackpot is carried-over ("bonus carryover jackpot") to the following day. The Pick 6 wager provides for the mandatory payout of the bonus carryover jackpot on TVG Pacific Classic Day and Closing Day of the summer race meet. The guaranteed payout of the bonus carryover jackpot generates a significant increase in Pick 6 wagering on these mandatory payout days, i.e., the larger the bonus carryover jackpot, the more money wagered on the Pick 6. Additionally, because experienced bettors have already handicapped these races in preparing their Pick 6 wagers, wagering on the late Pick 4 and the late Pick 5 wagers also increases on these mandatory payout days. As a comparison to the more typical Pick 6 wagering, during the 2021 summer race meet an 18-day and \$1.875 million Pick 6 bonus carryover jackpot was paid on the 2021 TVG Pacific Classic Day and an eight-day and \$694,000 bonus jackpot was paid on that meet's Closing Day. During the 2022 summer race meet there were several single ticket winners of the Pick 6 which resulted in the bonus carryover jackpot being paid and then smaller Pick 6 bonus carryover jackpots available to be paid on this year's mandatory payout days. The 2022 TVG Pacific Classic had a three-day and \$116,000 bonus jackpot while Closing Day had a three-day and \$166,000 bonus jackpot. These lower bonus carryover jackpots resulted in a \$10.55 million decline in live Pick 6 wagering in 2022 compared to 2021. The 2022 fall race meet, also as a comparison to the more

typical Pick 6 wagering trends, had a 12-day and \$510,000 bonus jackpot which generated more than \$5.0 million of wagering on the Pick 6 and late Pick 4 and Pick 5 wagers.

Total wagering revenues in 2023 are projected to increase \$470,000, or 1.8%, which consists of an increase of \$430,000 of summer race meet wagering revenues and an increase of \$40,000 of fall race meet revenues. These wagering revenues include the impact of lower funding deductions for S&V and HISA operations, an expected modest decline in on-track and ITW per capita wagering due to the slowing economy along with an increase in Pick 6 wagering for the summer race meet.

On-track wagering: On-track commissions on live, import and Northern California wagering, collectively, are projected to increase \$100,000, or 2.2%. Summer race meet on-track wagering revenues are projected to increase \$110,000, or 2.9%, and the growth is due to higher on-track attendance resulting from the expanded lifestyle promotional events and other marketing programs designed to drive attendance. On-track per capita wagering is expected to decline slightly due to the slowing economy and because the planned marketing efforts attract more casual race fans who typically wager less than our core race fans. These casual race fans do, however, tend to generate higher F&B per capita spends than our core patrons. Fall race meet on-track wagering revenues are projected to decline \$10,000, or 1.5%, as fall attendance is projected to be flat and because on-track per capita wagering is expected to decline due to slowing economic conditions. The benefit from the lower S&V deduction on import and Northern California wagering is projected to be only \$10,000, as there is no such deduction for on-track live wagers. Wagering on live racing is projected to account for 91% of all on-track wagers, while import wagering accounts for 8% and wagering on Northern California races accounts for 1% of on-track wagering.

Off-track wagering: ITW commissions generated from live, import and Northern California wagering are collectively projected to increase \$80,000 in 2023. Summer ITW commissions are projected to increase \$60,000, or 2.1%, primarily due to the benefit from the lower S&V deduction as the deduction applies to live, import and Northern California wagering at ITW locations. ITW wagering also is expected to benefit from higher Pick 6 wagering during the 2023 summer race meet. Fall ITW wagering is projected to increase \$20,000 due to the benefit of the lower S&V deduction. The 2023 ITW wagering revenues also reflect an expected modest decline in per capita wagering due to the slowing economy. While ITW staff is actively seeking to find partners to open new mini-satellite locations, no new mini-satellite locations are considered in the 2023 ITW wagering projections.

DMTC is a partner in SCOTWINC, which is the entity that administers the satellite network in Southern California. SCOTWINC receives simulcast revenues consisting of a 2.5% fee on all wagers placed at satellite locations and a negotiated fee of 2.4% that is taken from California ADW wagers. These simulcast revenues fund mutual and administrative staff costs and other SCOTWINC simulcast-related expenses. As a partner in SCOTWINC, DMTC and the horsemen participate in 50% of the excess, or shortfall, of SCOTWINC simulcast revenues and expenses. The SCOTWINC operating surplus is projected to total \$980,000 in 2023, a decline of \$170,000 from the \$1.16 million surplus in 2022. The SCOTWINC 2023 operating surplus reflects higher staff costs from the new three-year collective bargaining agreement reached with the pari-mutuel clerk's union Local 280. The SCOTWINC surplus also reflects the impact from the expected modest decline in per capita wagering at ITW locations in 2023.

ADW wagering: ADW commissions generated from live, import and Northern California wagering are collectively projected to increase \$230,000 in 2023. This growth is primarily due to the lower the lower S&V deduction on California ADW and this benefit is projected to total \$170,000 in 2023. Additionally, ADW wagering will also benefit from the lower deduction from ADW wagering to fund HISA in 2023, which is projected to total \$60,000. As discussed above, HISA's continued authority for national regulation in 2023 and beyond is uncertain due to a recent ruling by the Fifth Circuit Court of Appeals holding HISA to be unconstitutional. Our 2023 projections reflect an expected favorable resolution of the HISA matter in early 2023. However, in the event Fifth Circuit Court ruling is upheld and HISA does not operate in 2023, \$140,000 of HISA funding would be eliminated, with that amount benefitting ADW wagering commissions. ADW wagering is expected to benefit from higher Pick 6 wagering during the 2023 summer race meet due to higher Pick 6 wagering on Pacific Classic Day and Closing Day. ADW wagering during the 2022 summer race meet through the fifth week of the summer race meet was 7.0% higher than the prior year. However, live wagering was impacted by lower Pick 6 wagering due to the smaller Pick 6 bonus carryover jackpots paid out on the two mandatory payout days: 1) TVG Pacific Classic Day on the Saturday, September 3; and 2) Closing Day.

Out-of-state wagering: The export of Del Mar's live racing product generates significant non-California wagering revenues and purses in that Del Mar's races are distributed over numerous Internet wagering platforms and broadcast to over 1,100 locations throughout North, Central and South America, Europe and South Africa. Out-of-state wagering commissions in 2023 are projected to grow to \$11.87 million, an increase of \$230,000, or 2.0%, above the record 2022 out-of-state commissions. Summer out-of-state commissions are projected to increase \$190,000, or 2.2%, due to higher Pick 6 wagering and continued growth in wagering by out-of-state players who employ sophisticated computer programs to handicap races and are attracted to the liquidity of our large pari-mutuel wagering pools. Our large wagering pools allow these

players to place large bets without significantly impacting the pari-mutuel odds on their wagers. Additionally, out-of-state wagering revenues will benefit due to a higher negotiated yield on a large-volume player. Fall race meet out-of-state commissions are projected to increase \$40,000, or 1.6%, due to modest growth in wagering by the computer-aided out-of-state players along with the benefit of the higher negotiated rate on the large-volume player noted above.

Breakage revenue is generated because California law requires that posted mutuel payoffs must be rounded down from calculated payoffs, and the rounding difference (i.e., "breakage") is divided between the horsemen, the State of California and the track operator. For example, a calculated payoff of \$2.19 is paid at a rate of \$2.10 and the additional \$.09 per winning ticket creates breakage revenue. Minus pools occur when the track must contribute funds to a mutuel pool when a prohibitive betting favorite wins and the required minimum mutuel payments exceed the gross mutuel pool less the statutory takeout. Minus pools almost always occur with show, or third-place, bets. Minus pool contributions are netted against breakage revenue. DMTC carefully reviews live-race programs and those races imported from Northern California to identify when a prohibitive favorite is scheduled to run in a race with a small field and a minus pool is likely to occur. For any races conducted in California that are not of national significance, DMTC often petitions the CHRB for its approval to eliminate show wagering. DMTC and other California racetracks do not have the ability to eliminate show wagering on races imported from out-of-state racetracks. Net breakage revenue in 2023 is projected to total \$180,000, matching the 2022 summer and fall race meet breakage revenue.

Non-wagering revenues: Non-wagering revenues consist of admissions and seat revenues, program sales, parking receipts, advertising and sponsorship revenues, management services and interest income. Total non-wagering revenues are projected to increase \$860,000, or 6.1% due to higher admissions, sponsorship and interest income.

Admissions and parking revenues for the summer race meet are projected to increase \$370,000 as compared to 2022 based on additional lifestyle promotions and enhanced digital and social media campaigns that will drive attendance. In addition, modest price increases will be implemented in select high demand areas including valet parking and Opening Day ticketing. As a result of these added promotional events and incremental digital and social media efforts, summer meet paid attendance is expected to increase by 5%. Summer race meet revenue for seats, season boxes, trackside restaurants, the Turf Club and suites are projected to match 2022 based on continued demand from our core racing customers. Pricing for admissions, seating, boxes and Turf Club memberships will remain mostly unchanged from 2022, as these modest price-points drive attendance-related F&B revenues. Fall race meet parking and admissions revenues are projected to equal 2022 levels. Similarly, attendance for the 13-day fall meet is projected to match last year's total.

Sponsorship revenues in 2023 are projected to increase 6.1% to \$3.85 million. Projections assume the continuation of lifestyle promotions such as craft beer events and local food festivals. At this time, large scale concerts – a significant source of pre-pandemic sponsorship revenues – are not contemplated within this budget. In addition, some lifestyle events co-promoted with third parties likely will include existing sponsorship partners, which may lessen DMTC’s opportunities for selling sponsorship rights for these events. However, taking into consideration DMTC’s long-standing relationships with its corporate partners, the strength of our brand and Del Mar's position among the top sports and entertainment venues in the western United States, sponsorship revenue gains are projected. In 2023, growth is expected in domestic, import and craft beer categories. In addition, sponsorship increases are projected in the soft drink and specialty food segments. Also, digital and social media continues to provide for growth opportunities in sponsorship revenues. DMTC will continue to work closely with the District on cooperative corporate partnerships that maximize revenues for the facility on a year-round basis.

Novelty concession revenues are projected to increase \$5,000 due to higher attendance levels. Interest income is projected to increase \$260,000 as short-term interest rates reflect the rate expectation announced at the Federal Reserve Bank’s December 14 meeting, with rates expected to continue increasing and a peak –in mid-2023 at 5.0%, as the Fed continues its efforts to lower inflation.

EXPENSES

Total expenses for 2023, before payments to the District and RTA (i.e., “total pre-rent expenses”), are projected to total \$35.05 million, an increase of \$1.43 million, or 4.2%. Expenses are projected to increase due to higher staff, marketing, and seasonal services costs as discussed below.

Staff costs: Staff costs consist of salaries, employee benefits, workers’ compensation costs and payroll taxes and comprise the largest expense category. These costs measured as a percentage of total pre-rent expenses and are projected to be 55.3% in 2023 compared to 55.4% for 2022. Total staff costs are projected to increase \$780,000, or 4.2%, in 2023. Year-round administrative staff costs are projected to increase \$100,000, or 3.0%, due to cost-of-living adjustments. No changes are expected in year-round staffing levels. Any year-round incentive compensation payments will be deferred until the fourth quarter and will be dependent on exceeding our budget projections. Annual maintenance salaries are projected to decline \$30,000, or 2.8%, due to the retirement of a long-term supervisor. The position will be filled with a seasonal employee and this cost is reflected in seasonal wages. Annual maintenance salaries also reflect scheduled increases required by collective bargaining agreements. Seasonal salaries are projected to increase \$380,000, or 4.0%, and reflect scheduled increases required by collective

bargaining agreements as well as a cost-of-living adjustments required to attract seasonal staff due to the tight job market. Summer race meet staffing levels are expected to be at prior year levels while we anticipate a modest decline in fall race meet patron services staffing levels as we adjust our operations for the fall race meet where we experience lower attendance levels than in the summer. Employee benefit costs are projected to increase \$110,000, or 3.4%, in 2023 due to higher health and welfare plan premiums for both union and administrative staff. Workers' compensation insurance costs are projected to increase \$40,000, or 7.9%, based on expected workers' compensation premiums for the March 31 policy renewal and are consistent with projected staff costs. Payroll taxes are projected to increase \$180,000 over 2022 costs as on-track mutual clerks qualified for Employee Retention Credits for their employment last year and the credit was received and recognized in 2022. Payroll taxes also reflect 2023 projected salaries and seasonal employee wages.

Marketing expenses: Advertising, Marketing and Communications expenses in 2023 are projected to total \$2.04 million, an increase of \$240,000 over 2022 summer and fall race meet costs. The increase in expenses is the result of additional lifestyle promotions and enhanced digital and social media campaigns. The 2023 events calendar will be highlighted by our popular lifestyle promotions such as craft beer events, local artisan food festivals, wine tastings and college days. Promotional events are designed to increase attendance by non-core racing fans and generate high-margin F&B revenues which flow directly to the District. We will continue to realize marketing savings and efficiencies through co-presented events with outside promoters. Building on the success achieved in 2022, the 2023 marketing plan will focus on a highly targeted digital and social media campaign, as opposed to traditional media (e.g., television, radio, and print). This extremely cost-efficient advertising provides for direct access to the desirable demographics of Gen Z, Gen Y and Millennials, and event spending traits they often display. For low-cost proven track record communications to our core customers, we will continue to utilize Del Mar's robust 450,000-person database, the Diamond Club. This opt-in only loyalty program allows us to provide specialty offers and exciting promotions to our most fervent audience. Examples of database offers includes a "day on us," which provides free admission/seating on lesser attended days, and packaged-pricing of table/box accommodations with F&B items. Lastly, our communications efforts will continue to focus on DMTC's industry-leading equine safety and welfare initiatives, including Del Mar's standing as the safest major race track in North America for the fourth consecutive year. In addition to such efforts, we will utilize social and digital media platforms to educate the public about our safety protocols and injury prevention efforts as well as our research and aftercare resources.

Race meet season services expense: Season services expense is projected to increase \$340,000, or 5.0%, in 2023. The increased costs are, in part, the result of DMTC providing meals

for backside workers to incentive continued relocation to Del Mar during the projected slowing economy. Also, rental cost for temporary housing units will increase due to the need to create additional occupancy for the summer race meet because of the loss of a permanent housing structure. Per unit rental costs, however, are expected to decline slightly because of lower demand for unit units because of the slowdown in the construction industry. Season services expense reflects an expected increase in the cost of labor-intensive seasonal contracts such as cleaning services, Sheriff's Department and Fire Department staff reimbursement costs. Seasonal costs also reflect that horse recruitment costs will again be offset by funding provided by the ADW purse supplement fund.

Other expense categories: Professional and banking services are projected to decline \$90,000 because soil testing costs for the main racing surface, which totals \$60,000 in 2022, will be paid by HISA in 2023. Bank charges also will decline because the increase in short-term interest rates will generate higher earning credits on compensating bank balances and these earnings credits offset bank service charges and fees. Supply costs are expected to decline \$40,000 due to lower fuel costs for track maintenance equipment. Repairs and maintenance expenses for the summer and fall race meets are projected to increase \$80,000 because of required maintenance on various backside barns and housing structures. Industry dues and assessments are projected to decline \$10,000 because of a scheduled increase in the Equibase distribution which offsets industry costs. Equibase is the industry-owned database of racing information that offers handicapping products and video race replays to the public.

SUMMARY

The 2023 budget reflects DMTC's continuing efforts to adjust our operations in light of changes in the racing industry and to maximize the combined DMTC rent and race meet-related F&B net income. The budgeted payments to the District and RTA for 2023 totals \$6,460,000, and consists of Direct Payments to the District of \$1,225,000 – which includes \$825,000 for the summer race meet and \$400,000 for the fall race meet– along with payments to the RTA totaling \$5,235,000. These payments are \$95,000 less than the projected 2022 payments to the District and RTA. Net revenues for race meet-related F&B operations in 2023 are based on our expanded summer promotional events calendar, projected attendance levels and a modest decline in fall race meet F&B per capita spending due to the slowing economy. Such race meet-related F&B net revenues are projected to total \$5.45 million in 2023, an increase of \$285,000 above the F&B net revenues which totaled \$5.26 million in 2022. Our combined return from racing (i.e., the total of net racing revenues and F&B net revenues as defined in the Operating Agreement) is projected to total \$12.0 million in 2023. This compares to a projected combined return of \$11.81 million in 2022.

Carlene Moore
December 15, 2022
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We appreciate the input we receive from you and your liaison committee. As you know, we always strive to maximize combined race meet net revenues generated by horse racing at Del Mar and look forward to any suggestions that you may have to help us operate more efficiently.

Very Truly Yours,



Michael R. Ernst

Enclosure

cc: David Batchelder, DMTC
Joe Harper, DMTC
Josh Rubinstein, DMTC
Michael Sadegh, 22nd DAA

Del Mar Thoroughbred Club

Operating Budget

2023 Budget and Projected Results for the year ended December 31, 2022

	2023	2023	2023	2022	2022	2022	Budget vs 2022 Projection	Budget vs 2022 Projection
	Summer Meet	Fall Meet	Combined Operations	Summer Projection	Fall Projection	Combined Projections	Combined Amount	Combined %
Revenues:								
Pari-mutuel commissions/ADW/simulcast fees	\$ 20,914,724	5,823,804	26,738,527	20,481,602	5,784,187	26,265,788	472,739	1.8%
Admissions / Reserved Seating	7,585,162	903,237	8,488,398	7,365,290	880,237	8,245,526	242,872	2.9%
Program sales and parking receipts	1,135,374	212,696	1,348,070	1,003,974	212,696	1,216,670	131,400	10.8%
Merchandise concession revenues	306,275	78,351	384,626	303,243	78,351	381,593	3,032	0.8%
Other operating revenues	4,599,211	141,376	4,740,587	4,133,897	122,880	4,256,577	484,010	11.4%
	34,540,745	7,159,463	41,700,208	33,287,805	7,078,350	40,366,155	1,334,053	3.3%
Less revenue attributable to Charly Days	(87,912)	(12,692)	(100,604)	(85,435)	(12,886)	(98,320)	(2,264)	2.3%
Total Revenues	34,452,833	7,146,771	41,599,604	33,202,370	7,065,465	40,267,835	1,331,769	3.3%
Expenses:								
Salaries - annual administration and maintenance	4,392,277	39,594	4,431,871	4,317,369	38,188	4,355,557	76,314	1.8%
Salaries - seasonal employees	7,263,434	2,630,937	9,894,371	6,953,286	2,558,592	9,511,054	383,317	4.0%
Employee benefits / Payroll taxes	3,862,177	654,562	4,516,739	3,685,493	548,421	4,234,576	282,162	6.7%
Insurance—liability and workers compensation	1,238,148	264,880	1,503,028	1,162,472	248,007	1,410,640	92,388	6.5%
Advertising and public relations	1,569,980	465,195	2,035,175	1,385,970	409,871	1,795,840	239,335	13.3%
Professional services	480,991	38,130	519,121	563,898	46,414	610,312	(91,191)	-14.9%
Utilities	925,059	272,901	1,197,960	906,920	247,550	1,154,470	43,489	3.8%
Repairs and maintenance	1,195,499	275,368	1,470,867	1,100,557	290,754	1,391,311	79,555	5.7%
Supplies	516,642	109,577	626,218	553,658	116,578	670,236	(44,018)	-6.6%
Other operating expenses	60,412	(15,801)	44,611	58,421	(12,824)	45,597	(985)	-2.2%
Printing	361,014	72,841	433,855	350,499	70,719	421,218	12,637	3.0%
Depreciation and amortization	509,927	39,780	549,707	499,928	39,000	538,928	10,779	2.0%
Cost of goods sold-gift shop	184,093	52,907	237,000	183,178	52,643	235,821	1,179	0.5%
Equipment leased and rented	73,258	863	74,122	72,480	850	73,329	793	1.1%
Racing dues/assessments/support	(13,459)	22,309	8,850	(5,471)	22,141	16,670	(7,821)	-46.9%
Taxes and licenses	127,714	21,341	149,055	125,939	20,719	146,658	2,397	1.6%
Outside services	5,620,519	1,560,096	7,180,615	5,338,289	1,499,420	6,837,710	342,906	5.0%
Satellite program costs	38,460	15,291	53,751	37,340	14,846	52,186	1,566	3.0%
Trophies	71,772	25,157	96,929	69,682	24,424	94,106	2,823	3.0%
Interest	0	0	0	0	0	0	0	0.0%
Charitable support	550	0	550	550	0	550	0	0.0%
Total Expenses	28,478,467	6,545,927	35,024,394	27,360,457	6,236,313	33,596,771	1,427,623	4.2%
Net Income from Operations	5,974,366	600,844	6,575,210	5,841,913	829,151	6,671,064	(95,854)	-1.4%
Income taxes	(100,766)	(14,444)	(115,210)	(291,913)	175,849	(116,064)	854	-0.7%
Direct payment to the District	(825,000)	(400,000)	(1,225,000)	(825,000)	(400,000)	(1,225,000)	0	0.0%
Payment to Race Track Authority	\$ 5,048,600	186,400	5,235,000	4,725,000	605,000	5,330,000	(95,000)	-1.8%
Total Payments	\$ 5,873,600	586,400	6,460,000	5,550,000	1,005,000	6,555,000	(95,000)	-1.4%

Del Mar Thoroughbred Club

Operating Budget Detail Report

2023 Budget and Projected Results for the year ended December 31, 2022

	2023	2023	2023	2022	2022	2022	Budget vs 2022 Projection	Budget vs 2022 Projection
	Summer	Fall	Combined	Summer	Fall	Combined	Combined	Combined
	Meet	Meet	Operations	Projection	Projection	Projections	Amount	%
Revenues:								
Pari-mutuel commissions-on track	\$ 3,849,542	616,962	4,466,504	3,742,600	626,189	4,368,789	97,715	2.2%
Pari-mutuel commissions-account wagering	3,902,532	1,321,179	5,223,711	3,720,066	1,269,633	4,989,699	234,012	4.7%
Pari-mutuel commissions-off track	2,891,025	1,101,702	3,992,726	2,830,466	1,081,775	3,912,240	80,486	2.1%
Pari-mutuel commissions-out of state	8,980,191	2,476,041	11,456,232	8,789,392	2,438,016	11,227,408	228,824	2.0%
Simulcasting fees-uncommingled	323,071	113,240	436,311	320,571	112,490	433,061	3,250	0.8%
Intertrack wagering surplus fund	830,636	152,947	983,583	940,780	214,351	1,155,131	(171,548)	-14.9%
Breakage, net	137,727	41,733	179,461	137,727	41,733	179,461	0	0.0%
Pari-mutuel commissions/ADW/Simulcast fees	20,914,724	5,823,804	26,738,527	20,481,602	5,784,187	26,265,788	472,739	1.8%
Admissions and reserved seats	7,585,162	903,237	8,488,398	7,365,290	880,237	8,245,526	242,872	2.9%
Program sales and parking receipts	1,135,374	212,696	1,348,070	1,003,974	212,696	1,216,670	131,400	10.8%
Merchandise concession revenues	306,275	78,351	384,626	303,243	78,351	381,593	3,032	0.8%
Interest income	426,702	100,093	526,795	181,164	81,838	263,002	263,794	100.3%
Sponsorship	3,850,902	0	3,850,902	3,629,773	0	3,629,773	221,129	6.1%
Other operating revenues	321,607	41,282	362,889	322,760	41,042	363,802	(913)	-0.3%
Other operation revenues	4,599,211	141,376	4,740,587	4,133,697	122,880	4,256,577	484,010	11.4%
	34,540,745	7,159,463	41,700,208	33,287,805	7,078,350	40,366,155	1,334,053	3.3%
Less revenue attributable to charity days	(87,912)	(12,692)	(100,604)	(85,435)	(12,886)	(98,320)	(2,284)	2.3%
Total Revenues	34,452,833	7,146,771	41,599,604	33,202,370	7,065,465	40,267,835	1,331,769	3.3%
Expenses:								
Salaries - annual administration	3,546,116	99	3,546,215	3,444,373	99	3,444,472	101,742	3.0%
Salaries - annual maintenance	846,161	39,495	885,656	872,996	38,089	911,085	(25,429)	-2.8%
Salaries - annual administration	4,392,277	39,594	4,431,871	4,317,369	38,188	4,355,557	76,314	1.8%
Salaries - seasonal employees	7,263,434	2,630,937	9,894,371	6,953,286	2,558,592	9,511,054	383,317	4.0%
Employee benefits	2,813,503	379,170	3,192,673	2,726,351	359,931	3,086,283	106,390	3.4%
Payroll taxes	1,048,674	275,392	1,324,066	959,141	188,490	1,148,293	175,772	15.3%
Employee benefits/payroll taxes	3,862,177	654,562	4,516,739	3,685,493	548,421	4,234,576	282,162	6.7%
Workers compensation benefit	418,404	123,379	541,783	387,536	114,259	501,957	39,827	7.9%
Insurance	819,744	141,501	961,245	774,936	133,747	908,683	52,562	5.8%
Insurance—liability and workers compensation	1,238,148	264,880	1,503,028	1,162,472	248,007	1,410,640	92,388	6.5%
Advertising and public relations	1,569,980	465,195	2,035,175	1,385,970	409,871	1,795,840	239,335	13.3%
Professional services	480,991	38,130	519,121	563,898	46,414	610,312	(91,191)	-14.9%
Utilities	925,059	272,901	1,197,960	906,920	247,550	1,154,470	43,489	3.8%
Repairs and maintenance	1,195,499	275,368	1,470,867	1,100,557	290,754	1,391,311	79,555	5.7%
Supplies	516,642	109,577	626,218	553,658	116,578	670,236	(44,018)	-6.6%
Other operating expenses	60,412	(15,801)	44,611	58,421	(12,824)	45,597	(985)	-2.2%
Printing	361,014	72,841	433,855	350,499	70,719	421,218	12,637	3.0%
Depreciation and amortization	509,927	39,780	549,707	499,928	39,000	538,928	10,779	2.0%
Cost of goods sold-gift shop	184,093	52,907	237,000	183,178	52,643	235,821	1,179	0.5%
Equipment leased and rented	73,258	863	74,122	72,480	850	73,329	793	1.1%
TRA dues and assessments, net of dividends	(62,334)	5,382	(56,952)	(53,834)	5,382	(48,452)	(8,500)	17.5%
Federation racing costs	15,847	7,584	23,431	15,613	7,509	23,122	309	1.3%
Racing industry support	33,028	9,343	42,370	32,750	9,250	42,000	370	0.9%
Racing dues/assessments/support	(13,459)	22,309	8,850	(5,471)	22,141	16,670	(7,821)	-46.9%
Other taxes and licenses	127,714	21,341	149,055	125,939	20,719	146,658	2,397	1.6%
Service contracts and equipment rentals	5,366,426	1,529,436	6,895,862	5,091,597	1,469,653	6,561,251	334,612	5.1%
Data processing	254,092	30,660	284,753	246,692	29,767	276,459	8,294	3.0%
Outside services	5,620,519	1,560,096	7,180,615	5,338,289	1,499,420	6,837,710	342,906	5.0%
Satellite program costs	38,460	15,291	53,751	37,340	14,846	52,186	1,566	3.0%
Trophies	71,772	25,157	96,929	69,682	24,424	94,106	2,823	3.0%
Interest	0	0	0	0	0	0	0	0.0%
Contributions	550	0	550	550	0	550	0	0.0%
Total Expenses	28,478,467	6,545,927	35,024,394	27,360,457	6,236,313	33,596,771	1,427,623	4.2%
Net Income from Operations	5,974,366	600,844	6,575,210	5,841,913	829,151	6,671,064	(95,854)	-1.4%
Income taxes	(100,766)	(14,444)	(115,210)	(291,913)	175,849	(116,064)	854	-0.7%
Direct payment to the District	(825,000)	(400,000)	(1,225,000)	(825,000)	(400,000)	(1,225,000)	0	0.0%
Payment to Race Track Authority	\$ 5,048,600	186,400	5,235,000	4,725,000	605,000	5,330,000	(95,000)	-1.8%
Total Payments	\$ 5,873,600	586,400	6,460,000	5,550,000	1,005,000	6,555,000	(95,000)	-1.4%

Item 9 - 2023 COMMITTEE APPOINTMENTS

Regular Meetings

AUDIT & GOVERNANCE

Every other month
Joyce Rowland, Chair
Kathlyn Mead

**COMMUNITY & GOVERNMENT
RELATIONS**

Monthly
Don Mosier, Chair
Michael Gelfand

DMTC LIAISON

Quarterly
Richard Valdez, Chair
Lisa Barkett

FINANCE

Monthly
Michael Gelfand, Chair
Sam Nejabat

STRATEGIC PLANNING

TBD
Michael Gelfand, Chair
Joyce Rowland

FAIR OPERATIONS

January - May
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
Sam Nejabat

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/SRTLTC (appointed by the Governor)

Richard Valdez, Chair
Kathlyn Mead & Lisa Barkett

From: [Martha Sullivan](#)
To: [G. Joyce Rowland](#)
Cc: [Donna O'Leary](#); [Colleen Cusack](#); [Ann Menasche](#); [Lori Saldana](#); [Berry, Amanda](#); joelacava@san Diego.gov
Subject: [External]The Confounding Politics of Camping in America | The New Yorker/Request to Include The Tent Vigil in the 2023 SD Co. Fair
Date: Monday, January 23, 2023 7:33:12 AM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you validate the sender and know the content is safe. Please forward this email to the helpdesk if you believe this email is suspicious.

Good Morning! President Rowland, I urge you to read this New Yorker article from last year and reconsider the 22nd DAA's recent decision not to include our San Diego Housing Emergency Alliance's Tent Vigil art installation/expression of speech in the 2023 San Diego County Fair, themed "Get Out There" with a tent featured in the 2023 Fair logo. Ms. O'Leary, I ask that you please circulate this email message to the full Board and to the Senior Management of the 22nd DAA.

"In "Camping Grounds: Public Nature in American Life from the Civil War to the Occupy Movement" (Oxford University Press), the historian Phoebe S. K. Young finds that Americans have long struggled to decide what camping is, and who is allowed to do it. Over the decades, the act of sleeping outside has served wildly varying ends: as a return to agrarian ideals, a means of survival, a rite of passage for the nuclear family, a route to self-improvement, and a form of First Amendment expression. In Young's account, it becomes a proxy for disputes about race, class, and rootlessness—all the schisms in the American experiment."
<https://www.newyorker.com/books/under-review/the-confounding-politics-of-camping-in-america>

Another excerpt: "When [Martin Luther King, Jr.](#), and the Southern Christian Leadership Conference wanted to show Washington the true toll of poverty, they decided that camping was the only suitable action. The [Poor People's Campaign](#) brought more than two thousand people to the Lincoln Memorial Reflecting Pool in May, 1968, a month after King's assassination. Known as Resurrection City, the encampment lasted for six weeks, drawing support and ire. A concerned citizen wrote to President Lyndon B. Johnson that 'a hoard [sic] of locusts' was abusing 'hallowed ground.' Calvin Trillin, writing for this magazine, [noted the irony](#): the poor had intended to show America that they were 'sick, dirty, disorganized, and powerless—and they are criticized daily for being sick, dirty, disorganized, and powerless.' By June 24th, the camp had dwindled to five hundred, and police fired tear gas to expel those remaining. A demonstration about homelessness, it seemed, was no different than homelessness itself."

The concluding paragraph brings it to present-day, and captures why we believe our Tent Vigil should be a part of the 2023 San Diego County Fair: "The housing crisis continues to deepen; researchers estimated that, on a single night in 2020, roughly five hundred and eighty thousand people were homeless. And Young's central insight—that camping both reflects and challenges notions of 'national belonging'—is borne out in new ways every summer. In June, 2020, in Forks, Washington, residents mistook a mixed-race family for members of [Antifa](#). The family, unemployed because of the pandemic, had been living in a modified school bus, and had hoped to spend a few nights nearby while the bus underwent repairs. Instead, they were accosted by 'patriots' in a supermarket parking lot, and then trailed into the woods by men driving trucks and A.T.V.s. At the family's campsite, they heard bursts of gunfire, and found their escape route blocked by felled trees. According to [Wired](#), Shannon Lowe, one of those harassed, later said, 'They looked us right in the eye, and didn't believe we were camping.'"

Thank You for your further consideration of our request to include the Tent Vigil in the 2023 San Diego County Fair. We stand ready to answer any questions and provide any further information you may need.

Sincerely,

Martha Sullivan
San Diego Housing Emergency Alliance
858-945-6273

External message received

From: [Martha Sullivan](#)
To: [G. Joyce Rowland](#); [Michael Gelfand](#)
Cc: [Donna O'Leary](#)
Subject: [External]Yes, Homelessness Is a Housing Problem | Voice of San Diego
Date: Tuesday, January 10, 2023 6:04:01 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you validate the sender and know the content is safe. Please forward this email to the helpdesk if you believe this email is suspicious.

Ms. O'Leary, please share this with the other Board Members and Senior Mgt Staff of the 22nd DAA. Thank You, Martha Sullivan

"Homelessness is a housing problem. A slow-rolling housing disaster created it. Now, we need to act like it happened as fast as a hurricane."



<https://voiceofsandiego.org/2023/01/10/yes-homelessness-is-a-housing-problem/>

External message received

From: [Martha Sullivan](#)
To: [G. Joyce Rowland](#)
Cc: [Donna O'Leary](#); [Coleen Cusack](#); [Ann Menasche](#); [Lori Saldana](#); [Berry, Amanda](#); joelacava@san-diego.gov
Subject: [External]Pls Reply/Re: Author Will Speak Here on The Confounding Politics of Camping in America | The New Yorker/Request to Include The Tent Vigil in the 2023 SD Co. Fair
Date: Thursday, February 09, 2023 9:19:51 AM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you validate the sender and know the content is safe. Please forward this email to the helpdesk if you believe this email is suspicious.

Good Morning! Following up on my email message of last Tuesday (see following) — can the 22nd DAA please advise when it can provide an answer to our proposal described therein?

Thank you for your consideration, and please do not hesitate to request further information,

Martha Sullivan
San Diego Housing Emergency Alliance
858-945-6273

On Jan 31, 2023, at 10:14 AM, Martha Sullivan <marthasullivan@mac.com> wrote:

Professor Phoebe S.K. Young of the University of Colorado Boulder (History), author of the book “Camping Grounds: Public Nature in American Life from the Civil War to the Occupy Movement” referenced in my email to you last week (see following), has agreed to travel here in late June to speak on her book.

We propose that she speak on Sunday, June 25, 2023, alongside a 1-day exhibit of our Tent Vigil Art Installation/Expression of Speech as a current example of the history of which she has written. We think this would be a very interesting and impactful feature for the San Diego County Fair, given its 2023 Theme, “Get Out There” and logo which features a tent.

Please give this proposal serious consideration and let us know your answer. If this cannot be accommodated in the San Diego County Fair, we plan to hold it elsewhere.

Ms. O’Leary, please share this with all the members of the Board of Directors and with CEO Moore.

Martha Sullivan
San Diego Housing Emergency Alliance
858-945-6273

On Jan 23, 2023, at 7:33 AM, Martha Sullivan <marthasullivan@mac.com> wrote:

Good Morning! President Rowland, I urge you to read this New Yorker article from last year and reconsider the 22nd DAA’s recent decision not to include our San Diego Housing Emergency Alliance’s Tent Vigil art installation/expression of speech in the 2023 San Diego County Fair, themed “Get Out There” with a tent featured in the 2023 Fair logo. Ms. O’Leary, I ask that you please circulate this email message to the full Board and to the Senior Management of the 22nd DAA.

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The concluding paragraph brings it to present-day, and captures why we believe our Tent Vigil should be a part of the 2023 San Diego County Fair: "The housing crisis continues to deepen; researchers estimated that, on a single night in 2020, roughly five hundred and eighty thousand people were homeless. And Young’s central insight—that camping both reflects and challenges notions of 'national belonging'—is borne out in new ways every summer. In June, 2020, in Forks, Washington, residents mistook a mixed-race family for members of [Antifa](#). The family, unemployed because of the pandemic, had been living in a modified school bus, and had hoped to spend a few nights nearby while the bus underwent repairs. Instead, they were accosted by 'patriots' in a supermarket parking lot, and then trailed into the woods by men driving trucks and A.T.V.s. At the family’s campsite, they heard bursts of gunfire, and found their escape route blocked by felled trees. According to [Wired](#), Shannon Lowe, one of those harassed, later said, 'They looked us right in the eye, and didn’t believe we were camping.'"

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Sincerely,

Martha Sullivan
San Diego Housing Emergency Alliance
858-945-6273



Correspondence - Coast to Crest Trail, 22nd DAA Easement Grant

Background:

In June 2005 the 22nd District Agricultural Association (District), Southern California Edison (SCE), and the San Dieguito River Park Joint Powers Authority (JPA) entered into a 3-way agreement where the District agreed to grant an easement (“Restoration Easement”) to SCE and JPA that would provide for the construction and maintenance of wetlands, a Least Tern nesting site habitat, and construction and maintenance of a public trail. The construction of the trail was completed in 2007 and is known as the Coast to Crest Trail which goes across the southern boundary of District owned land, from the I-5 bridge to Jimmy Durante Blvd., crossing the southern border of the Del Mar Golf Center driving.

Last year, the District received notification from a public citizen that was concerned with golf balls landing on the trail and requested that the District look into options to ensure the safety of pedestrians that walk along the trail at the southern border of the driving range.

Process/Approach:

In November 2022, District staff met with the concerned citizen via ZOOM to discuss concerns and subsequently met with the managing operator of the driving range to discuss options to resolve the concerns for safety along the trail. Post these meetings, staff has been gathering the necessary documents to submit a Coastal Development Permit application and other information for approval to install a fence/net.

Recommendation:

No action at this time. The District intends to submit an application to the Coastal Commission for review this month to install backstop-like fence/net at the southern edge of the driving range.

Environmental/Coastal Commission Review:

Subject to Coastal Commission approval.

Fiscal Impact:

The fiscal impact will be determined by the Coastal Commission’s response to the District’s application, in addition to the cost of material and labor to install the fence/net, if approved.

From: Melinda Carmichael
To: Donna O'Leary
Subject: FW: [External]Re: Public Safety Hazard - Coast to Crest Trail, Del Mar - Update
Date: Friday, February 10, 2023 5:53:25 PM

From: Rache [REDACTED]
Sent: Sunday, February 5, 2023 8:28 PM
To: Joyce Rowland (SDFair) <jrowland@sdfair.com>; Frederick Schenk (SDFair) <fschenk@sdfair.com>; Richard Valdez (SDFair) <rvaldez@sdfair.com>; Lisa Barkett (SDFair) <lbarkett@sdfair.com>; Michael Gelfand (SDFair) <mgelfand@sdfair.com>; Kathlyn Mead (SDFair) <kmead@sdfair.com>; Don Mosier (SDFair) <dmosier@sdfair.com>; Sam Nejabat (SDFair) <snejabat@sdfair.com>; Carlene Moore <cmoore@sdfair.com>; Melinda Carmichael <mcarmichael@sdfair.com>; Shawna Anderson <shawna@sdrp.org>; David Hekel <david@sdrp.org>; Christal Ames <christal@sdrp.org>; Leach, Stephanie@Coastal <stephanie.leach@coastal.ca.gov>
Subject: [External]Re: Public Safety Hazard - Coast to Crest Trail, Del Mar - Update

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you validate the sender and know the content is safe. Please forward this email to the helpdesk if you believe this email is suspicious.

Good Evening 22nd DAA Board of Directors,

I am writing to follow-up on a virtual meeting/call with Melinda Carmichael on 11/18/22. During that call my husband promised to walk the trail with a laser range finder to measure the distance from the trail to the range tees. Please see the attached capture for the closest measurement taken at **260 yards** (average carry distance for skilled recreational golfers).

I am sending this message to you all with urgency as my husband encountered a golf ball south of the trail in the brush at the location shown by an 'X' in the same capture image. If you are available to walk the trail tomorrow, the evidence of golf balls clearing the berm will be evident at this location. Based on the research we have done, I am certain that the trail is being cleared of golf balls with some level of regularity. If someone from the group is available they could also use this time walking the trail to measure the distance themselves with a rangefinder as they walk.

My continued concern is that the trail is being traversed daily by individuals unaware that they could get hit while walking that section of the path. Has consideration gone towards posting warnings or closing the trail until something can be done to prevent airborne golf balls from hitting the trail?

Corrective action now will prevent injury in the future, saving all involved entities (Del Mar Fairgrounds/San Dieguito River Park JPA/CA Coastal Commission/) time, energy and lawsuits. I have copied all parties I've been in touch with concerning this matter, in hopes that the group will come together to reach a resolution for the good of all.

Kindly,

Rachel [REDACTED]

On Wed, Jun 1, 2022 at 5:03 PM Rachel [REDACTED] > wrote:

Good Afternoon 22nd DAA Board of Directors,

I am writing to you humbly to ask that you review the email correspondence below. May I work with you to reach a solution that will keep trail walkers safe from harm's way? For those that may not read the longer correspondence, an airborne golf ball came within feet of hitting my two year old son's head on Monday (6/9) as we walked along the Coast to Crest trail that perilously lines the back of a driving range.

Sincerely,

Rachel [REDACTED]

----- Forwarded message -----

From: Leach, Stephanie@Coastal <stephanie.leach@coastal.ca.gov>
Date: Wed, Jun 1, 2022 at 11:41 AM
Subject: Re: Public Safety Hazard - Coast to Crest Trail, Del Mar
To: Rachel [REDACTED]

Good morning Rachel,

Thank you for your email and for the information regarding the Toptracer system as it relates to the Del Mar Golf Center. In speaking with other staff, I learned that in previous conversations with the 22nd Agricultural District (the property owner for the golf center), a fence was once proposed by the District in the context of preventing golf balls from rolling into a berm separating a driving range and the trail, which would make their retrieval easier. A high risk of injury was not cited as the rationale for their proposal. At that time, Commission staff did indicate a tall mesh fence would be a substantial impact to the viewshed, especially public views of the ocean and lagoon from the freeway which are protected by the Coastal Act, but that a shorter, 2-meter tall fence along the northern berm could potentially accomplish the District's goals without impacting public views. Since that correspondence, the 22nd Ag District has not pursued the matter further.

Thank you,

Stephanie Leach
Coastal Planner
San Diego Coast District

From: Rache [REDACTED]
Sent: Wednesday, June 1, 2022 8:32 AM
To: Leach, Stephanie@Coastal <stephanie.leach@coastal.ca.gov>
Subject: Re: Public Safety Hazard - Coast to Crest Trail, Del Mar

Good Morning Stephanie,

Have you been able to confirm if indeed the Golf Center has been told by the Coastal Commission that they are not allowed to install a golf net at the end of their driving range?

I am aware that in recent years the Del Mar Golf Center has implemented a Toptracer system that allows individuals to track how far they hit their shots. There is data readily available that shows multiple people a day are able to hit golf shots **over 300+ yards**. This data is available to the public. It can be accessed either from the driving range or the Toptracer application, and would be an easy way to determine how many balls are landing in an area that could cause serious injury or death. Since 2012 the average driving distance has increased by at least 20 yards due to golf club technology advances. Based on public data, there are over 10 million golf balls hit at the Del Mar Golf Center in a typical year. If only 0.1 percent of those are hit far enough to clear the fence, that means that **10,000 golf balls a year are able to hit someone walking by on the Coast to Crest trail.**

Thank you for your consideration,

Rachel [REDACTED]
[REDACTED]

On Mon, May 16, 2022 at 1:18 PM Rache [REDACTED] > wrote:

Good Afternoon Stephanie,
If helpful as a point of clarity, the Del Mar Golf Center said they have asked the Coastal Commission several times over the years for approval to put up a golf net. They would like to put up a net as they expressed to me their shared concern in regards to pedestrian safety on the Coast to Crest trail. Over the phone, I was told in no uncertain terms that they are very aware that airborne golf balls hit the trail (currently a pedestrian path of travel). I have enclosed an aerial view for your reference. Please let me know if there is anything else I can do to help.

Best,

Rache [REDACTED]
[REDACTED]

On Mon, May 16, 2022 at 10:43 AM Leach, Stephanie@Coastal <stephanie.leach@coastal.ca.gov> wrote:

Good morning Rachel,

Thanks for your email. I myself am not familiar with any projects at the Del Mar Golf Center, but I am checking in with our planners for the City of San Diego about this.

Stephanie Leach
Coastal Planner
San Diego Coast District

From: Rachel [REDACTED]
Sent: Tuesday, May 10, 2022 8:35 PM
To: Leach, Stephanie@Coastal <stephanie.leach@coastal.ca.gov>
Subject: Public Safety Hazard - Coast to Crest Trail, Del Mar

Good Evening Stephanie,

I am writing to share an incident that took place yesterday around 6pm involving my little boy. We were walking on the Coast to Crest Trail lining the back of the driving range. My son is almost two years old, so we were traveling by stroller with frequent stops where I let him out to walk, check out the plants and wildlife. While we were walking I thought I was hearing golf balls land in close proximity, but I dismissed the noises, surmising that I must be overestimating how close they were touching ground. After about 10 minutes of walking at a very slow pace, a golf ball landed within several feet of my toddler. My curious boy took several steps forward to pick up the range ball.

I cannot express to you how shocking this moment was for me as a young Mom and a golfer. I know precisely what a golf ball can do to the head of a small child. I believe I could have lost my boy yesterday. At that moment I panicked, strapped my child back into the stroller with haste, and took off running to safety. I did not sleep last night. My thoughts are full of the casual hellos we made to all those passing by on the trail yesterday. A mother with her infant in a body carrier wearing a brightly colored sun hat. What do I owe to her? Will she go there again? Does she travel the path often? What do we owe as a community to keep people on this trail safe that think the only thing they need to protect themselves while walking is sunscreen?

After posting several late night yelp reviews, I emailed the golf center in the morning. A call quickly followed where I was told that the Coastal Commission, with authority having jurisdiction superseding the City of San Diego, has informed the Del Mar Golf Center that they cannot put up a golf net. And further they were not surprised to hear the story, and agreed that this was a substantial public safety concern that their range balls frequently launch into a heavily trafficked pedestrian pathway.

While I understand that perhaps to anyone's best knowledge a substantial injury or death has not yet occurred, it only takes one ball. I consider what happened yesterday to be a warning shot. A last chance. I have enclosed a picture of my son sitting on the trail looking at a bug. With the range open every day of the week, for 13 hours a day, the worst will happen. It is a matter of time. Let's not make the day the net goes up the

day after a story like that hits the hearts of our community.

My ask is that those with decision making influence read this letter. I would also like for them to walk out to the edge of the range (when closed) to look into the habitat for golf balls and the carcass of birds and ground dwelling animals. Please take the time to google golf ball hit injuries. The images will turn your stomach inside out. I would like for them to drive north on the 5 freeway and to look over to the right from the onramp at the boundary between the range edge and the trail, with the perspective of being above the brush. How many feet is it from the end of the range to that trail? Would they walk there? I would like for them to think of my son.

While I don't know what reasons exist that have enticed the Coastal Commission to prevent the golf center from putting up a net, I ask for those that can do something about this to put those reasons aside. Please put the community first, and the safety of our neighbors.

I would do just about anything to stop a child from getting hurt. Please let me know what I can do on my end at this point to bring this safety concern to the forefront.

Best,

Rachel [REDACTED]

External message received



6:47

WAVE Volleyball Club

Golf Center
y's Mini Golf
practice greens

Adam Andrew Golf

San Diegoo Fwy

260 YARDS
(tees to trail
- captured
2/5/23)

~~Coast to Crest Trail~~

Location of Golf
Ball in brush
south of trail
(seen 2/5/23)

100 ft
50 m



January 25, 2023

F2023-02

TO: All California Fairs and Livestock Youth Programs

SUBJECT: 2023 State Rules for California Fairs

The CDFA Fairs and Expositions Branch is pleased to announce the release of the 2023 State Rules for California Fairs publication. This year, the State Rules publication includes two addendums:

1. Addendum I – Summary of Changes for 2023
2. Addendum II – Exhibit Program Guidelines for Fair Management & Exhibit Staff

Please note the additions made to section VII. Junior Department, beginning on page 12 of the State Rules. CDFA has included new language and terminology regarding market animals and terminal versus non-terminal sales. CDFA encourages that all fairs incorporate similar language into their local rules, entry terms and conditions, and buyer-registration forms. In addition, clearly identify whether the fair's Junior Livestock Auction is a terminal and/or non-terminal sale. This information and terminology may not be clear to all exhibitors, parents, buyers, and other fair and Junior Livestock Auction participants. If your fair is using online entry platforms, CDFA encourages that your fair also incorporates a signature field for the exhibitor and parents to sign acknowledging that they understand this information.

If your fair Junior Livestock Auction is terminal, CDFA recommends that exhibitors and/or parents have declared their intent to sell after their market animal has been judged, but before the sale order is finalized. In addition, if the fair Junior Livestock Auction is terminal, please ensure that all participants are aware that the market animals are being sold for either custom or resale processing only. If your fair Junior Livestock Auction is not terminal, or a combination of terminal and non-terminal sales, please ensure that the information is clearly displayed within the local rules, buyer registration information, and sale order.

Additionally, CDFA has included the list of topics discussed during the annual State Rules Advisory Committee meeting held in October 2022 for your reference. You will



find that most topics were determined to be a local-level issue. CDFA also encourages all the fairs to review this list of topics and incorporate any necessary changes into the fair's local rules, as they may apply.

Finally, CDFA has made the decision to not make any changes to the State Rules Participation Rule #1, under section II. Eligibility, regarding the exhibitor's annual participation in the Youth for the Quality Care of Animals (YQCA) program. After further research, CDFA has confirmed that while the curriculum is broken down into four levels (Junior, Intermediate, Senior, and Young Adult), there are different topics covered within each level and category. The three main categories are food safety, animal well-being, and life skills and there are many sub-topics covered within each category and by age. To view the breakdown, please click [here](#), or visit the YQCA [webpage](#). Please ensure that your fair is requiring that all livestock exhibitors 9 years of age and older are obtaining an annual certification in the YQCA program, or a comparable fair-run program approved by CDFA. Exhibitors not certified are not eligible to participate in a California fair-livestock program. The YQCA program has agreed to provide CDFA with a list of all exhibitors with YQCA certification on a monthly basis. CDFA will share the list of certified exhibitors with the fairs, upon request.

The Official Youth Agreement between CDFA, FFA, 4-H, and the California State Grange, along with the Governor and Secretary's exhibitor handbook welcome letters will be provided once finalized. We hope that you find this information helpful as you plan for the 2023 fair season. CDFA truly appreciates your involvement in our youth programs and wishes you the best of luck this year! For any State Rule-related questions/clarification, variance requests, or protest information please contact Mike Francesconi at mike.francesconi@cdfa.ca.gov or (916) 900-5365.

Sincerely,

A handwritten signature in blue ink that reads "Mike Francesconi". The signature is written in a cursive style.

Mike Francesconi
Branch Chief
Fairs & Expositions Branch

Enclosure