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STATE RACE TRACK LEASING COMMISSION /
DEL MAR RACE TRACK AUTHORITY
ANNUAL MEETING
(VIA ZOOM REMOTE TECHNOLOGY)
22ND DISTRICT AGRICULTURAL ASSOCIATION
DEL MAR, CALIFORNIA
and
DEPARTMENT OF GENERAL SERVICES
WEST SACRAMENTO, CALIFORNIA

MONDAY, MARCH 30, 2021
11:00 A.M.

REPORTED IN SAN DIEGO, CALIFORNIA BY:
Kathryn L. Edwards
CSR No. 7288

1 IN ATTENDANCE

2

3 **PRESENT via ZOOM:**

4

Gayle Miller, Chief Deputy Director, Policy; RTLC
Delegate Chair; RTA Vice President

5

Jennifer Osborn, Acting Director for the Department
of General Services, Delegate

6

Kevin Masuhara, Deputy Secretary Administration and
Finance, Delegate

7

Richard Valdez, RTLC Commissioner; 22nd DAA Board
President; RTA President

8

Lisa Barkett, RTLC Commissioner; 22nd DAA Board
Vice President; RTA Member

9

10 Kathlyn Mead, RTLC Commissioner; 22nd DAA Board
Member; RTA Member

11

Carlene Moore, 22nd DAA CEO; RTA Secretary/Treasurer

12

13 **OTHERS PRESENT via ZOOM:**

14 Josh Caplan, Deputy State Attorney General

15 Joe Harper, CEO Del Mar Thoroughbred Club

16 Josh Rubinstein, President and COO Del Mar
Thoroughbred Club

17

Mike Ernst, CFO Del Mar Thoroughbred Club

18

Donna O'Leary, 22nd DAA Executive Assistant

19

Kevin Civale

20

Mark Young

21

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1 **STATE RACE TRACK LEASING COMMISSION MEETING**

2 MONDAY, MARCH 30, 2020, 11:08 A.M.

3 ---o0o---

4 CEO CARLENE MOORE: Hello and welcome,
5 everybody, to the March 30th, 2020, meeting of the
6 State Race Track Leasing Commission as well as the
7 Del Mar Race Track Authority. I'm Carlene Moore, CEO
8 up here at the district. And we have joining us --
9 and I'm going to turn it over to Donna to take roll
10 call. Starting with -- we'll be opening, and I'll
11 turn it over to our chairperson, Gayle Miller, for
12 the RTALC meeting.

13 DONNA O'LEARY: Delegate Chair Gayle
14 Miller.

15 RTALC CHAIR MILLER: Here.

16 DONNA O'LEARY: Commissioner Jennifer
17 Osborn.

18 COMMISSIONER OSBORN: Here.

19 DONNA O'LEARY: And Commissioner Kevin
20 Masuhara.

21 COMMISSIONER MASUHARA: Here.

22 DONNA O'LEARY: Okay. Commissioner Richard
23 Valdez.

24 COMMISSIONER VALDEZ: Here.

25 DONNA O'LEARY: Commissioner Lisa Barkett.

1 COMMISSIONER BARKETT: Here.

2 DONNA O'LEARY: Commissioner Kathlyn Mead.

3 COMMISSIONER MEAD: Here.

4 DONNA O'LEARY: And that's it for the RTALC.

5 CEO CARLENE MOORE: With that, Gayle, we'll
6 turn it over to you.

7 RTALC CHAIR MILLER: All right. Thanks.

8 Good morning, everyone. A pleasure to see
9 you on Zoom.

10 I hear an echo. Is that just because of
11 what's happening in the room? Yeah? Okay.

12 A/V TECHNICIAN: It's not us in here.

13 RTALC CHAIR MILLER: I hope you can all hear
14 me.

15 I really appreciate everyone taking the
16 time. And I know these are extraordinary times, and
17 I appreciate all the work of the teams and the stuff
18 down there in ensuring that different things run
19 smoothly. And I know what a toll this time has
20 taken, and I think it's extraordinary that you've
21 done so much during the pandemic. So really grateful
22 to all of you. So thank you very much for your
23 persistence and resilience, and looking forward to
24 brighter times ahead.

25 With that, we're starting with public

1 comment. We are going to limit public comment just
2 so we can continue the flow and the cadence of our
3 meeting. There is a long list. It's gonna be
4 limited to no more than two minutes per and -- per
5 person. So we invite you to please state your name
6 and the reason for your comment, and we will take
7 note of it. And if someone before you has already
8 said something, we just ask that you don't
9 necessarily repeat it, please, just so that we can --
10 we can all move quickly through the meeting and
11 efficiently.

12 So with that, I think, Ms. O'Leary, are you
13 in charge of the public comment?

14 CEO CARLENE MOORE: I'll go ahead. This is
15 Carlene, and I will go ahead and call out for our
16 public comment throughout the meeting.

17 DONNA O'LEARY: And I'll be timing it.

18 CEO CARLENE MOORE: Donna will keep track
19 of time.

20 So our first speaker is Martha Sullivan.

21 RTALC CHAIR MILLER: Great. And I'm sorry,
22 Ms. Sullivan.

23 But, Donna, is it okay if you just kind of
24 give folks the ten-second warning, just so they know
25 to start wrapping up?

1 DONNA O'LEARY: Sure. Will do.

2 RTLC CHAIR MILLER: Thank you.

3 MARTHA SULLIVAN: Are you ready for me?

4 RTLC CHAIR MILLER: Yes. Please.

5 MARTHA SULLIVAN: Hello. This is Martha
6 Sullivan from Imperial Beach, San Diego County. I'd
7 like to speak about the Jockey Club's report that was
8 released yesterday, which I want to emphasize counts
9 racing fatalities only, not training deaths or other
10 deaths, which is what the California Horse Racing
11 Board reports.

12 In 2020, contrary to the Jockey's report
13 yesterday, Del Mar had five horse fatalities, not
14 one, and there were 96 horse deaths reported by the
15 California Horse Racing Board throughout the state in
16 2020.

17 I think that this emphasizes that it's less
18 racing that produces fewer deaths. Del Mar races
19 about eight weeks in the summer and another three
20 weeks in the winter, compared to Santa Anita and
21 Golden Gate Fields, for example, who race six months
22 at the beginning of the year and another three months
23 in the second half of the year. Los Alamitos races
24 year round. So what this does is it really kind of
25 proves the point, which is less racing is safer for

1 the horses.

2 I'd like to also share with you that the
3 UC Davis veterinary doctor who presented the CHRB's
4 annual postmortem report most recently pointed out
5 that for the first time training deaths were a
6 majority --

7 DONNA O'LEARY: Ten seconds.

8 MARTHA SULLIVAN: -- of the racehorse
9 deaths.

10 Was that the end of my time?

11 DONNA O'LEARY: Yes. That's the end of
12 your time your timer.

13 RTLC CHAIR MILLER: Thank you very much,
14 Ms. Sullivan.

15 CEO CARLENE MOORE: Next we have Jane
16 Cartmill.

17 A/V TECHNICIAN: Go ahead, Jane.

18 JANE CARTMILL: Thank you.

19 Live horse racing has been dying since the
20 '90s. And for the State of California to prop it up
21 at a state-owned-and-operated venue is, at least, a
22 bad financial decision if not malfeasance.

23 A recent in-depth investigative journalism
24 report by the *Philadelphia Inquirer* notes that
25 California voters have passed some of the strongest

1 and most leading-edge animal welfare laws in the
2 nation over the past decade due to increasing
3 awareness and understanding of the suffering of
4 animals due to exploitation for profit.

5 This trend is not gonna reverse. It's only
6 gonna continue growing, as well as the call for the
7 end of live horse racing in California. It's long
8 past time for the stewards of the publicly owned
9 asset that is Del Mar Fairgrounds to actively set the
10 stage for transition away from the cruelty of the
11 live horse racing industry.

12 One option for transition is already under
13 way in other U.S. states and in the United Kingdom:
14 Cruelty-free virtual horse racing.

15 Parx in Pennsylvania has become the biggest
16 U.S. casino and race track operator so far to partner
17 with virtual racing pioneers VLR, Virtual Live
18 Racing, working with virtual software in what Parx is
19 calling a new and groundbreaking wagering product.
20 Parx promises a unique and exciting entertainment
21 experience.

22 VLR's business development consultant for
23 the United States reports seeing, quote, a huge
24 interest in the U.S. and internationally. Virtual
25 live racing games are also live at Hawthorne in

1 Chicago, Florida tracks, Derby Lane, Tampa Bay Downs,
2 Palm Beach Kennel Club, and have partnered with the
3 world famous Ascot Racecourse in England. This is
4 the future.

5 The last line of the investigative report
6 says it all, quote, "You can't persist in a sport if
7 most of the world" --

8 DONNA O'LEARY: Ten seconds.

9 JANE CARTMILL: -- "if most of the world
10 regards it as cruel."

11 RTLC CHAIR MILLER: Thank you very much.
12 Next.

13 CEO CARLENE MOORE: Next up we have Jim
14 Coleman.

15 JIM COLEMAN: Okay. Are we up?

16 Thanks for the opportunity to share some
17 thoughts on thoroughbred racing at Del Mar and the
18 Del Mar Thoroughbred Club.

19 Once again Del Mar has set the gold
20 standard for safety amongst horse racing tracks in
21 North America. And true, it was only one racing
22 fatality in over 3400 runners and, as I heard, five
23 total, but that's still over 3400 runners in 2020.
24 And the important fact is that the DMTC leadership
25 considers that too many and strives to have zero

1 tolerance. That's the only thing that's acceptable,
2 and they work towards that.

3 I also want to acknowledge the Thoroughbred
4 Club leadership for the impeccable way in which they
5 handled the COVID pandemic. The safety protocols
6 they put in place, constant testing/monitoring made
7 it so the summer and fall race meets could go on with
8 minimal impact. The racing opponents wanted us all
9 to believe that COVID-carrying backstretch workers
10 would be infecting the entire area, bringing death
11 and despair. Well, that didn't happen. So
12 congratulations to Joe Harper and Josh and the entire
13 team.

14 I've lived and had my business in Del Mar
15 for over 37 years. And now, as we're all facing
16 recovery and a new normal, thoroughbred racing at
17 Del Mar is even more important than ever to our
18 business community. Many of our hotels and
19 restaurants and retailers have been suffering
20 financially and barely holding on. Their chance at
21 recovery in large part is based on the race meet this
22 year and subsequent Breeders' Cup in the fall.

23 And the announcement that fans will be
24 welcome back, even though we don't know the extent --

25 DONNA O'LEARY: Five seconds.

1 JIM COLEMAN: -- has given our business
2 community hope and a sign of light at the end of a
3 very dark tunnel. So thanks for your support and
4 approval of DMTC and racing at Del Mar. Thanks.

5 RTLCH CHAIR MILLER: Thank you.

6 CEO CARLENE MOORE: And our final speaker
7 on this item is Oscar de la Torre.

8 OSCAR DE LA TORRE: Yes. Hello. Can you
9 hear me?

10 RTLCH CHAIR MILLER: Yes, we can.

11 OSCAR DE LA TORRE: Okay. Great. Oscar
12 de la Torre, worker advocate.

13 I've been working for the past two years
14 with backstretch workers, helping them organize and
15 to have a voice in this industry, and I just want
16 us -- you know, make sure that we support the item.

17 DMTC, as we heard from other speakers, have
18 done an incredible job in working with the county
19 health professionals to ensure that COVID wouldn't
20 spread and wouldn't have the outbreak that some
21 people were alleging would happen. You know, and --
22 and what's -- what's great also, that we should all
23 be proud of, is DMTC has a record we should all be
24 very proud of in terms of horse safety.

25 In these past two years we've seen a number

1 of reforms. These reforms have been implemented and
2 they have succeeded in strengthening horse safety
3 protocols. DMTC is a leader not just in the state
4 but all -- in all the America -- in all the Americas
5 in having one of the safest racetracks.

6 You know, I take exception to the comments
7 of people saying that there's cruelty, that there's
8 abuse. I mean, that's far from the facts. You know,
9 hundreds of backstretch workers have dedicated their
10 careers to caring for horses at racetracks throughout
11 the country and here in California, especially
12 Southern California. These workers are proud. These
13 are immigrant workers. These are people that have
14 dedicated their careers to protecting horses. They
15 make a living from this. There is no such thing as
16 animal abuse going on in the backstretch or in the
17 stable area. That's definitely not happening. You
18 know, these workers are proud of the care that they
19 give to the horses, and they should be respected for
20 that. They keep the economy going. And, you know,
21 as California begins to focus efforts on reopening
22 our economy, it is vital that we acknowledge these
23 workers, that we show respect and not spread
24 falsehoods --

25 DONNA O'LEARY: Ten seconds.

1 OSCAR DE LA TORRE: -- of animal abuse.

2 Thank you very much. Please support live
3 racing at Del Mar for the benefit of the workers and
4 also for the businesses and for our economic
5 recovery. Thank you.

6 RTLC CHAIR MILLER: Thank you,
7 Mr. de la Torre.

8 Was that our last speaker?

9 CEO CARLENE MOORE: Yes, it was.

10 RTLC CHAIR MILLER: Great. Thank you very
11 much. I really appreciate everyone taking the time
12 to comment and be a part of this process and
13 participate remotely. Thank you very much for that.

14 With that we will move on to our next item,
15 which is the approval of the minutes from March 30th,
16 actually, one of the first virtual meetings I
17 certainly attended in 2020. This is an action item.
18 If we may have a motion and a second from the board,
19 please.

20 I'll go ahead and move --

21 COMMISSIONER BARKETT: So moved.

22 RTLC CHAIR MILLER: -- the minutes.

23 And who was that to second? Ms. Mead?

24 Thank you very much.

25 COMMISSIONER BARKETT: Lisa Barkett.

1 RTLC CHAIR MILLER: Thank you.

2 Oh, excuse me. Thank you, Ms. Barkett.

3 So we have a motion --

4 COMMISSIONER MEAD: Mead second.

5 RTLC CHAIR MILLER: -- and a second to
6 approve the minutes.

7 Oh, thank you, Ms. Mead. You did move. I
8 appreciate that.

9 COMMISSIONER BARKETT: Oh, yeah. Sorry.

10 COMMISSIONER MEAD: Barkett moved. Mead
11 seconded.

12 RTLC CHAIR MILLER: Great. Thank you.
13 Barkett moved and Mead seconded. And we will go
14 ahead and take the roll on this.

15 And, Ms. Osborn, do you have a comment?

16 No? Okay. Great.

17 If we could go ahead, Ms. O'Leary, and take
18 the roll on the minutes, please.

19 DONNA O'LEARY: Sure. Delegate Chair Gayle
20 Miller.

21 RTLC CHAIR MILLER: Aye.

22 DONNA O'LEARY: Delegate Commissioner
23 Jennifer Osborn.

24 RTLC CHAIR MILLER: I think we may have
25 just lost her. If we want to move on, we can go back

1 to her.

2 DONNA O'LEARY: Okay. Sure. For sure.

3 Delegate Commission Kevin Masuhara.

4 COMMISSIONER MASUHARA: Aye.

5 DONNA O'LEARY: And Commissioner Richard
6 Valdez.

7 COMMISSIONER VALDEZ: Aye.

8 DONNA O'LEARY: Commissioner Lisa Barkett.

9 COMMISSIONER BARKETT: Aye.

10 DONNA O'LEARY: And Commissioner Kathlyn
11 Mead.

12 COMMISSIONER MEAD: Aye.

13 RTLC CHAIR MILLER: And, Ms. Osborn, do you
14 want to vote on the minutes from last year?

15 COMMISSIONER OSBORN: Sure. Aye.

16 RTLC CHAIR MILLER: Thank you very much.

17 The minutes are approved.

18 Next we will move on to the reports, which
19 can be found in the agenda and also online as we
20 heard from some of our speakers. And we'll go ahead
21 and begin with the Del Mar capital improvement
22 account, please. These are all informational items.

23 CEO CARLENE MOORE: So as you can see on
24 page 5 of your board packet, the Del Mar capital
25 improvement account has zero dollars in it.

1 Just as a reminder for everyone that this
2 is a pass-through account of the net -- so the net
3 operating revenues from horse racing and food and
4 beverage that then pass into this account and are
5 subsequently and immediately turned around to the
6 trustee for making the bond payment. So it's -- with
7 the bonds completely spent down now, it would be
8 typical to not see a balance in this account.

9 And that concludes my report.

10 RTLCH CHAIR MILLER: Great. Thank you very
11 much.

12 So what I'm gonna do is go ahead and take
13 all of the reports at once, if that's okay with the
14 board, and then open it up to questions, unless you
15 prefer to ask questions after each one. Is it okay
16 to do them in a group?

17 COMMISSIONER BARKETT: Yes.

18 RTLCH CHAIR MILLER: Great. Thank you for
19 that.

20 Okay. Then we'll go ahead, please, and
21 move on to our next --

22 CEO CARLENE MOORE: We have public comment
23 speakers signed up for each of the items.

24 RTLCH CHAIR MILLER: Oh, for each one.
25 Okay. So I do have to take them each time. Okay.

1 Thank you for that.

2 So we'll continue with our two-minute limit
3 on public speakers. And if we could please open up
4 our public speak- -- the public speakers for our
5 first item.

6 CEO CARLENE MOORE: So our first speaker is
7 Martha Sullivan.

8 MARTHA SULLIVAN: Yes. Hello again.

9 Since I wasn't able to see the agenda
10 packet until late yesterday, I went ahead and
11 registered to comment on all of the items so I would
12 be able to do so if I needed to after looking at the
13 agenda packet. So I don't need to comment on A. I
14 may reserve judgment on B, but thank you.

15 RTLC CHAIR MILLER: Thank you. I really
16 appreciate that, Ms. Sullivan.

17 Next speaker, please.

18 CEO CARLENE MOORE: And our last speaker on
19 this item is Jane Cartmill.

20 JANE CARTMILL: I'm in a similar position.
21 I wasn't able to see the packet soon enough. So I do
22 not need to comment on 4(a).

23 RTLC CHAIR MILLER: Great. Thank you for
24 that. And we apologize you weren't able to see it in
25 time.

1 So we'll move on now to the next item,
2 which is the DMTC operating results for 2020.

3 CEO CARLENE MOORE: And so we're gonna
4 invite DMTC to provide their report on the
5 following -- on the next items.

6 JOSH RUBINSTEIN: Good morning. Josh
7 Rubinstein, Del Mar Thoroughbred Club. Our 2020
8 operating results are in your board package under our
9 MD&A. I'll cover a few of the highlights, but we're
10 happy to answer any specific questions you may have.

11 Based on the circumstances of last year,
12 Del Mar Thoroughbred Club had two primary goals in
13 2020: The first, a response to COVID to ensure the
14 safety of everyone involved with horse racing at
15 Del Mar and the surrounding community; and the second
16 was the continuation of our industry-leading equine
17 safety record where Del Mar was ranked the safest
18 racetrack in North America in 2018 and 2019. We're
19 pleased to report that both goals were accomplished,
20 as we had -- we conducted 13 weeks of racing, very
21 successful horse racing, in a very safe manner.

22 Early on in the pandemic we engaged with
23 medical experts, including the staff at Scripps
24 Health and their phenomenal chief medical officer,
25 Dr. Ghazala Sharieff, and they assisted us with

1 developing COVID-response protocols to provide the
2 safest possible environment. We also worked closely
3 with county officials, and they were out to see our
4 operation several times to view our safety practices
5 and were very complimentary in the reports that they
6 provided.

7 We invested over \$450,000 in these pandemic
8 protocols, including a dedicated COVID-response team
9 which was responsible for testing and ensuring that
10 our safety procedures were followed, and we
11 implemented the highest levels of cleaning and
12 disinfecting practices.

13 But as we've all seen over the past year,
14 COVID positives do happen. And early on in our
15 summer racing season, after our first week, we had 11
16 positive COVID cases in our stable area, and several
17 of our jockeys also tested positive. So we dealt
18 with the situation very swiftly, in accordance with
19 our protocols. All these individuals were -- were
20 safely quarantined. We worked closely with the
21 County and our health experts and made the decision
22 to -- to pause racing. We then increased testing
23 levels administered by county officials.

24 Fortunately, our due diligence -- or
25 diligence was rewarded because after a one-week

1 hiatus racing returned. And from August 5th through
2 the conclusion of racing on November 28th there were
3 no further positive COVID cases at the facility.

4 And it was very important that we -- that
5 we operated in 2020 under the pandemic. Under these
6 strict COVID protocols allowed for the continuation
7 of the economic ecosystem of California horse racing,
8 and that provides for the safety and welfare of 4500
9 horses, over 21,000 jobs, and is responsible for over
10 a billion dollars of economic impact to the state
11 each year.

12 On the equine safety side, we cared for up
13 to 1800 horses over 18 weeks through our
14 industry-leading safety measures, which included
15 enhanced veterinary oversight and the most stringent
16 medication guidelines in the country. And, you know,
17 extremely pleased with the results. The last two
18 years, 2018 and '19, Del Mar was ranked as the safest
19 racetrack in North America. And in 2020,
20 99.7 percent of our racing was conducted without a
21 serious injury. And we are expecting to receive a
22 similar designation as the safest major racetrack in
23 North America in 2020 very shortly.

24 Transitioning on to our 2020 results: When
25 it became apparent that the pandemic would

1 significantly impact the year, we revised operations
2 and we substantially reduced staffing. We eliminated
3 most all marketing expenses.

4 With no fans on site, the majority of what
5 we call on-track revenues -- admissions, parking,
6 sponsorship, on-track wagering -- those were all
7 eliminated, and that was a loss of over \$17 million
8 in budgeted revenues. However, even with these
9 challenges we were able to stabilize the business.
10 We worked very closely with our online -- online
11 wagering partners when it became apparent that our
12 only customer engagement would be through digital
13 platforms.

14 Working with our online partners, we were
15 able to increase wagering by 15 percent. And
16 combined with our cost-containment efforts, this
17 resulted in a profitable year, generating
18 \$1.9 million in net revenues. And this was during a
19 year, I think, as we all know, when -- when most
20 sports teams and entertainment venues lost money,
21 including Major League Baseball where it was reported
22 a total loss of \$3 billion in 2020.

23 As you're aware food and beverage revenues
24 generated during horse racing flow to the 22nd
25 Ag District and the RTA and pay for things like bond

1 payments and capital expenditures. Under a normal
2 year this accounts for about \$6- to \$7 million in net
3 revenues. Unfortunately, in 2020 with no fans on
4 site, there were no F&B revenues. However, based on
5 DMTC's 2020 payments to the district and RTA and an
6 advance from our 2021 operations to both
7 organizations, DMTC was able to fully satisfy the
8 RTA's debt service of a \$3.3 million bond payment
9 which was due in the first quarter of 2021.

10 Before we move on to the outlook for 2021,
11 which is just a couple of bullet points, happy to
12 answer any questions from 2020.

13 Okay. So for 2021 our summer season will
14 be 31 days, from July 16th through September 6th.
15 Our fall meet is November 3rd through November 28th,
16 will be 15 race days --

17 CEO CARLENE MOORE: Josh.

18 JOSH RUBINSTEIN: -- and will include --

19 CEO CARLENE MOORE: Josh, I'm sorry to
20 interrupt.

21 JOSH RUBINSTEIN: Yeah.

22 CEO CARLENE MOORE: But, Chairperson
23 Miller, we actually have speakers for item 4(b) and
24 4(c), as well as (d) and (e).

25 RTLC CHAIR MILLER: Okay. Thank you.

1 Then we'll go ahead --

2 JOSH RUBINSTEIN: Yeah, no problem.

3 I mentioned our fall season. We'll again
4 host the Breeders' Cup, which is the Super Bowl of
5 horse racing, on November 5th and 6th. And I'll get
6 to some specifics on the Breeders' Cup in a moment,
7 but we are, you know, obviously very encouraged
8 with -- with 2021. I think we all are.

9 But specifically as it relates to horse
10 racing at Del Mar, with the revised guidance provided
11 by the governor's office we're seeing fans return in
12 limited capacity to outdoor sporting events this
13 week, which is great. Reopenings in general and
14 vaccinations are both trending in a very favorable
15 direction. And as opening day at Del Mar is three
16 and a half months from now, we believe Del Mar is
17 well positioned to safely host fans whatever capacity
18 levels will be permitted in July and August and
19 September. And as was the case last year when we
20 safely conducted racing with no fans, we will
21 continue to work with our medical advisers and county
22 health officials on an operating plan that provides
23 maximum safety for everyone involved.

24 On the racing side of -- for the business,
25 obviously safety is our -- is our number one priority

1 with racing. On the business side, it's very
2 important that we maintain field size, and field size
3 is the amount of runners in a race. That is
4 important because the larger the field size, the more
5 wagering revenues are generated. And owners and
6 trainers will run their horses when there are large
7 purses offered. So we are able -- purses are prize
8 money paid to owners, trainers, their staff, and
9 jockeys. So due to the success from our 2020 summer
10 and fall race meets and our projected increase to
11 2000 wager -- or excuse me -- 2001 [sic] wagering due
12 to reopening of brick-and-mortar locations, we are
13 able to increase purses by 30 percent, which is
14 pretty remarkable in this industry. In your board
15 package is a press release which details that 30
16 percent purse increase. But based on what we think
17 will be a very quality racing product, people
18 returning to the stands at Del Mar this summer, we're
19 extremely bullish on the upcoming summer season.

20 One quick note on the Breeders' Cup, which
21 again we are proud to host during our fall meet,
22 November 5th and 6th. The Breeders' Cup is truly an
23 international event. Horses, owners, trainers,
24 jockeys come from -- from all over the world. When
25 we hosted the event in 2017, it was the most

1 financially successful Breeders' Cup in the event's
2 36-year history. What also is very important to
3 San Diego is the Breeders' Cup provided over a
4 hundred million dollars of economic impact to north
5 San Diego County.

6 So we're, you know, very pleased, you know,
7 to be hosting Breeders' Cup, have folks back in the
8 stands, and looking forward to a terrific summer and
9 fall meet this year. And with that I'll stop, and
10 happy to answer any questions.

11 RTLCH CHAIR MILLER: All right. So I
12 think -- I want to make sure we get public comment,
13 and then I hope the board has been keeping track of
14 all the questions.

15 Great news about the '21 season. And I
16 hope you're working closely with the State Department
17 of Public Health in terms of understanding the
18 capacity limitations and the guidelines that are set
19 for the state's blueprint for reopening. I think
20 that will be really important to understand that.

21 So why don't we first go to public comment,
22 if that's -- if that's -- it's okay with the board.

23 Yes? Great. Thank you. And then we'll
24 move directly on to board questions.

25 So if we may begin. And again we'll set

1 the limit at two minutes, and we appreciate
2 everyone's patience.

3 CEO CARLENE MOORE: Our first speaker on
4 item 4(b) is Martha Sullivan.

5 RTALC CHAIR MILLER: Thank you,
6 Ms. Sullivan.

7 MARTHA SULLIVAN: Yes. Hello again. This
8 is Martha Sullivan from San Diego County.

9 I would like to once again make a point
10 here that Del Mar sort of proves that a shorter
11 racing meet and less racing is safer even on the
12 COVID front. People should remember that at Golden
13 Gate Fields almost 300 COVID cases blew up last
14 November, and that track was closed for two months,
15 and it was a huge portion of the City of Berkeley's
16 COVID caseload. There was one fatality from that,
17 sadly, and people hospitalized and so forth.

18 The big difference is that Golden Gate
19 Fields last year raced almost non-stop throughout the
20 year because fair races were moved to Golden Gate
21 Fields in the summer through the fall. So close
22 proximity of those workers over all that time
23 produced that huge outbreak. So I think that's a
24 cautionary tale for everybody.

25 RTALC CHAIR MILLER: Thank you. Thank you,

1 Ms. Sullivan.

2 Next -- and thank you for recognizing the
3 hard work at Del Mar.

4 Next speaker, please.

5 CEO CARLENE MOORE: Next we have -- and the
6 final speaker on item 4(b) is Jane Cartmill.

7 JANE CARTMILL: I'll waive this comment.
8 It's more appropriate for 4(c).

9 RTLC CHAIR MILLER: Thank you,
10 Ms. Cartmill.

11 Okay. Moving on then to 4(c), please.

12 CEO CARLENE MOORE: Item 4(c), the racing
13 industry updates, our first speaker is Martha
14 Sullivan.

15 RTLC CHAIR MILLER: Ms. Sullivan.

16 MARTHA SULLIVAN: Hello again.

17 Wagering on thoroughbred racing is down
18 50 percent, adjusted for inflation, since 2003. And
19 per the Jockey Club, 1 percent of U.S. adults bet on
20 and/or attend at least one race each month. The
21 average age of racing fans is 63.

22 I think it's very important to realize, you
23 know, from an industry analyst, Dean Towers, in
24 *Thoroughbred Daily News*, quote, "Based on analysis of
25 current trends, in two decades wagering will be a

1 fraction of what it is today with almost all patrons
2 over 60 years of age. Horse racing is not battling
3 slot machines or lottery ticket competition. It's
4 now competing with innovative tech companies offering
5 younger demographics the skill game gambling choices
6 that they crave."

7 So horse racing has been swirling the tank
8 since the '90s, and a lot of, you know, forward
9 lookers are predicting its demise. So this body
10 needs to join the forward lookers and start planning
11 for that.

12 RTLCH CHAIR MILLER: Thank you.

13 The next speaker, please.

14 CEO CARLENE MOORE: Our second and last
15 speaker on this item is Jane Cartmill.

16 JANE CARTMILL: Everyone is happy that
17 fewer horses are dying, that safety protocols has
18 made an impact to some -- to a large degree, and
19 Del Mar should be proud of that. But it is difficult
20 to overlook how many years went by where the industry
21 was quite content with the status quo. Media didn't
22 pay much attention to horse racing really, compared
23 to other sports, except to announce the -- the
24 winners of the -- you know, the big, famous races.

25 Only when the Santa Anita/Los Alamitos

1 carnage became evident and the press started paying
2 attention and publicizing what was going on at the
3 racetracks, only then was there this enormous
4 emphasis on safety instituted. So it's just hard to
5 overlook how long the industry was content with the
6 status quo.

7 I'm -- I'm hesitant. I don't want to be
8 critical of what Del Mar has done, because I think
9 it's good that they've gotten their numbers so much
10 better, but it's still -- industry wide this -- this
11 is a problem that can't be ignored, and no amount of
12 safety protocols is gonna stop all breakdowns.

13 RTLC CHAIR MILLER: Thank you. Thank you
14 very much. I think that was the final speaker on
15 that item; correct?

16 CEO CARLENE MOORE: Yes.

17 RTLC CHAIR MILLER: Great. Thank you.

18 CEO CARLENE MOORE: So now we have item
19 4(d), the 2021 summer race meet dates, and the first
20 speaker is Martha Sullivan.

21 RTLC CHAIR MILLER: Ms. Sullivan, go ahead,
22 please.

23 MARTHA SULLIVAN: Yes. Hello again.

24 I want to make sure that the members of
25 this commission are aware of a local situation here

1 in San Diego County where Del Mar racing has
2 basically displaced local equine uses from the
3 fairgrounds because of the priority placed on
4 basically subsidizing for-profit horse racing.

5 We have the Horsepark closed down in
6 December. We don't know when it's gonna be able to
7 reopen. And you should be aware that there is a
8 solution for this, at least for 2021, and that's
9 what's happened last year due to COVID. Del Mar
10 racing can be moved to Los Alamitos and/or
11 Santa Anita, just like county fair races were moved
12 to Golden Gate Fields last year. And that would make
13 way for the local equine uses that have been
14 displaced at the fairgrounds so that San Diego County
15 residents are able to use this public asset as
16 intended, instead of it being prioritized for a
17 profit-seeking industry which already receives a lot
18 of subsidies, including \$15 million that was spent to
19 do the water treatment --

20 DONNA O'LEARY: Ten seconds.

21 MARTHA SULLIVAN: -- for the racetrack
22 because of all the horses' waste that flows into the
23 ocean and the tributaries to the ocean.

24 DONNA O'LEARY: Ms. Sullivan, your time is
25 up.

1 RTLC CHAIR MILLER: Thank you.

2 Is there another speaker on 4(d)?

3 CEO CARLENE MOORE: Yes. Our next speaker
4 and last speaker on this item is Jane Cartmill.

5 RTLC CHAIR MILLER: Ms. Cartmill, please go
6 ahead.

7 JANE CARTMILL: During public comments in a
8 number of recent Del Mar Fairgrounds board meetings
9 the issue of racehorses labeled missing in action has
10 been raised repeatedly. These are horses whose last
11 known whereabouts were at the Del Mar Race Track and
12 where there were concerning videos and/or racing
13 charts.

14 Director Gelfand inquired of the Del Mar
15 Thoroughbred Club about the fate of these horses at
16 the December 2020 board meeting: Horses that were
17 pulled up, vanned off, walked off, or otherwise
18 injured and are not showing up in the databases.

19 Dr. Rick Arthur, speaking on behalf of the
20 Del Mar Thoroughbred Club, made it clear that no such
21 information would be forthcoming and anyone concerned
22 about the fate of these injured horses would have to
23 find the information on their own in spite of the
24 microchipping that is supposed to aid in tracking
25 horse locations.

1 Once again I'm inquiring as to the fate of
2 four horses from the Del Mar summer 2020 meet:
3 Veteran, walked off, did not finish; No Name Fred,
4 pulled up bleeding, did not finish; Garth, walked
5 off, did not finish; Rick's Dream, pulled up, vanned
6 off. Where are these horses? And why can't they be
7 found in the database?

8 Thank you.

9 RTLCH CHAIR MILLER: Thank you very much for
10 that.

11 Was that the final comment?

12 CEO CARLENE MOORE: Yes, on that item. And
13 then we have two speakers on item 4(e).

14 RTLCH CHAIR MILLER: Okay. Great. Thank
15 you. Let's begin with 4(e) then, please.

16 CEO CARLENE MOORE: Our first speaker is
17 Martha Sullivan.

18 RTLCH CHAIR MILLER: Thank you.

19 Please, Ms. Sullivan, go ahead.

20 MARTHA SULLIVAN: Yes. Hello again.

21 We all know, as Californians, that, you
22 know, we're in the midst of what's called a
23 megadrought by scientists, and we're also -- every
24 year we're facing more and more wildfires. I bring
25 it up for Del Mar's fall race meet because this is

1 when we've had some of the most devastating wildfires
2 in San Diego County, including the 2017 Lilac Fire
3 which killed 46 horses at the San Luis Rey training
4 center.

5 I want to just quote a recent news article,
6 Because horse racing uses a ton of water, from
7 maintaining turf racetracks to all the water used on
8 the backside, the clean water, cool horses and keep
9 the racetrack premises sanitary.

10 Quote, "With nearly two-thirds of the
11 United States abnormally dry or worse, the
12 government's spring forecast offers little hope for
13 relief, especially in the West where a devastating
14 megadrought has taken root and worsened."

15 Quote, "Weather service and agricultural
16 officials warned of a possible water-use cutback in
17 California and Southwest, increased wildfires, low
18 levels in key reservoirs, and damage to crops."

19 Quote, "The National Oceanic Atmospheric
20 Administration's official spring outlook released
21 Thursday sees an expanding drought with a
22 dryer-than-normal April, May, and June for a large
23 swath of the country, from Louisiana to Oregon,
24 including some areas hardest hit by the most severe
25 drought."

1 DONNA O'LEARY: Ten seconds.

2 MARTHA SULLIVAN: "'The nearly West-wide
3 drought is already quite severe in its breadth and
4 intensity, and unfortunately it doesn't appear likely
5 there will be much relief,' said UCLA climate
6 scientist Daniel Swain."

7 DONNA O'LEARY: Your time is up,
8 Ms. Sullivan.

9 RTLC CHAIR MILLER: Thank you,
10 Ms. Sullivan.

11 Your next speaker, please.

12 CEO CARLENE MOORE: Is Jane Cartmill.

13 RTLC CHAIR MILLER: Thank you,
14 Ms. Cartmill. Go ahead.

15 JANE CARTMILL: Thank you.

16 Again concerning the missing-in-action
17 horses, we are still trying to learn the disposition
18 of these horses from the fall meet 2020 Del Mar:
19 Duchesne, November 26 pulled up, did not finish;
20 Magnolia Taupe, he did not finish, vanned off; Velvet
21 Queen placed third then vanned off; One Bad Boy,
22 pulled up, did not finish, walked off.

23 There's so much discussion about
24 transparency. We need more transparency. That was
25 what Director Gelfand from the fairgrounds board said

1 about this -- this matter. But there is no
2 transparency because the Thoroughbred Club has made
3 it clear that they're not going to provide this
4 information. They're not gonna find these horses.
5 And I don't think that looks like much transparency
6 for the public.

7 The public is concerned about these horses
8 that are missing -- missing in action, that can't
9 be -- their -- their whereabouts can't be determined
10 through the databases. There's no reason to have
11 this information withheld unless all of these horses
12 have met some unsavory end. So just wanting to bring
13 that up again. I think it's important that the
14 information be provided to the public.

15 RTLCH CHAIR MILLER: Thank you. And thank
16 you for speaking on that and bringing it to our
17 attention. We really appreciate it.

18 Any other public comment on 4(d) -- (e).
19 excuse me.

20 CEO CARLENE MOORE: No. That concludes
21 public comment for 4(e). Then we have three speakers
22 under 4(f).

23 RTLCH CHAIR MILLER: Thank you very much.
24 May we begin, please.

25 CEO CARLENE MOORE: First speaker is Martha

1 Sullivan.

2 RTLC CHAIR MILLER: Ms. Sullivan, please go
3 ahead.

4 MARTHA SULLIVAN: Hello again.

5 The Breeders' Cup as has been quoted is,
6 you know, like the biggest event in horse racing each
7 year or one of the biggest events. And it's also,
8 you know, a huge public stage. You know, most
9 recently, in 2019, the death of Mongolian Groom in --
10 on the last day of the Breeders' Cup, you know, just
11 blew up an already heated media atmosphere around
12 racing, racehorse fatalities. Most recently we saw
13 the tragic similar death of the winner of -- a horse
14 in Dubai, who won his race, the Golden Shaheen, and
15 then broke down on the track and was euthanized. So
16 these big marquee races are also huge stages for the
17 failures of racing to protect these horses that they
18 profit off of.

19 RTLC CHAIR MILLER: Thank you very much.

20 Next speaker, please.

21 CEO CARLENE MOORE: Jane Cartmill.

22 RTLC CHAIR MILLER: Ms. Cartmill, please go
23 ahead.

24 Ms. Cartmill, you're on mute. I don't
25 know. You can do star six just to make sure you

1 un-mute yourself. There you go.

2 JANE CARTMILL: Okay. The January 2020
3 *Paulick Report* discussed a report from top equine
4 surgeon Dr. Larry Bramlage who examined the
5 circumstances of Mongolian Groom's fatal injury in
6 the Breeders' Cup Classic 2019. And in a 25-page
7 report he concluded that there were opportunities to
8 remove Mongolian Groom from competition that were
9 missed due to tie constraints or what he calls
10 process deficiencies.

11 He reviewed all of the horse's training,
12 medical records; spoke to all the examining
13 veterinarians throughout the horse's career; looked
14 at the necropsy report; talked to regulatory
15 veterinarians, track, and Breeders' Cup officials;
16 looked at the videos of the horse's workouts leading
17 up to the race. And although some of the
18 veterinarians told the *Paulick Report* that they
19 observed some lameness in the horse's left hind, they
20 could not -- they couldn't identify this clearly on
21 all these examinations. And yet the necropsy report
22 revealed that there were stress fractures in the
23 lower portion of both hind cannon bones. And the
24 kind of bruising that was present, according to
25 Bramlage, happens when stress occurs faster than the

1 body can repair it. It doesn't always result in
2 symptoms such as heat, lameness, swelling, and it may
3 not even show up on x-ray in the early stages, making
4 it difficult to diagnose. The point being that all
5 the extra security, all the extra examinations, all
6 the -- all the testing, x-rays, scans, everything in
7 the world that you can --

8 DONNA O'LEARY: Ten seconds.

9 JANE CARTMILL: -- throw at this may not be
10 enough and often is not enough to detect these
11 preexisting injuries. They -- the problem is racing
12 itself, the weight of the horse --

13 DONNA O'LEARY: Ms. Cartmill, your time is
14 up.

15 RTLC CHAIR MILLER: Thank you. Thank you
16 Ms. Cartmill.

17 Final speaker, please.

18 CEO CARLENE MOORE: And our final speaker
19 was actually for just item 4 overall is Oscar
20 de la Torre.

21 RTLC CHAIR MILLER: Mr. de la Torre,
22 please.

23 OSCAR DE LA TORRE: Yes. Thank you.

24 You know, from hearing all the speakers who
25 are opposed to horse racing, you know, I just want to

1 say that there's been a lot of improvements. There's
2 been tremendous gains. I mean, from -- you know, and
3 it was mentioned, you know, that there was a big
4 problem at Santa Anita, you know, a couple years
5 back. The last race meet that Santa Anita had prior
6 to this one there was zero accidental horse racing
7 fatalities. They're running really well right now.
8 The protocols are strictly in place. They have more
9 veterinarians providing oversight.

10 And -- and, you know, the workers that I've
11 talked to, you know, everyone -- everyone that --
12 that has a horse break down, they can feel it, you
13 know. This is an emotional thing. People care about
14 these horses and like it was a member of their own
15 family. There's a lot of care and love back there.
16 Nobody likes to see, you know, accidental horse
17 racing fatalities. That's why everyone that I've
18 talked to in the industry, from owners, to workers,
19 to the backstretch workers, to the person, you know,
20 taking care of the horses, everybody supports the
21 reforms that California has implemented. And that --
22 and that in Del Mar -- Del Mar has been a leader of
23 these reforms.

24 And we've seen tremendous success and
25 tremendous positivity. It -- it is -- it is

1 definitely -- we have shown in California that safer
2 horse racing is possible, and that's something that
3 we can all agree on. I think everyone that's
4 advocating, you know, to protect horses, we are
5 all -- everyone is on the same page with that. Where
6 we disagree is on an extreme ban because we
7 understand that banning horse racing will have
8 tremendous negative impacts on the families on the --
9 of the workers who take care of the horses, but
10 everybody else in the industry, the California
11 economy overall. You know, so it's real important
12 for us to understand that safer horse racing --

13 DONNA O'LEARY: Ten seconds.

14 OSCAR DE LA TORRE: -- is possible, that
15 things have improved. We have to focus on those
16 improvements and build on that. And I think that's
17 what's happening at Del Mar. And I look forward, you
18 know, to seeing, you know, the next race --

19 DONNA O'LEARY: Mr. de la Torre, your time
20 is up.

21 RTALC CHAIR MILLER: Thank you very much.

22 With -- that was the final public comment;
23 correct?

24 CEO CARLENE MOORE: (Nodding head.)

25 RTALC CHAIR MILLER: Great. Thank you.

1 Any questions or comments from the board,
2 please.

3 Yes, please, Mr. Valdez. Sorry. I didn't
4 see your hand raised. Thank you.

5 COMMISSIONER VALDEZ: No. That's okay. I
6 didn't want -- I didn't want to jump in without being
7 called on.

8 I just wanted to state, as the President of
9 the Board of Directors for the 22nd DAA and also the
10 chair of the Del Mar Thoroughbred Club Liaison
11 Committee with the -- with our board, I chair that,
12 and Vice President Director Lisa Barkett is also on
13 that committee with me, our -- our committee meets
14 with DMTC at least every month. And depending upon
15 activity, we will meet with them several times a
16 month to discuss all sorts of different topics
17 surrounding horse racing. So I want to make sure
18 that this -- this body knows and understands the
19 extent that the 22nd DAA interfaces with our
20 operator, who is the DMTC, for horse racing at the
21 Del Mar Fairgrounds. So just to kind of put it into
22 context.

23 And I do want to welcome Jennifer Osborn --
24 I think this is her first meeting -- with DGS. And
25 so I think it's really helpful to kind of go over

1 these -- these issues and these topics so that this
2 body kind of understands how there's the interworking
3 between the 22nd DAA, the DMTC, the RTAL, and the
4 RTA.

5 So, you know, to address a couple of topics
6 here that Josh had addressed and -- Josh Rubinstein
7 had addressed, but wanted to reiterate from the
8 vantage point of our board: Before 2019, but
9 certainly in 2019, there was a heavy emphasis on
10 looking at safety protocols and precautions regarding
11 horse racing. And the Del Mar Thoroughbred Club took
12 a tremendous leadership role in making sure that we
13 were at the forefront of all safety precautions at
14 our facility, which then was statewide, and then now
15 I think has basically become nationwide. So I think
16 that we are really at the forefront of making all of
17 those protocols and procedures happen, and they have
18 had tremendous result. So we as a board really
19 commend DMTC for being so proactive with horse racing
20 safety protocols and the implementation of those
21 protocols.

22 In 2020, of course, the next thing was
23 COVID. So I want to commend DMTC for dealing with
24 all of the COVID issues with respect to folks in the
25 backstretch and all the employees who are there

1 working with the -- the horses, working with our
2 local CDC and the State at all times with respect to
3 appropriate protocols to ensure safety at our
4 facility. And I have every expectation and
5 confidence that they will be working with those same
6 folks in implementing appropriate protocols as we are
7 now allowing members of the public to come on board
8 and watch horse racing, which we weren't able to do
9 in 2020.

10 I also want to echo Josh Rubinstein's
11 comments regarding the revenues. We work with DMTC,
12 our -- our board, in the approval of their budget and
13 ensuring that they are doing everything possible to
14 maximize on their bottom line, because it does
15 directly affect ours and the obligations that we all
16 have with respect to the bonds. We're gonna talk
17 about that a little bit more at the RTA meeting, but
18 I do -- but while I have DMTC here and their reports,
19 I do want to publicly thank them for their efforts in
20 revenue generating with respect to their -- their
21 meets this year. And as Josh stated, they did --
22 they were responsible for generating enough revenue
23 for us to cover our bond obligations for this year,
24 which was remarkable and very, very needed.

25 So I just wanted the folks to kind of know

1 that sort of stuff from -- from our -- from our
2 board, to be able to kind of put it all into
3 perspective and context.

4 RTLC CHAIR MILLER: Thank you. That's
5 really helpful. And I think, you know, it would
6 be -- just because we only have this meeting once a
7 year, I think, just keeping it updated and making
8 sure that our community understands all the work
9 that's going on maybe through a newsletter and then
10 getting information out in advance, I think all of
11 those things are really helpful.

12 I especially do want to thank Ms. Sullivan
13 and Ms. Cartmill and Mr. de la Torre just sort of
14 helping us understand all the issues. And whatever
15 we can do to update the community, I think, is really
16 important so that we're all a -- kind of a part of
17 all the work that's going on and certainly just to
18 make sure that folks are kept in the loop of some of
19 the decisions. I think that would be really helpful,
20 Mr. Valdez, if you and your team can -- can really
21 work on that. Especially as we go into a more open
22 season, I think that will become more and more
23 important as we -- as we go on.

24 Any other -- oh, did you want to respond to
25 that?

1 COMMISSIONER VALDEZ: Could I just respond
2 to that really quick?

3 RTLCH CHAIR MILLER: Yes. Thank you very
4 much.

5 COMMISSIONER VALDEZ: I'd like -- Josh
6 Rubinstein, could you just kind of give the folks a
7 sense of the ongoing newsletters and information that
8 you disseminate from your end to all the
9 stakeholders?

10 JOSH RUBINSTEIN: Sure.

11 We're very active online and, you know, the
12 social digital community updating. In fact, we had a
13 press release that went out today about our 2020
14 safety record. The Jockey Club, which is an
15 independent body in the industry, released their
16 equine industry database, and once again Del Mar was
17 ranked the safest racetrack in North America. So we
18 sent out messaging to that effect this morning.

19 But -- but certainly, in terms of, you
20 know, while it was very disappointing not to have
21 fans on site in 2020, we continued to communicate
22 with the community and asked them to, you know, send
23 us Del Mar parties they were having at home, and --
24 and we tried to do as much as we could on social and
25 digital media. So we'll continue to do that, and

1 we're happy to update the commission with those
2 efforts.

3 COMMISSIONER VALDEZ: In addition -- and I
4 forgot -- I failed to explain, while the committee
5 meets with DMTC liaison -- the DMTC Liaison Committee
6 meets with DMTC once a month or more, we have that
7 committee report as a standing item on -- at every
8 single one of our meetings for the 22nd DAA, where we
9 have full reporting out by DMTC of all the different
10 activity going on, as well as all of the safety
11 protocols and the COVID work and anything else that
12 the board might be interested in hearing.

13 RTLIC CHAIR MILLER: Great. Thank you for
14 that. I really appreciate it. And I assume that
15 we'll just reach out to our individual stakeholders,
16 just to see how we can just make sure that they have
17 all the information and access to all of these lists
18 and newsletters, and I think that is really
19 important.

20 Any other -- Mr. Valdez, do you have
21 anything to add to that? Or Mr. Rubinstein?

22 Great. Thank you so much.

23 Any other thoughts or comments from the
24 board before we move on? Nope?

25 Seeing none, do I -- I just recess this

1 meeting; right? And then we go to the Race Track
2 Authority meeting; is that correct?

3 Okay. I do this once a year. So I
4 sometimes forget.

5 COMMISSIONER VALDEZ: That's correct.

6 RTLC CHAIR MILLER: Right. Okay. So then
7 I just say "We stand in recess," Mr. Valdez? And you
8 take over --

9 COMMISSIONER VALDEZ: We do.

10 RTLC CHAIR MILLER: -- and then we come
11 back; right?

12 COMMISSIONER VALDEZ: Yep.

13 RTLC CHAIR MILLER: That's right. I forgot
14 from last year.

15 COMMISSIONER VALDEZ: No worries.

16 RTLC CHAIR MILLER: Thank you very much,
17 and thank you again for everyone's participation.

18 (Recess to convene RTA meeting: 12:05 P.M.)

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1 Masuhara.

2 RTA MEMBER DELEGATE MASUHARA: Here.

3 DONNA O'LEARY: That's everyone.

4 RTA PRESIDENT VALDEZ: Great. Thank you.

5 I once again wanted to welcome Jennifer
6 Osborn from DGS. It's her first meeting.

7 And we'll go over some of the background
8 information regarding RTA for you, Jennifer, as well
9 as the entire group. We're gonna go to public
10 comment, and we will follow the same procedures as we
11 had for RTLC: Two minutes per member of the public.

12 Ms. Moore.

13 RTA SECRETARY/TREASURER MOORE: We have two
14 speakers on the item B. The first speaker is Martha
15 Sullivan.

16 MARTHA SULLIVAN: Yes. Hello again.
17 Martha Sullivan from San Diego County.

18 I've actually been waiting for the recent
19 front-page investigative report by the *San Diego*
20 *Union Tribune*, you know, for the past 18 months,
21 practically, that I've been attending Del Mar Fair
22 Board meetings. This past Sunday the *Union Tribune*
23 published a deep dive on the fairgrounds' contracting
24 processes. And I think it's very relevant for this
25 body because the DAA -- 22nd DAA is the agency and

1 board that, you know, quote, "negotiates" with the
2 Del Mar Thoroughbred Club on its monopoly of about a
3 one-third of the fairgrounds for, you know, 13 weeks
4 a year, you know, as a profit endeavor on a state
5 property. I want to quote from that report.

6 John Moot, a lawyer who has
7 represented two different companies in
8 2018 in protest over the contracts from
9 the fair, said he was stunned at how the
10 district conducts business. He said a
11 broader investigation into contracting
12 procedures was needed.

13 Quote, "Any objective person
14 looking at the contracting process at
15 the fair for the last three years would
16 conclude that someone with the power to
17 issue subpoenas and question people
18 under oath needs to take a long hard
19 look at what the heck is going on out
20 there," he said, end quote.

21 I know that there is a lot of well-meaning
22 and -intentioned people who work at the fairgrounds.
23 I've observed it over the last 18 months. But as I
24 say, I also know, as somebody who worked for the
25 state public utilities commission for 20 years

1 regulating big utilities, I also know how easy it
2 is --

3 DONNA O'LEARY: Your time is up,
4 Ms. Sullivan. Your time is up, Ms. Sullivan.

5 RTA SECRETARY/TREASURER MOORE: Our second
6 public speaker is Jane Cartmill.

7 JANE CARTMILL: I too was disturbed by the
8 *Union Tribune* report. It was very troubling. I
9 won't comment further because it would be the same as
10 what Martha Sullivan has just said, but I think it's
11 definitely worth this body taking a look at what's --
12 what may be going on or not going on that should be.
13 Something isn't right. Thank you.

14 RTA SECRETARY/TREASURER MOORE: And that
15 was our last speaker on this item.

16 RTA PRESIDENT VALDEZ: Okay. Moving on to
17 item C, the election of officers. We do this
18 annually at the RTA meeting.

19 I just want to clarify because there is a
20 little bit of an ambiguity in the documents that were
21 part of the packet. There's a bit of a disconnect
22 between the JPA or RTA and the bylaws, and the JPA
23 governs if there's any -- any inconsistency. And I'm
24 gonna ask our Deputy Attorney General Josh Caplan to,
25 you know, chime in and make sure that I'm stating

1 this correctly for the record.

2 There is no question that the president of
3 the RTA is to be a member of the 22nd DAA Board and
4 the vice president of the RTA is to be the director
5 of finance. I think it's also clear that the
6 secretary of the RTA is to be the general manager/CEO
7 of the 22nd DAA. The disconnect is a bit with
8 respect to the treasurer of the RTA. Historically it
9 has always been the CFO of the 22nd DAA, and that is
10 what the JPA states, and that's how we would follow.

11 We do not currently have a CFO for the
12 22nd DAA, and we will either have a CFO or a director
13 of finance who can go into the treasurer role for the
14 RTA. So when doing the elections, we're looking for
15 a president, a vice president, a secretary, and a
16 treasurer.

17 And, Mr. Caplan, if I were to receive a
18 motion on a slate that states -- that includes a
19 treasurer who will be the -- who will be filled when
20 the CFO or department of -- or director of finance
21 for the 22nd position is filled and automatically
22 would be placed in that role with the RTA, is that
23 pos- -- is that appropriate and allowable?

24 STATE DEPUTY ATTY. GEN. CAPLAN: Yes, it
25 is, and it will be consistent with the JPA. And so

1 long as the motion is clear that the position of
2 treasurer will be filled by the district's CFO once
3 hired, that would be appropriate because the JPA
4 doesn't specify any specific individuals. It
5 specifies the position. And so the JPA, in fact,
6 requires the CFO of the 22nd DAA to serve as RTA
7 treasurer. So yeah, that motion would be fine. It
8 would just mean that the RTA treasurer position would
9 be -- remain vacant until that time that the 22nd DAA
10 hires or retains a new CFO or the equivalent of a CFO
11 even if it doesn't have that specific title.

12 RTA PRESIDENT VALDEZ: Thank you.

13 And the reason I would request such a
14 motion is that we wouldn't have to reconvene as a
15 body to simply place a person in the treasurer role,
16 that it is done upon the hire of that person who will
17 then step into that role.

18 So having said that, do I have a motion for
19 a slate of officers?

20 RTA MEMBER MEAD: I move for the officers
21 as presented in the agenda. Do you need me to call
22 those out, Richard? Or can we just --

23 RTA PRESIDENT VALDEZ: Yes, Kathlyn. I
24 would prefer that you do set forth your proposed
25 president because it could be more than one person,

1 and vice president, the secretary, and then also with
2 your being clear on the treasurer.

3 RTA MEMBER MEAD: Sure. Thank you.

4 I would like to propose or move that the
5 president of the RTA is Richard Valdez. I'm gonna
6 just propose the whole slate. Lisa Barkett as the
7 vice president.

8 RTA PRESIDENT VALDEZ: I'm gonna interrupt
9 you real quick.

10 The vice president of the RTA is --
11 according to the JPA is to be the director of finance
12 for the State of California.

13 RTA MEMBER MEAD: Got it. Okay. Thank
14 you.

15 The director of finance for the State of
16 California; the secretary as the CEO of the Del Mar
17 Fairgrounds; and the treasurer as the CFO or director
18 of finance for the Del Mar Fairgrounds. Or -- I know
19 I'm not using the right terminology -- 22nd
20 Agriculture District. Thank you.

21 RTA PRESIDENT VALDEZ: So I have a motion.
22 Do I have a second?

23 RTA VICE PRESIDENT MILLER: (Indicating.)

24 RTA MEMBER BARKETT: Second.

25 RTA PRESIDENT VALDEZ: I'll say Gayle

1 Miller for the second.

2 RTA VICE PRESIDENT MILLER: Sorry.

3 RTA PRESIDENT VALDEZ: Any questions or
4 discussion?

5 Donna, could you please call the vote.

6 DONNA O'LEARY: Okay. President Valdez.

7 RTA PRESIDENT VALDEZ: Aye.

8 DONNA O'LEARY: Member Barkett.

9 RTA MEMBER BARKETT: Aye.

10 DONNA O'LEARY: Member Mead.

11 RTA MEMBER MEAD: Aye.

12 DONNA O'LEARY: Secretary Moore, do you
13 vote?

14 RTA PRESIDENT VALDEZ: I don't think she
15 votes.

16 DONNA O'LEARY: Okay. Sorry about that.

17 RTA Vice President Delegate Gayle Miller.

18 RTA VICE PRESIDENT MILLER: Aye.

19 DONNA O'LEARY: Delegate Member Jennifer
20 Osborn.

21 RTA MEMBER DELEGATE OSBORN: Aye.

22 DONNA O'LEARY: Delegate Member Kevin
23 Masuhara.

24 RTA MEMBER DELEGATE MASUHARA: Aye.

25 RTA PRESIDENT VALDEZ: Motion carries

1 unanimously. Thank you.

2 On to item D, approval of the minutes. We
3 have two sets of minutes to approve. Do I have a
4 motion to approve the March 30 --

5 RTA SECRETARY/TREASURER MOORE: We have
6 public comment on this item.

7 RTA PRESIDENT VALDEZ: Okay. Then let's
8 start with public comment since these are action
9 items.

10 RTA SECRETARY/TREASURER MOORE: Our first
11 speaker is Martha Sullivan.

12 MARTHA SULLIVAN: Yeah. Martha Sullivan
13 again.

14 This is more of a procedural request to the
15 body. I have conveyed this to Donna O'Leary. I
16 requested to be notified of meetings of this body in
17 December. I -- I didn't get any notices of the
18 December 21st meeting even though I get notices of
19 the DAA board meeting, and I didn't get a notice of
20 this meeting either. I had to follow up. And
21 apparently, if there's only one person interested in
22 being noticed, it doesn't count.

23 So I'd like to emphasize to this body, you
24 need to do a much, much better job of doing public
25 noticing for the meetings, particularly since you

1 only -- you generally meet only once a year. It's
2 really, really disconcerting. It seems to be a
3 pattern.

4 The fairgrounds board members know that,
5 you know, my -- I've registered to comment and I
6 haven't been called upon. It's happened after a vote
7 has been taken. So this is -- this is not a good
8 look, and I really urge this body to do much better.

9 RTA PRESIDENT VALDEZ: Thank you.

10 RTA SECRETARY/TREASURER MOORE: That was
11 the only speaker on this item.

12 RTA PRESIDENT VALDEZ: Okay. Do I have a
13 motion approve the March 30, 2020, minutes?

14 RTA VICE PRESIDENT MILLER: So moved,
15 Mr. Chair.

16 RTA PRESIDENT VALDEZ: That was Gayle
17 Miller.

18 A second?

19 RTA MEMBER MEAD: Second.

20 RTA PRESIDENT VALDEZ: That's Kathlyn Mead.

21 Any questions? comments? discussion?

22 Donna, the vote.

23 DONNA O'LEARY: President Valdez.

24 RTA PRESIDENT VALDEZ: Aye.

25 DONNA O'LEARY: President Barkett -- Member

1 Barkett.

2 RTA MEMBER BARKETT: Aye.

3 DONNA O'LEARY: Member Mead.

4 RTA MEMBER MEAD: Aye.

5 DONNA O'LEARY: Delegate Member Gayle

6 Miller.

7 RTA VICE PRESIDENT MILLER: Aye.

8 DONNA O'LEARY: Delegate member Jennifer

9 Osborn.

10 RTA MEMBER DELEGATE OSBORN: Aye.

11 DONNA O'LEARY: And delegate member Kevin

12 Masuhara.

13 THE CERTIFIED STENOGRAPHER: We didn't hear
14 that, Mr. Masuhara.

15 DONNA O'LEARY: Kevin Masuhara.

16 RTA MEMBER DELEGATE MASUHARA: Aye.

17 RTA PRESIDENT VALDEZ: Thank you. Motion
18 carries.

19 Do I have a motion to approve the minutes
20 of the December 21st, 2020, meeting?

21 RTA VICE PRESIDENT MILLER: (Indicating.)

22 RTA PRESIDENT VALDEZ: That's Gayle Miller.

23 Do I have --

24 RTA MEMBER DELEGATE OSBORN: Second.

25 RTA PRESIDENT VALDEZ: Do I have a second?

1 RTA MEMBER DELEGATE OSBORN: Second.

2 RTA PRESIDENT VALDEZ: That's Jennifer

3 Osborn.

4 Any questions? comments? discussion?

5 Vote, please.

6 DONNA O'LEARY: Okay. President Valdez.

7 RTA PRESIDENT VALDEZ: Aye.

8 DONNA O'LEARY: Member Barkett.

9 RTA MEMBER BARKETT: Aye.

10 DONNA O'LEARY: Member Mead.

11 RTA MEMBER MEAD: Aye.

12 DONNA O'LEARY: And Delegate Member Gayle

13 Miller.

14 RTA VICE PRESIDENT MILLER: Aye.

15 DONNA O'LEARY: Delegate Member Jennifer

16 Osborn.

17 RTA MEMBER DELEGATE MASUHARA: Aye.

18 DONNA O'LEARY: And Delegate Member Kevin

19 Masuhara.

20 RTA MEMBER DELEGATE MASUHARA: Aye.

21 RTA PRESIDENT VALDEZ: Thank you very much.

22 Motion carries unanimously.

23 Now what we are going to do is we are going

24 to break out to closed session. So what we need to

25 do is we need to drop the Zoom or at least make sure

1 that it's -- you're muted and your screens are off,
2 and then we have to reconvene in the different
3 platform, which is the Blue Jeans platform. So if
4 you can do that immediately, we'll -- we'll drop
5 Zoom, and then we will start with Blue Jeans, and
6 then we'll start closed executive session when we're
7 all together.

8 (Closed Executive Session:
9 12:19 P.M. to 1:07 P.M.)

10 RTA SECRETARY/TREASURER MOORE: And we're
11 back.

12 RTA PRESIDENT VALDEZ: All right. So we
13 are back in the public session of the meeting. The
14 board considered the advice of counsel on the items
15 provided in the closed-session portion of the agenda,
16 and we have nothing further to report.

17 So on to item F, projects and financial
18 reports, item 1, the 22nd DAA financial report. I'm
19 going to hand that on over to Carlene Moore.

20 RTA SECRETARY/TREASURER MOORE: Thank you.

21 And as was -- everybody was made aware of
22 on Friday when we sent out the packet information,
23 the DAA financials, we closed out 2020 over this
24 weekend. And so you received those materials, those
25 two pages, in a separate email yesterday, as well as

1 they were posted and updated online. And so what you
2 have is the balance sheet again with our year-end
3 close for 2020.

4 As everyone knows and has lived right
5 alongside of us this year, 2020 was an extremely
6 challenging year not only for us here but really for
7 the entire world. And so there's really not much,
8 you know, to speak to. This is just more
9 informational in terms of our -- our balance sheet
10 and just overall our -- our P&L or statement of
11 operations for the year.

12 We did not conduct a fair in 2020. In
13 addition to that, as everyone knows on this board, we
14 had horse racing but without patrons. We did not
15 conduct a lot of activity in 2020. And we are
16 looking forward to the ongoing distribution of
17 vaccines and the ongoing opening up of our state and
18 activities again.

19 And so unless there are any specific
20 questions regarding the 22nd DAA financial report,
21 I'm going to speak to it just a little bit more as I
22 talk about the RTA financial report next.

23 RTA PRESIDENT VALDEZ: Were there any
24 members of the public signed up for that item?

25 RTA SECRETARY/TREASURER MOORE: Yes. We

1 have two members. The first is Martha Sullivan.

2 RTA PRESIDENT VALDEZ: We are limiting to
3 two minutes.

4 MARTHA SULLIVAN: Hello. Welcome back.
5 This is Martha Sullivan again. For the benefit of
6 the non-22nd DAA members here, I want to share,
7 relative to the finances of the DAA, you know, a
8 couple of continuing constraints.

9 One, we know that the Del Mar Thoroughbred
10 Club has spoken about how horse racing fatalities at
11 other Southern California tracks particularly have
12 negatively impacted attendance at Del Mar. And so as
13 we talk about opening some attendance up, you should
14 know that there are already 20 -- well, actually, as
15 of today, unfortunately, 21 horse racing fatalities
16 reported by the California Horse Racing Board. And
17 today they reported that a two-year-old filly died in
18 training at Los Alamitos. So that's gonna continue,
19 and the media attention on those is gonna continue.

20 I also want to make sure that everybody
21 understands that there will be no concerts or other
22 events to drive attendance which --

23 (Interruption by extraneous conversation.)

24 RTA PRESIDENT VALDEZ: Somebody is not on
25 mute. Could we make sure that we're on mute, folks?

1 RTA SECRETARY/TREASURER MOORE: That's an
2 answering machine in somebody's background.

3 RTA PRESIDENT VALDEZ: Ms. Sullivan, if you
4 want to finish your comments, sorry, if you hadn't
5 finished.

6 A/V TECHNICIAN: I muted you, Martha. So
7 you need to star six. Sorry. I thought it was your
8 phone.

9 MARTHA SULLIVAN: I just wanted to say as
10 another constraint that there will be no concerts or
11 other events that are planned so far because of the
12 COVID constraints, and Del Mar has said previously
13 that those are really the things that have, you know,
14 kept attendance going to any level at all. So you've
15 got two big continuing constraints looking at you
16 this year.

17 RTA PRESIDENT VALDEZ: Thank you.

18 The next speaker.

19 RTA SECRETARY/TREASURER MOORE: Next
20 speaker is Jane Cartmill.

21 A/V TECHNICIAN: She's no longer in the
22 queue.

23 RTA PRESIDENT VALDEZ: That's our -- that's
24 our last speaker on that item.

25 Okay. Moving on to F(2), the RTA financial

1 report. Back to Carlene.

2 RTA SECRETARY/TREASURER MOORE: And this
3 is -- this is included in your packet on pages 8
4 through 10.

5 So the pages -- on page 8 you'll see the
6 Del Mar Race Track Authority cash and investments
7 accounting. And as you can see, this is -- it shows
8 a negative \$67,507 at the end of December -- the
9 year, December 31st. The transfer from the DAA for
10 that was made in the beginning of January.

11 And in addition it shows -- and typically
12 this is on here -- and that is the reserve fund. So
13 as a requirement of the bonds, in addition to the
14 bond payment that is made each year, we also have to
15 maintain a reserve fund. And that's held in trust by
16 the trustee for that, a reserve, and it's equal --
17 approximately equal to one year's bond payment. And
18 it does earn interest, and then that interest comes
19 back and is -- actually becomes part of the payment
20 towards the following year's bonds. So the bonds are
21 paid through the net operating revenues of horse
22 racing, the net food and beverage operations, and
23 then any interest that the bond fund accounts may --
24 may receive. And so overall the total investment of
25 the RTA at this time is \$3.3 million, again, of which

1 the significant majority of that is the -- the
2 reserve fund.

3 On page 9 you have the balance sheet for
4 the year ending December of 2020. And again on this
5 you'll see the statement of what was due from the
6 RTLC. So again the net operating revenues from horse
7 racing, as well as food and beverage when we have
8 that in a year, are passed through the Del Mar
9 capital improvement account from the RTLC and, in
10 essence, to the RTA. And for the RTA, that's held in
11 trust by the trustee in those bank accounts.

12 And so the -- the line item of "Due from
13 RTLC" of 700,000, that was the net proceeds from
14 horse racing in 2020. And, again, as we have stated
15 before, we did make our 2021 bond payment. It's been
16 talked about at the district board meetings as well.
17 Much of that was due to -- really was attributable to
18 DMTC and for -- to the advancement that they were
19 able to provide to us from the forgiveness -- the
20 anticipated forgiveness of their PPP loan. So those
21 numbers -- that contribution will not be reflected.
22 It was received in 2021. So it will be reflected on
23 this coming year's financials.

24 And so then finally on -- on page 10 it's
25 just showing the actual flow of that, in essence, the

1 activity, that pledged revenue from horse racing.
2 There was also district -- or interest revenue. And,
3 again, that was the interest earned on the bond
4 funds. They sit with the trustee and, you know, are
5 held in trust and then throughout the year earning
6 interest as the then payments are made throughout the
7 year per the bond requirements.

8 And so with that, if I could, I wanted to
9 just kind of provide some -- some background and
10 information for this board in terms of -- and
11 hopefully provide further explanation of the -- the
12 bonds financing and sort of, you know, this
13 interworking relationship of not only the RTLC and
14 the RTA but also the district board and DMTC as well.

15 One of the changes -- for those of you who
16 have been on this board, historically, one of the
17 changes that's not included in this packet is a
18 budget for the RTA in terms of administrative and
19 maintenance or operating expenses as well as project
20 expenses outside of the bonds. But before we get to
21 that, that discussion, like I said, I wanted to
22 provide you some -- some background.

23 All of this -- everything being provided
24 today is information. There aren't any action items,
25 but again historically there was a budget for being

1 passed.

2 So in case anyone wasn't aware, the State
3 RTLC was created by the legislature in 1968 with the
4 responsibility and authority to lease the Del Mar
5 Race Track and to oversee the expenditure of the
6 rents received from leasing the Del Mar Race Track
7 for the purpose of implementing a long-range and
8 comprehensive improvement of the property. The Race
9 Track Authority, the RTA, was formed in 1990 by the
10 RTLC and the district for the express purpose of
11 financing the grandstand replacement project.

12 In September of '91 the RTA first issued --
13 authorized the issuance of about \$60 million of
14 aggregate principal in 1991 taxable commercial paper
15 bond anticipation notes to finance the cost of
16 developing, in essence, and constructing the overall
17 project. That got completed in April of '93, and
18 then in '93 the RTA actually issued the authorized
19 issuance of \$45 million of aggregate principal in the
20 '93 tax-exempt commercial paper bonds and in July '94
21 increased that aggregate principal to \$50 million,
22 and the proceeds were then used to retire the '91
23 notes and pay for some other -- other project costs.

24 When we talk about the bonds, we're
25 typically talking about from 1996 and forward. So in

1 '96 the series '96 bonds were issued as limited
2 obligations of the RTA. That retired -- fully
3 retired the '91 notes, and it also paid for other
4 project costs, of which at that time -- so prior to
5 that the funds flowed directly to the RTLC, and then
6 the RTLC had the ongoing obligations and expenses of
7 the project. But with the '96 bonds, that's really
8 where -- where things really changed. And so the '96
9 bonds were to be repaid solely from pledged revenues,
10 and at the time that consisted of the racetrack net
11 revenues, satellite wagering net revenues, and
12 concession revenues, along with the interest that
13 those investment monies would earn.

14 In 2005 the bonds were -- new bonds were --
15 were issued, and part of that was to help retire the
16 '96, as well as then for further -- further projects.
17 And at that time the RTA received all of the proceeds
18 from satellite wagering, the first \$2 million of food
19 and beverage net, and the net proceeds from horse
20 racing for those bonds.

21 Those bonds were then refinanced and
22 reissued with the 2015 series bond, and new debt was
23 incurred. So since 2015 the RTA receives a hundred
24 percent of the net horse racing revenues and up to
25 \$4 million of net concession revenues from the

1 district. And the -- the revenues pass through --
2 the food and beverage revenues pass through the
3 district while the net horse racing revenues pass
4 through the RTLC.

5 So in essence, the RTA itself has not had
6 an operating revenue stream since 1996 nor project
7 revenue stream outside of -- of the bond projects.
8 As the district, we're responsible for the -- for any
9 operating expenses associated with -- with the RTA
10 and any remaining balance that may be there if net
11 horse racing revenues and along with net food and
12 beverage revenues are short of making that year's
13 bond obligation. One of the -- one of the
14 requirements that we have for that, through the
15 bonds, is that there is a requirement for us to
16 maintain -- us, as the district, to maintain a
17 minimum cash balance, which we have continued to
18 manage even throughout this pandemic.

19 So under this model, the district budget
20 has reflected an RTA expense that has been, at a
21 minimum, covering these operating expenses. Again,
22 previously you've seen that as administrative -- an
23 administrative and maintenance expenses of the RTA
24 along with some other projects. And as we move on
25 into discussing the projects specifically, I'll point

1 those out, but along with other projects that were
2 not funded through the bonds.

3 What this resulted in was just then a
4 transfer of funds from the DAA to the RTA in order to
5 cover those expenses. And so what we have proposed
6 to do -- and it's a budget that's also passed by the
7 district board. And so what we are proposing to do,
8 as we go forward, is to actually move those expenses,
9 those operating expenses, to the DAA who is
10 ultimately responsible for those operating expenses,
11 as its been since -- since at least 1996.

12 So as you can see on pages 11 through 13 of
13 your packet, all of the bond revenue has been spent
14 as of December 31st. All of projects will be
15 completed with the acceptance of the water quality
16 improvement project, which is -- will be happening in
17 just the coming months and by the end of even this
18 current fiscal year for the state.

19 So going forward, barring any changes to
20 debt restructure or new debt in the future, what
21 we're proposing is that the district board -- or what
22 we plan to do is that the district board will review
23 and approve any ongoing capital improvement projects
24 as part of its own budget process, again, since those
25 revenues were coming from the district anyway to

1 the -- to the RTA.

2 We'll be working closely with the Attorney
3 General's Office as well as with auditors to properly
4 implement this change going forward. But as we have
5 experienced quite a bit of staff turnover and we're
6 in the process of converting to a new accounting
7 software, the timeliness of this is -- is really
8 making sense and again providing further transparency
9 of the district's operations separately from the RTA,
10 which is just the bonds, separately from the RTLC.

11 And so with that, if there are any specific
12 questions to the -- the RTA finances or the
13 district's finances, I'm happy to take those.

14 RTA PRESIDENT VALDEZ: I'm just gonna jump
15 in and add, in addition to being the president of the
16 22nd DAA board, I'm also the chair of the finance
17 committee. We've worked with Carlene in the
18 implementation of this new system for the last
19 several months. We've worked with her with respect
20 to budgeting issues that have always been somewhat
21 challenging for the district when it came to RTA
22 projects and trying to figure out really what was
23 gonna be the ultimate payment from the district to
24 the RTA. And now that all the projects are completed
25 and all the bond projects in particular are

1 completed, it makes sense to us that, since really
2 the RTA is basically only -- the only revenue is
3 through the DMTC payment and really the obligation is
4 on the bonds, that we separate now, for the first
5 time, cleanly, you know, RTA from DAA, which will
6 then give our board a better sense of really where we
7 are with our obligations and capital improvements
8 going forward.

9 Any questions?

10 Okay. Hearing none, I think we might have
11 public comment on this item.

12 RTA MEMBER MEAD: Richard, this is Kathlyn.

13 RTA PRESIDENT VALDEZ: I'm sorry. I
14 couldn't see you.

15 RTA MEMBER MEAD: That's okay.

16 RTA PRESIDENT VALDEZ: For some reason my
17 screen won't show everybody.

18 RTA MEMBER MEAD: No problem. I think all
19 of ours are like that.

20 I just have a question about -- since we do
21 not currently have a CFO or a controller, director of
22 finance, do we have an adviser or consultant who is
23 advising us on the appropriateness of making this
24 change at this time?

25 RTA PRESIDENT VALDEZ: I'll have Carlene

1 speak to this as well, but from our -- our financial
2 adviser, Mark Young from CNN [sic] Finance, and our
3 bond counsel Kevin Civale have consulted with and
4 discussed this with Carlene and then relayed to me,
5 as well as the -- as president of the RTA and then
6 also from the DAA vantage point that this is all
7 probably most appropriate and cleaner than past
8 practices. But I'll have Carlene address that as
9 well.

10 RTA MEMBER MEAD: Thank you, Richard.

11 RTA PRESIDENT VALDEZ: Carlene.

12 RTA SECRETARY/TREASURER MOORE: Yes. Yes.

13 So it's been again working very closely with KNN
14 Public Finance, Mark Young there, and then also Kevin
15 Civale. And this, what we're -- we're looking at
16 is -- and moving forward with is actually more of the
17 common practice in terms of authorities that are
18 formed for the purposes of financing debt, in
19 essence, in this case, selling -- selling bonds. So
20 with that we have that opinion.

21 And then that's where we'll be working
22 with -- because there are a number of things to
23 manage through this, and so we'll be working with the
24 Attorney General's Office on some aspects of this,
25 where there -- because there may be some legal

1 implications that have to be considered. For
2 example, formerly the RTA had employees and needing
3 to -- to handle that, as well as then with our -- our
4 auditors as the district for -- for 2020.

5 So it's a process that will take place over
6 the course of 2021 in terms of transition. And once
7 we do have our director of finance position filled,
8 that person will become a part of it. But we are
9 using outside consultants and professionals for this
10 in building out the road map to this transition.

11 RTA MEMBER MEAD: Perfect. Thank you. I
12 appreciate that.

13 RTA PRESIDENT VALDEZ: Any other questions?

14 Okay. Seeing none, Carlene, do we have
15 members of the public signed up for this item?

16 RTA SECRETARY/TREASURER MOORE: Yes, we do.
17 We have one member, and that is Martha Sullivan.

18 RTA PRESIDENT VALDEZ: Martha.

19 MARTHA SULLIVAN: Hello again. A couple of
20 things: One, you know, I think, to --
21 (Indecipherable audio transmission.)

22 THE CERTIFIED STENOGRAPHER: She's not
23 coming through.

24 MARTHA SULLIVAN: Hello.

25 THE CERTIFIED STENOGRAPHER: Can you start

1 that over, Martha. You cut out in the beginning.

2 MARTHA SULLIVAN: Okay. I think that a
3 really appropriate model for this body to look at and
4 consider, particularly as a change like this is being
5 contemplated, is to have a much more public-involved
6 oversight board, more along the lines of the bonds
7 that are issued for school construction. This is a
8 very, very insular body that oversees these public
9 finance instruments. I'm not even sure; today may be
10 the first time you're getting public comment in a
11 long time. It's a very insular board, very insular
12 body, and I think you need to -- as you make a change
13 like this for, basically, kind of
14 bookkeeping/accounting purposes, you need to also be
15 looking at a bigger picture in terms of having
16 greater public participation in the oversight of the
17 public financing for the county -- for the
18 fairgrounds which serves San Diego County and is a
19 state agency.

20 RTA PRESIDENT VALDEZ: Thank you.

21 Is there anyone else signed up for this
22 item?

23 RTA SECRETARY/TREASURER MOORE: Nope. That
24 was our only speaker.

25 RTA PRESIDENT VALDEZ: Okay. On to item

1 F(3), the status of the projects funded with the 2015
2 bonds.

3 Carlene.

4 RTA SECRETARY/TREASURER MOORE: So this is
5 included on pages 11 and 12 of your board packet.
6 And as you can see, all of the bond proceeds have
7 been spent. All of the projects are complete. Even
8 the portion of bond funds that went towards the water
9 quality improvement project were spent down
10 previously. And so the conclusion of that project
11 and the -- the acceptance of it that is taking place,
12 which is the remaining portion on that, is through
13 our loan through the Infrastructure Bank of
14 California. So unless there are any specific
15 questions to it, there's no -- no remaining projects
16 through the bonds.

17 RTA PRESIDENT VALDEZ: Okay. Hearing or
18 seeing none, any public comment on this item?

19 RTA SECRETARY/TREASURER MOORE: Yes. We
20 have one speaker. Martha Sullivan.

21 RTA PRESIDENT VALDEZ: Ms. Sullivan.

22 MARTHA SULLIVAN: Yes.

23 It's a very convoluted and confusing
24 process that you've set up here because the board --
25 the fairgrounds board did approve projects going

1 forward, which I don't see here at all, because I
2 guess the idea is those are now gonna be done under
3 the DAA. So, again, another reason to have much more
4 active public involvement in this bond oversight
5 committee because we know, from a lot of
6 investigative reporting, that there has been
7 fiduciary problems with bonds and bond oversight. So
8 this is very troubling to me, particularly as
9 somebody who worked for the state public utilities
10 commission for 20 years and investigated utilities
11 and their expenditures on behalf of rate payers.

12 I'm not exactly sure where to make another
13 comment. So I think I'll save it for the next item.
14 Thank you.

15 RTA PRESIDENT VALDEZ: Thank you. Thank
16 you.

17 Does that complete the public on that item?
18 On to item F(4) status of completion of the
19 2020 approved projects.

20 RTA SECRETARY/TREASURER MOORE: So on
21 page 13 of your board packet is the update on the
22 completion of the projects that were approved by this
23 board at least year's board meeting on this same day.
24 So in 2020 many of these projects were
25 augmented, due to -- due to COVID, and -- and

1 ultimately reduced. But in terms of, you know,
2 backstretch safety, our fire alarm panels and things
3 like that, the work was still carried forward.

4 And, again, these are -- these are projects
5 that are completed outside of the bonds. So -- so,
6 again, what I was referring to earlier. And, yes,
7 the district board did approve a budget for RTA's
8 maintenance and administration expenses as well as
9 some related projects for 2021. That will now just
10 become part of the district's budget because, just
11 like page 13 of your packet, these expenses are
12 expenses not truly of the RTA, in the form of the RTA
13 having a revenue source to cover them, but really
14 that of the district who would then transfer these
15 funds over to the RTA in order to pay for -- for
16 these miscellaneous projects.

17 So all of the projects, the backside
18 racing-program improvements and the health-and-safety
19 improvements were completed. And as you can see,
20 there are cost savings on many of these projects
21 again because the projects were de-scoped as, you
22 know, we -- we all started to learn about COVID-19
23 and just the lingering impacts that that was going to
24 have on our financial position.

25 In addition to that, much of the

1 environmental services work was temporarily paused
2 in -- in 2020 and in some instances paused from the
3 standpoint of billing us in 2020 but those various
4 agencies and businesses that are a part of making
5 sure and ensuring the district's environmental
6 compliance with regard to our least tern nesting
7 sites and some other things continued the work. They
8 entered into memorandums of understanding with the
9 district that payments to them would not be made
10 until -- we had anticipated having a fair in 2021,
11 but wouldn't be made to them until June of 2021.

12 So -- and then in addition to that, we
13 completed the backstretch transformer replacement,
14 which was a critical project that needed to be done,
15 as well as the stable fire alarm panel.

16 We did not make the purchase and investment
17 of improvements at Horsepark, which would have been
18 additional footing, replacement of that. And
19 currently Horsepark -- equestrian activities at
20 Horsepark are currently paused for 2021 as the board
21 is exploring options around that because there are
22 water quality improvements that are necessary to
23 continue equestrian activity at Horsepark.

24 And then we made, as you can see, just some
25 landscaping and grounds improvements but again only

1 where -- where necessary. And again this expense
2 really being the expense of the district.

3 And that concludes my report.

4 RTA PRESIDENT VALDEZ: Any questions?

5 Seeing and hearing none, Carlene, members
6 of the public on this item?

7 RTA SECRETARY/TREASURER MOORE: Yes. We
8 have one person signed up to speak, and that is
9 Martha Sullivan.

10 MARTHA SULLIVAN: I just want to share
11 again, for the benefit of the members of this body
12 that aren't members of the 22nd DAA board meetings,
13 the cost to operate the \$15 million water treatment
14 capital project paid for through the bonds, you know,
15 was not identified until just -- well, last month or
16 two by the district. And -- and that is only, I
17 think, because a new board member asked about it.

18 People need to understand that -- I
19 understand the separation between, you know, the
20 capital projects and the operating expenses. But in
21 order for this significant capital project to be
22 effective, it has to be operated effectively, and the
23 district didn't even plan for that or budget for it
24 until recently. And I also think they -- they
25 budgeted inadequately for it now.

1 As somebody who managed the oversight and
2 mitigation -- environmental mitigation projects for
3 the state public utilities commission for several
4 years, the amount of money that they budgeted to
5 operate this \$15 million water treatment system is
6 inadequate, in my judgment. And I think, you know,
7 somebody else needs to look at that. They need to
8 get some better --

9 DONNA O'LEARY: Ten seconds.

10 MARTHA SULLIVAN: -- thoughts about the
11 costs associated with that.

12 RTA PRESIDENT VALDEZ: Thank you.

13 Are there any other members of the public
14 signed up for this item?

15 Is that "No"?

16 RTA SECRETARY/TREASURER MOORE: No.

17 A/V TECHNICIAN: That was "No." No.

18 RTA PRESIDENT VALDEZ: All right. That
19 completes item F on our agenda. Item G is other
20 business and an update on The Center.

21 RTA SECRETARY/TREASURER MOORE: So last
22 year we had reported -- well, I think even going back
23 to 2019, but the -- so 2019, the start of the
24 renovation project on the Surfside Race Place, which
25 was our satellite wagering facility, and that project

1 is near completion. It's anticipated to be done --
2 we're still in March -- so in the month of May.
3 Looking forward to it. We're very excited.

4 And when that does happen, our satellite
5 wagering activities will then return too. So they've
6 been displaced for just about two years now, taking
7 place in the grandstand. But once we are able to
8 open The Center, which we anticipate being later this
9 year as things continue to open up in California,
10 we'll be returning Surfside Race Place to -- to that
11 facility now called "The Center." So it's very
12 exciting that it is happening.

13 Obviously there are still a lot of
14 restrictions in place with regard to COVID and, you
15 know, mass gatherings and also even, you know,
16 entertainment venues in terms of indoor versus
17 outdoor. And so we'll continue to navigate that
18 through the course of 2021, but very excited to at
19 some point finally get to debut this project.

20 RTA PRESIDENT VALDEZ: What's your aim --
21 your opening aim date?

22 RTA SECRETARY/TREASURER MOORE: We're
23 looking to the fall, approximately October 1, again
24 depending on what restrictions may be in place at
25 that time.

1 RTA PRESIDENT VALDEZ: Any questions or
2 comments?

3 Do we have any members of the public signed
4 up for this item?

5 RTA SECRETARY/TREASURER MOORE: We do we
6 have one speaker, and that is Martha Sullivan.

7 MARTHA SULLIVAN: I'm just monitoring the
8 remainder of the agenda to see if there's anything
9 that I feel like I need to comment on. So thank you.

10 RTA PRESIDENT VALDEZ: Thank you.

11 I do not believe we need any recess for
12 RTA. So I think that we can now adjourn the RTA
13 portion of the meeting and reconvene RTLC for the
14 last two items.

15 So back to you, Gayle.

16 (RTA meeting adjourned: 1:47 P.M.)

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1 **STATE RACE TRACK LEASING COMMISSION MEETING**

2 (Resumed 1:47 P.M.)

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4 RTLCHAIR MILLER: Great. Thank you very
5 much.

6 I think then we were going now to other
7 business. Is there any other business to come before
8 the board today?

9 No? Great. Thank you very much.

10 And do we have public comment one more
11 time?

12 COMMISSIONER VALDEZ: No. I think, since
13 we did public comment at the beginning of the
14 meeting, that encompasses the public comment portion.

15 RTLCHAIR MILLER: Great. Well, thank you
16 very much, everyone. I think we'll -- we all have
17 our marching orders and understand things a lot
18 better. Please be in touch if there's other
19 questions. And I certainly appreciate all the time
20 today.

21 With no further business to come before the
22 board, I will entertain a motion to adjourn, please.

23 COMMISSIONER BARKETT: So moved.

24 COMMISSIONER MEAD: So moved.

25 RTLCHAIR MILLER: Thank you, Ms. Barkett

1 and Ms. Mead. With no objections, this meeting is
2 adjourned.

3 (RTLC meeting adjourned: 1:48 P.M.)

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