

ANNUAL BUSINESS MEETING  
OF  
NEW MEXICO HORSE BREEDERS ASSOCIATION  
Held on January 30, 2020 at the  
Ramada Plaza Hotel, Albuquerque, New Mexico  
APPEARANCES

BOARD OF TRUSTEES:

Tom Goncharoff, President

Miguel L. Gallegos, 1st Vice President

Jay L. Taylor, 2nd Vice President

Denton Crozier

Debra J. Laney

Mike Logan

Mindy J. McArthur, (not present)

Annette McCloy

Mac Murray

Thomas W. Pierce, Jr.

Verner R. Query

Bill W. Shepard

STAFF:

Mary M. Barber, Executive Director

Ernestine Aragon, Registrar

Paulette Taylor, Administrative Assistant

1 (Meeting called to order at 10:17 a.m.)

2 MR. GONCHAROFF: Folks, we will be getting started  
3 in just a couple minutes. Thanks for your patience.  
4 They are still counting proxies and verifying them.  
5 So, hence the delay.

6 Good morning everyone. Ready to get started? I  
7 am Tom Goncharoff, president of the New Mexico Horse  
8 Breeders. Thank you all for coming. Hopefully the  
9 season is going well for everybody. Nobody looks too  
10 sleep deprived. Maybe you just hide it well. Looks  
11 like we have a good crowd. We sure know how to get  
12 good crowds here, right? Put something controversial  
13 on the agenda and you all show up.

14 I would like to acknowledge quickly the chairman  
15 of the New Mexico Racing Commission is here, Beverly  
16 Bourguet. Stand and wave to the crowd. She is a  
17 little under the weather. We appreciate you showing  
18 up. Thank you for coming.

19 (Applause.)

20 MR. GONCHAROFF: Quickly like to acknowledge the  
21 hard work of our intrepid staff, executive director,  
22 Mary Barber, registrar, Ernestine Aragon and Paulette  
23 Taylor. They work their tails off for us and we  
24 appreciate all you do. Thank you.

25 As most of you are aware, last legislative

1 session, thanks to, in huge part, to our past president  
2 Ralph Vincent, who is sitting next to his wife Beverly,  
3 we were able to successfully pass some legislation that  
4 we feel strongly about, benefited the breeders. We  
5 aligned our registration rules with the AQHA Quarter  
6 Horses and Thoroughbreds with Jockey Club, just kind of  
7 made it simpler. And makes more sense.

8 We also eliminated -- this is a little arcane but  
9 we eliminated sort of, like I said, an arcane fiduciary  
10 bond we were required to carry and thankfully the  
11 legislature agreed with us and that saved the  
12 Association about \$20,000. We also required membership  
13 in the Association in order to be eligible for awards  
14 which mirrors other states and we felt goes to the  
15 fundamental issues of fairness. If you're going to get  
16 an award, you should be a member. That also helped our  
17 bottom line as well.

18 But most importantly, I think, we changed the  
19 awards and it was in statute that we had to change.  
20 But, now, first, second and third place are eligible  
21 for awards not just first place. That was a pretty  
22 significant deal. Credit to Candy Ezzell, our  
23 representative from Roswell, and a huge friend to the  
24 industry. We couldn't have done it without her, and  
25 Ralph. I don't know if any -- how many of you -- well,

1 I know Susan Vescovos knows, but prowling the halls of  
2 the roundhouse, shaking hands, explaining issues to all  
3 these legislators is a lot of work and not easy to do.  
4 But, again, thanks to Ralph Vincent for helping guide  
5 us through that process. We were able to successfully  
6 get that done. Thank you again for that, Ralph.

7 (Applause.)

8 Jay Taylor is going to do a summary of the  
9 treasurer's report and I just want to give a quick  
10 shout out to Jay. I think probably, Jay, is this fair,  
11 within five years ago we were in pretty bad shape  
12 financially, this Association, and Jay has gone through  
13 the numbers, made the numbers understandable to the  
14 Board and to the staff. And by understanding those  
15 numbers, we were able to put this Association on a firm  
16 financial footing. We are in much better shape than we  
17 have been in a long time and a lot of credit for that  
18 goes to Mr. Taylor. Again, he'll be addressing the  
19 treasure's report, summarizing it and a copy is  
20 available for everybody. You should have one in front  
21 of you. If you have questions for Jay, feel free.

22 Quick mention about this Board. This is a very  
23 engaged Board. They all work very hard. They are all  
24 volunteers, giving of their time. We don't always  
25 agree, we have lively but civil discussions which I

1           feel is pretty important. If we all agreed we would  
2           probably have a problem. But, this Board is diligently  
3           trying to work on behalf of you all, the membership.  
4           And to that point, when the Board submits a ballot  
5           initiative for the members to vote on, we are not  
6           necessarily endorsing the merits of that issue. We  
7           just think it is an issue that should be brought to you  
8           all to decide. The Board doesn't decide. The Board  
9           isn't necessarily unanimous in their approval of these  
10          particular measures but we are in general agreement  
11          that this is an issue important enough, doesn't violate  
12          statute, it doesn't damage the Association financially,  
13          but we think it has enough value that you all, the  
14          members, should decide. Just so that is understood.

15                 The Board meetings are open to all members and if  
16          you want to attend you're more than welcome. If there  
17          is an agenda item that you would like the Board to  
18          discuss, please tell us in advance and you'll get your  
19          chance to address whatever issue it is that you had in  
20          mind. So, we are open and welcoming and any time you  
21          want to be there, you're more -- we encourage you to  
22          attend.

23                 The Andersons are here from Bozeman, Montana. If  
24          you all could stand. Don't be shy. They have made a  
25          giant commitment to New Mexico. Not only did they move



1 But, we all want to give you guys a chance to speak.  
2 If you haven't signed up, please make sure you have.  
3 Okay. It is members only by the way.

4 So, I guess I'll turn this over to our executive  
5 director, Mary Barber.

6 MS. BARBER: Welcome and thank you for coming  
7 today. The 2019 and 2020 members were sent a notice of  
8 the annual meeting and agenda items along with sample  
9 ballots on December 31, 2019. Due to the high cost of  
10 postage only one notice was sent to each address. All  
11 members who paid their 2020 membership dues by  
12 Wednesday, January 15th, were mailed proxies. All  
13 members were properly notified by mail in accordance  
14 with our Association bylaws, Article IV, Section 4,  
15 which states, "Notice shall be made no less than 5 days  
16 nor more than 30 days prior to the meeting." Notices  
17 were mailed on December 31.

18 We have 686 members who paid their dues by the  
19 deadline of January 15, 2020, which was the final day  
20 for dues payment in order to be eligible for voting  
21 privileges. We would need 69 for a quorum. There are  
22 82 eligible members present and we have 127 valid  
23 proxies for a grand total of 209 and we do have a  
24 quorum.

25 MR. TAYLOR: Good morning everyone, I am Jay

1 Taylor. I can't believe they gave me the microphone,  
2 I'll never get down now. I am going to go through our  
3 basic treasure's report and try to summarize it a  
4 little bit this year, not reading word for word.

5 The first page is our report. Investments, as you  
6 can see, we cashed out three investments during the  
7 year and reinvested in another investment. Our  
8 investments weren't doing much. Since mid last year,  
9 the American Balance Fund has made 7%. The First  
10 Trust, very first one has made 14%. We also cashed out  
11 our money market fund. It was making less than 1%. We  
12 now have it in a fund that is earning 2.1%.

13 This is a comparison only between 2018 and 2019.  
14 If you look at that comparison, you'll see that we  
15 increased in net worth, basically, \$115,472. We'll be  
16 adding another 50,000 to our investments out of our  
17 general account this year. So, financially, the last  
18 few years, we have been doing good, really good.

19 Next page covers revenue and spending. As you can  
20 see at the top we went up in revenue this year from  
21 377,000 to 396,000. And that revenue is just what is  
22 generated from the dues, the registration and our  
23 normal business. The last couple or three years, this  
24 Board has gone to a lot of work and they have put on  
25 the silent auction and that has generated a lot of

1 money. The stallion auction has generated money and  
2 the big one is probably our export mare. Export mare  
3 has generated a lot of money, so our total earnings  
4 this year were \$489,334.

5 As Tom mentioned, we were able to do away with the  
6 requirement for the fiduciary bond that we have been  
7 furnishing to the Racing Commission for a number of  
8 years. And it basically didn't ensure us against  
9 anything but employee theft. We already had that  
10 covered so under insurance where we spent 30,000 a  
11 year, that will go down 20,000 next year. That is a  
12 big plus.

13 The other big thing that you see on our spend  
14 sheet there is the amount that the computer expenses  
15 has increased from 6800 to 28,000. We are in the  
16 middle of a major computer overhaul upgrade, basically.  
17 We have a very specific program for the business we do.  
18 And we are upgrading that program, trying to make it  
19 run smoother, be less labor intensive and we are about  
20 halfway through it. We had budgeted considerably more  
21 for this, but they didn't finish it this year. It will  
22 finish next year.

23 So, bottom line is we spent \$93,306 less than what  
24 we made. 93,306 at bottom is a profit for the year.  
25 Hopefully next year we can get over 200,000. And just

1 to show you what has been happening to the Association,  
2 in 2006 the Association earned over \$611,000. Now that  
3 was just from dues and registration. That goes to show  
4 you how large our organization was at that time. How  
5 many horses we had being registered, how many paid  
6 members we had. So, from 2006 to 2019, 13 years, we  
7 dipped down to this year. If it had not been for the  
8 increased membership which totals about 17,000, we  
9 would have only made a little over 380,000, around  
10 \$380,000. That is a big decrease. That is about a 35%  
11 decrease. That would have put any small business  
12 under. We have done well about managing that and not  
13 going downhill so bad.

14 The next sheet, that is our breakage account,  
15 purse enhancement. The top part of that, where it says  
16 "Breakage accounts, purse entrancement," that is just  
17 the balance in those accounts at that time. We manage  
18 a large number of accounts and that money goes into  
19 them and it comes out by transfer. We actually don't  
20 touch that money in that we can do anything with it  
21 except transfer it from one account to the other until  
22 it gets to the account that the checks come out of.  
23 So, that is the balance as of 12/31/19 and that will  
24 change. It has already changed.

25 Below are the purse enhancements. I am not going

1 through these. You can see what they are for each  
2 track, Page 3 through 6, and we use that money to do  
3 these stakes enhancements. And that is something that  
4 we work each year with the tracks. Mary and the Board  
5 work with them to establish these.

6 Page 7, Unclaimed ticket account. Again, the  
7 section at the top is just the balance that was in  
8 those accounts at the time. Down below is what we have  
9 committed overnight stakes races. And again I'll let  
10 you go through that yourself and that is another thing  
11 that Mary plays a big part in and the Board working  
12 that out with the tracks. They try to anticipate the  
13 amount of money they are going to earn so we don't have  
14 a big excess in these bank accounts at the end of the  
15 meet and end of the year. We want to get everything  
16 allocated out to the people that come or as it is  
17 earned.

18 Page No. 8, that is the total distribution of the  
19 Association and New Mexico Bred overnights. So, what  
20 you're seeing there is a total amount we added to New  
21 Mexico Breds and overnights and on the whole it went  
22 up. The one that kind of jumps out is Sunland Park.  
23 It looks like it went down but Sunland Park  
24 underestimated their earnings and they had to do a  
25 retro at the end of the year. So there was more money

1           paid to the breeders in that retro that wouldn't be  
2           shown here. Overall, that went up. All that is based  
3           on the gaming money that we get as it continues to grow  
4           our purses and what we add will continue to grow.

5           Page 9, that is New Mexico Breds and overnights in  
6           the 10% breeders awards. The New Mexico Breds in the  
7           open races, the open overnight races, are actually  
8           doing real well. They are about 1 out of every 3  
9           entered now is running first, second and third.  
10          Quarter Horses have always performed pretty well in the  
11          opens but the Thoroughbreds are starting to be fairly  
12          competitive in opens also. They earned \$91,618 in open  
13          races.

14          The second part there is 10% breeders track  
15          awards. There is not much to add there except that it  
16          does indicate that we are still losing grade stakes and  
17          that affects everything. As we lose race days, we will  
18          lose breed races and opportunities to race. That is  
19          something that we work on and the Horsemen work on, but  
20          we have to continue to work with the Racing Commission  
21          and show that these tracks aren't separate from the  
22          casino. It is one business. And as long as the total  
23          thing is making profit, they need to continue to  
24          support our racing. Casinos, most of them, want to cut  
25          that down. They want less days and continue to lobby

1 for it and we need to continue to battle that.

2 Page 10 incentive funds and purse enhancements.  
3 The top part of that, you can see what we gave out in  
4 the year so the total amount that we distributed was  
5 \$11,614,969. That was between us and the track. Our  
6 total was 10,317,000.

7 You can see the difference in the membership  
8 between 2018 and 2019. That goes back to what Tom was  
9 talking about, we were able to actually get it into  
10 statutes. What we originally looked at was trying to  
11 get some type of a processing fee for nonmembers.  
12 Well, they actually put it in the statutes that you  
13 have to be a member of the Horse Breeders Association  
14 now in order to get a check. A lot of people were  
15 getting checks and they were contributing basically  
16 nothing to the Association itself. That is not the  
17 case now. That is an increase of 203 members. So,  
18 that one change alone added about \$15,000 to our  
19 income.

20 The second part is registration. It shows you  
21 what we registered for New Mexico Breds, difference  
22 between 2018 and 2019. And they are showing a decrease  
23 of minus 66, but I am not sure how much -- I know the  
24 Quarter Horse Association has been having problems. I  
25 think that number is going to come up. I think we'll

1           probably have -- hopefully it zeros out or we actually  
2           show an increase in registrations. There should be  
3           some late ones coming in, but we are getting them in  
4           and also the one thing that kind of jumped out at me is  
5           New Mexico broodmare registration actually increased  
6           quite a little bit in 2019 from 2018.

7                     And just kind of an interesting fact, when you  
8           look at stallions, there are over 200 active stallions  
9           in the State of New Mexico right now. And that could  
10          go up. Makes a pretty small book for mares.

11                    The next page, Page 11, 10 and 11, is more about  
12          the registration. It gives a breakdown, a little more  
13          detail. If you look at the bottom of the page, you'll  
14          see the export mare breakdown. And we have gone from  
15          99 to 112 on export mares. The export mare program has  
16          contributed quite a little bit of money to the program  
17          here. And I think it has given an opportunity for some  
18          of these mares to remain in the program and continue to  
19          produce breeds, which we need and we need them to fill  
20          races. And I think it has probably brought a few in  
21          that wouldn't be here anyway. So, I think that has  
22          actually been a plus for the Association. I know it  
23          was a controversial issue and I'll talk about that a  
24          little bit more in a minute.

25                    Page 12 is just gaming revenue. And, again, this

1 is just what the balances of these accounts were on  
2 12/31/2009. You can kind of see what is in there. The  
3 difference at the top between 2018 and 2019 was just  
4 how those funds -- the timing of when they were  
5 allocated. It is not that the gaming purse fund  
6 dropped that much. It is just timing. The whole thing  
7 is showing the balances here. I can't really derive  
8 much out of it because it is going up and down. To me  
9 it is like asking my wife how much in the bank account  
10 and she says, I don't know, but last week we had \$100.  
11 So this is what this is, it is how much we have now.

12 All right. Page 13 and 14, these are just a  
13 distribution. The award distribution allocation. It  
14 is how we allocate it out. Page 13 is from  
15 September 22 to June 9 because it changed after June 9,  
16 so the next page, Page 2, picks up from the June 14 to  
17 September 20 and also has the one Quarter Horse day in  
18 there included and the difference is that the breeders  
19 awards now pay first, second and third. If you check  
20 the two pages, the difference is, in the breeders  
21 awards now, we are going to pay first, second and  
22 third, the same as owners awards.

23 2013 -- I am sorry, Page 15, this shows breed  
24 races and how many we have and what we had for a total.  
25 If you look like on the first one there, in Sunland

1 Park at the bottom line over to the right where it says  
2 plus 73, that means by rule each track has to run three  
3 breed races a day. They ran enough over that they were  
4 73 breed races over during the meet than three a day.  
5 So, they had a 3.97 per day. They almost ran four a  
6 day. This is a good. Unfortunately there is a bad  
7 that goes with it. If you look down, our average of  
8 all the tracks instead of three a day was 3.86 per day.  
9 And it meant that we ran 222 breed races above the  
10 three a day, if you total them out.

11 So, on the three-a-day rule, we are doing pretty  
12 good. Unfortunately, the bad news is if you go to the  
13 next page, there is another break out of breed races  
14 and it also shows a loss in days. We continue to lose  
15 days and I think everybody knows that we need to try to  
16 get that turned around. But, if you total the breed  
17 races that we had in 2013 against the ones we had in  
18 2019. At Sunland Park, we are down 71 breed races. At  
19 Sunray Park, we are down 73. At Ruidoso Downs we are  
20 down 20. Albuquerque, we are actually up 30. Zia  
21 Park, we are down 76. For a total from 2013 to 2019,  
22 six years, we lost 200 breed races. I am not sure what  
23 all we need to do to get those back. There is a number  
24 of things we need to look at and try. One of the  
25 things we definitely need is to keep our numbers going

1 up.

2 The other thing, real quick, that was out there, I  
3 did pass out a copy of our budget. We started this  
4 budget four years ago. Three of the four years now we  
5 have shown a profit. We spent less than what we had  
6 budgeted. Which is a good thing. Hopefully we can  
7 keep up on that and we're fine tuning it and the budget  
8 is getting better all the time. We are actually  
9 getting stuff cost coded where it belongs so we get an  
10 accurate picture.

11 Just a little bit about the export broodmare  
12 program, then I'll get out of here. In 2018 we had a  
13 total of 90 mares that generated 45,000. In 2018, we  
14 had a total of 87 mares generated 45,000 including a  
15 \$2,000 penalty. And in 2019 we had 111 mares that  
16 generated \$57,000 plus a penalty. Over the past three  
17 years, the program has netted the Association \$147,000.  
18 This was kind of set up to try to help the  
19 Thoroughbreds a little more to increase numbers but  
20 actually the Quarter Horses are using it a little more  
21 than the Thoroughbred people.

22 We have them from all states, Colorado, Arizona,  
23 Texas, Utah, even Kentucky. And I think that is good  
24 advertisement if people are bringing horses here and  
25 breeding them. Anyway, when this came up four years

1           ago, we said we would review the program. So, it was a  
2           controversial issue when it came up. So, there is  
3           members out there that are still against it. They need  
4           to present it to the Board and we can present it to the  
5           membership again. That is the way it works.

6                    Any questions on the report? Any reason I can  
7           stand up here and talk a little longer? All right.  
8           Thank you.

9                    MR. GONCHAROFF: Thank you Jay. Again, appreciate  
10          all your hard work on these issues. It's vitally  
11          important. Maybe not exciting but certainly vitally  
12          important. Now I need acceptance of the treasurer's  
13          report and that includes all members that are in  
14          attendance by voice vote. I need a motion to accept  
15          and a second.

16                   MR. SHEPARD: I make the motion.

17                   MR. GONCHAROFF: Bill Shepard. All those in  
18          favor? That includes you all. Opposed? Question,  
19          comments? Motion passes. Thank you.

20                   Next item is to determine the date of next year's  
21          annual meeting. The staff is recommending Thursday,  
22          January 28 in Albuquerque. And, again, I need a motion  
23          and a second, please.

24                   MR. TAYLOR: I make a motion.

25                   MR. GONCHAROFF: Do we have a second?

1 MR. GALLEGOS: Second.

2 MR. GONCHAROFF: All those in favor say aye?  
3 Opposed. Discussion? Motion passes. Thank you.

4 I am going to read the bylaws regarding nominees.  
5 "A nominee for trustee must declare to the Board of  
6 Trustees whether he is a Thoroughbred breeder or  
7 Quarter Horse breeder upon his nomination. A nominee  
8 for trustee, must have been a member in good standing  
9 during the 12 months preceding the nomination." And  
10 now we'll entertain nominations for new trustees from  
11 the floor.

12 SPEAKER: Pete (Indaudible). I nominate Nancy  
13 Summers, Thoroughbred.

14 MR. GONCHAROFF: Okay, thank you.

15 MS. ALVAREZ: I would like to nominate Carroll  
16 Durbin, Quarter Horse.

17 MR. GONCHAROFF: Thank you. Sandy?

18 SANDY: I would like to nominate Mike Cadotte,  
19 Thoroughbred.

20 MR. GONCHAROFF: Mike Cadotte. Are there any  
21 others? Thank you. Nominations are closed. And we  
22 have verified that all our members are in good standing  
23 as described in the bylaws?

24 MS. BARBER: Yes.

25 MR. GONCHAROFF: We'll ask the nominees to say a

1           few words regarding their involvement in the industry.  
2           Why don't we start with Mac Murray.

3                   MR. MURRAY: I have agreed to run. I have been on  
4           the Board for several years.

5                   MR. GONCHAROFF: Turn on your microphone.

6                   MR. MURRAY: Now is it working? Anyway, I have  
7           been on the Board a number of years. I think we have  
8           accomplished a lot of good things. One of the things  
9           that I am very proud of, and we have got to give Ralph  
10          a lot of credit for that, was our legislative changes.  
11          And just one clarification, the first, second and  
12          third, that is only for the year-end awards. The 10%  
13          that comes from the racetrack, that is still just for  
14          the winners. So, just so everybody is not confused  
15          with that. But I am really proud of what we have done  
16          with that.

17                   I think the other thing that has been needed to be  
18          done for a long time is, and we were able to get it  
19          done through statute, is to change for someone to get  
20          an award, a breeders award, they have to be a member of  
21          our Association. And, I and a lot of other people have  
22          personally been involved in other states and other  
23          associations and I think we are the only one that you  
24          have never had to be a member to get money. And I  
25          think that was a really big deal.

1           Getting back to the export program, we put that  
2           into our Association, I don't know, three years ago,  
3           and many of you may have heard Jay's comments, last  
4           year there was 70 Quarter Horses and only 40  
5           Thoroughbreds that took advantage of that program. And  
6           I think when we initially did that, it was proposed by  
7           some Thoroughbred people from out of state that wanted  
8           to come in and breed their mares here and take them  
9           home. Now this new thing has come up about taking  
10          Thoroughbred mares out of the state, breeding them to  
11          an outside stallion or going outside and buying a mare.

12                 And I have tried to be kind of neutral on that  
13          particular subject but after going to the Heritage Sale  
14          and talking to some of the people from Oklahoma and  
15          Louisiana, they think that has really hurt the program.  
16          And we are still an Association of both Quarters Horses  
17          and Thoroughbreds. We don't own any Thoroughbreds but  
18          I think we have got to all stick together on this  
19          thing. If we lose more days, if we lose -- and I just  
20          think that anybody that is a Thoroughbred breeder in  
21          New Mexico, if they want to increase their output, they  
22          do just like some of the Quarter Horse people have  
23          done, just go buy some mares. If they want to buy a  
24          stallion -- and I think one of our issues has been  
25          maybe stallion power. Maybe there needs to be higher

1           powered stallions in the state. That has worked very  
2           well with the Quarter Horses.

3           Anyway, I would appreciate your vote and hopefully  
4           can move on and get some things done. Thank you so  
5           much.

6           MR. GONCHAROFF: Bill Shepard.

7           MR. SHEPARD: Yes, I am Bill Shepard. I was on  
8           for two years on the Quarter Horse side. And I am  
9           switching over to the Thoroughbred side and probably  
10          one of the main reasons that I am switching to the  
11          Thoroughbred side is there has been a lot of  
12          controversy on the imported Thoroughbred mares bred to  
13          outside stallions and I am adamantly against it and I  
14          think we just need to stick and hold together on  
15          everything that we have done. The Quarter Horse side  
16          has always been strong as far as breed, Quarter Horse  
17          breeds, competing with the open Quarter Horse and have  
18          done really well.

19          And the Thoroughbreds are getting some stronger  
20          and it is just about getting the mare power and getting  
21          new Thoroughbred stallions in the state. We have had a  
22          couple of great bred Thoroughbred stallions come to the  
23          state and there is opportunities to bring Thoroughbred  
24          mares in and leave that Thoroughbred baby an open baby,  
25          and when I started back 30 some years ago, the

1           Thoroughbred at Ruidoso, the New Mexico Bred sale, used  
2           to have open Thoroughbreds and I had a partner and we  
3           would bring some in from Florida back in those days  
4           from OBS Sales. And it was weanlings to yearlings and  
5           still something that anybody could do, and I think we  
6           need to have the Thoroughbred numbers up. And we can  
7           do that if the Ruidoso Sale Company would entertain  
8           having open Thoroughbred yearlings, along with New  
9           Mexico Bred yearlings and hopefully enhance the buyers  
10          coming in and the prices should go up tremendously with  
11          that in mind.

12                 I would appreciate your vote.

13                 MR. GONCHAROFF: Thank you, Bill. Norma Alvarez.

14                 MS. ALVAREZ: Good morning. Good to be back with  
15          my people. I have been on a forced vacation for a year  
16          but my love is here with you and it has been a labor of  
17          love all these years. I was on the Board for 14 years  
18          and I didn't realize I was on it that long until I got  
19          off. I would like to serve again if it is your  
20          pleasure and the two issues that I hope that we get  
21          passed is reforming the way we vote. Because it always  
22          leads to these little coups and the proxies and it is  
23          just, you know, it makes it unfair.

24                 We always say, you know, I always felt real bad  
25          because we always said on the Board we are very

1 interested in how the members feel and we wanted to  
2 hear your voices. Yet at the end of the year, all this  
3 shenanigans goes on and they don't get to vote. Most  
4 of our people out there are working people in New  
5 Mexico. So, it is very hard for them to take off from  
6 work. For me it is a \$250 day to come up here and if  
7 we have to spend the night, it is another \$200. And  
8 that is quite a commitment just to vote.

9 So, I hope that we get to vote from home like most  
10 places do it. Most organizations that we belong to do  
11 the proxy from home. So, people are worried that it is  
12 going to be something they can cheat on. But it is  
13 not. It is one person, one vote. I am passionate  
14 about doing that, because ever since I joined the  
15 organization, I have hated the way we vote and I think  
16 we need a democratic process.

17 Also, you know, these ideas that they brought up,  
18 you know, they are not pandering for votes and I say to  
19 them, I commend them to the Board that they are not,  
20 they are brave. They are brave for bringing all this  
21 up, but it is just stuff to put out there because we  
22 are going to have a lot of challenges going forward. I  
23 also am serving on the AQHA Racing Committee. I have  
24 been on it for two years and I see things coming down  
25 the pike and there is a lot of challenges that we are

1 going to face from animal rights. We are going to have  
2 new medication rules, it looks like, so, there is going  
3 to be changes.

4 And also the money that Texas has now, they are  
5 running at extraordinary purses like 30,000 for a  
6 maiden, 36,000. So, we are going to have those  
7 challenges as well. We have to compete.

8 One thing I would like to throw out there, I have  
9 been looking at -- we have looked at it on the prior  
10 year, is the percentage that the year-end award pays  
11 for stallions. And we have the lowest among all the  
12 states bred programs. We have 7.5%. Oklahoma is at  
13 16% and Louisiana is at 10. So, I think if we can  
14 maybe figure out a way to raise that and try to attract  
15 very commercial stallions to the state, then the mares  
16 will follow, the quality will follow. We have to be  
17 very competitive that way. So, appreciate your vote.  
18 And I hope I am serving again.

19 MR. GONCHAROFF: Thank you, Norma. Mark Brown.

20 MR. BROWN: Mark Brown. Hi, I am going to talk to  
21 these people because that is the membership. You guys  
22 are leaders. My name is Mark Brown and my wife Peggy  
23 and I have been involved in the horse racing business  
24 around the country for years. We are new to the State  
25 of New Mexico. We moved here last June and I currently

1 am the chairman of the AQHA Racing Committee. I also  
2 serve on the Council and that is why I got a wide range  
3 of views from around the country. I run horses in  
4 Idaho, Nevada, Utah, Wyoming, California, Arizona and  
5 Texas. And I brought my first horse here to New Mexico  
6 during the challenge race. Some of you guys came and  
7 supported us on that.

8 But, we moved to New Mexico because of the  
9 breeding program here. I have got a partner that has  
10 helped on our place and that. He is one of the owners  
11 of the Les Bois Park. His name is Harry Bettis and he  
12 runs Thoroughbreds. So at our place we have more  
13 breeds out there. No matter what you want to say, we  
14 are all in this together. We are on the national deal  
15 and locally in that and if we don't work together and  
16 keep things going, and think outside the box, the  
17 industry is going to be in trouble and that.

18 Lauren mentioned things we are going through with  
19 AQHA and with the national policies and you might not  
20 think that New Mexico can do that, but I'll guarantee  
21 you this integrity act that is going through, that is  
22 getting shoved down our throats nationally, will shut  
23 probably half the tracks in America down if that gets  
24 through and passed.

25 So there is a lot of different problems we have to

1 address and that is the only thing I really bring to  
2 the table and that is I am not just New Mexico and  
3 that, even though I did run my first New Mexico bred  
4 horses here last year and we was part of your import  
5 program. We sent horses down, bred some and took them  
6 home. That was a way for us to be part without the  
7 expense of leaving horses here.

8 So, New Mexico has a lot of things going but like  
9 the whole industry, we got problems and that. The  
10 Thoroughbred problem you have here it is nothing that  
11 isn't nationwide. I think, I read a report the other  
12 day, Thoroughbreds in 2007 the Jockey Club registered  
13 somewhere close to 38,000 colts. They are estimating  
14 their numbers this year are 20,000. So, the number of  
15 Thoroughbreds and that, it is an industry problem, not  
16 just a New Mexico.

17 But we have to figure out how to get the horses  
18 here. We have neighboring states, Arizona doesn't have  
19 very good purses but we're not getting their horses  
20 over here to enter. They are running over there for  
21 less purses and Arizona has a lot of problems. We have  
22 to figure out some way of bringing more people in to  
23 fill the races because we can't keep giving up dates at  
24 the racetracks. It is unacceptable for horsemen. They  
25 have to have the opportunity to get a return on their

1 dollars.

2 MR. GONCHAROFF: Thank you, Mark. Carroll Durbin.

3 MR. DURBIN: I have bred horses in New Mexico for  
4 more than 20 years. I have raced probably longer than  
5 that. The reason that I agreed to go ahead and try to  
6 get on the Board is I am semi-retired now. Most people  
7 don't know me but I have had a business at the  
8 racetrack for the last 20 years selling feed. I would  
9 appreciate the vote. If you have any questions feel  
10 free to ask me.

11 I don't know exactly how to vote until I figure  
12 out what is on the agenda, but I'll work with the  
13 members and do what they want. Appreciate the vote.  
14 Thank you.

15 MR. GONCHAROFF: Thank you, sir. Dr. Franklin,  
16 Warren Franklin.

17 MR. FRANKLIN: My name is Warren Franklin. I am  
18 an equine veterinarian in Ruidoso, New Mexico for the  
19 last 33 years. My family has been involved with New  
20 Mexico racing for approximately 50 years and myself the  
21 last 15. I have raced, bred and sold Thoroughbred and  
22 Quarter Horse yearlings.

23 I have a hard time really understanding how the  
24 importing pregnant mares as far as Thoroughbred is  
25 really going to help the general population of New

1 Mexico Horse Breeders. I think that probably goes back  
2 that there will be some select few that are able to  
3 really accomplish their goals by buying those mares.  
4 The rest of us have been struggling and breeding for  
5 years. When we finally get to that place where you can  
6 actually sell yearlings and race good babies, it is  
7 hard to know that you're going to have some really  
8 serious competition from out-of-state horses. So, I am  
9 definitely against the import rule.

10 I also agree with Norma in that we probably need  
11 to do something different with the proxies. I do think  
12 there is ways we can document votes simply getting them  
13 notarized and not have to bring in a herd of votes in  
14 order to play the game.

15 So, I hope that to get on the Board I can  
16 represent some of the smaller breeders. Especially in  
17 the Thoroughbred world. Appreciate it, thank you.

18 MR. GONCHAROFF: Thank you, Warren.

19 MS. NAVE: I am Helen Nave from Hobbs, New Mexico.  
20 And I have been breeding and running Thoroughbred race  
21 horses for about 12 years. And I support the New  
22 Mexico horse farms and I think that the new ruling  
23 would be detrimental to the horse farms here. And I  
24 would do my best to represent all the members.

25 MR. GONCHAROFF: Thank you. Nancy Summers.

1 MS. SUMMERS: Hello. I am a long-time New Mexico  
2 resident, born and raised here as was my father. He  
3 started with one broodmare probably 30 years ago. I  
4 have three now. Tony Pickard and I, my significant  
5 other, raise them. I would like to get on the Board  
6 and try to help the issues that we have. I think  
7 everything is sort of on an upswing. We have had some  
8 ups and downs but I do remember when we were racing for  
9 a top purse of 2700. I rode for 33 years and raised  
10 for a lot of years for that. So the kind of money we  
11 are racing now for is a big change from what it was. I  
12 think if we all stick together as a team and work  
13 together, I think New Mexico is a great place to race.  
14 Thank you.

15 MR. GONCHAROFF: Thank you, Nancy. Mike Cadotte.

16 MR. CADOTTE: Good morning to everybody. I am  
17 Mike Cadotte. Been on the Board for 16 years. Haven't  
18 been on the last four years. I was asked to run again.  
19 I was president for seven years on this Board. I am  
20 not in favor of the proposed amendment as far as the  
21 horses are concerned. But if we do do it, we should  
22 probably do it for both breeds. If we are going to  
23 open up the borders for one, we ought to do it for the  
24 other because we are one Association representing both  
25 breeds. I am against it.

1           And as far as the vote is concerned, as far as  
2           voting for, I believe, getting rid of the proxy,  
3           probably is a good idea. So, everybody gets one vote  
4           and one vote only. There is no cliques or groups of  
5           people that try to represent and push this foundation  
6           or this deal into one kind of idea.

7           I think by changing the rule, we are missing the  
8           intent and spirit of the people who designed this  
9           program in the beginning. People move here because of  
10          the program. Like this gentleman here, Mac, a lot of  
11          other people moved here because of the New Mexico Bred  
12          program, the way it is. It is a success. There are  
13          some tweaks that we can do but opening it up to let  
14          everybody have a mare where they take them to Kentucky  
15          and breed to American Pharaoh is wrong. We can bring  
16          good mares here. We can go to the sales, and also buy  
17          a good mare with a well bred baby inside, run open and  
18          then run breeds with our own breeds. That is my  
19          feeling. I hope you vote for me, but, like I said,  
20          been on the Board for 16 years and president for seven.  
21          I think I know what is going on. Thank you very much.

22          MR. GONCHAROFF: Thank you, Mike. The last. I  
23          served on the Board for a number of years. We moved  
24          here and work for Mr. Hubbard, R.D. Hubbard. Most of  
25          you folks know that and he wanted to take advantage of

1           the New Mexico Bred program as well. So he asked my  
2           wife Leslie and I would we be willing to relocate from  
3           Kentucky to New Mexico, build a farm, move some of our  
4           mares from Kentucky to New Mexico. We acquired a  
5           stallion, Attila's Storm is standing in the state, as  
6           most of you know. And, of course, as most of you are  
7           aware, he is also a large Quarter Horse breeder.

8           My wife and I are the quintessential small  
9           breeders, definition of small breeders. We have two  
10          Thoroughbred mares and one Quarter Horse mare. So we  
11          have skin in the game as well. To Mr. Hubbard's  
12          investment, it was significant obviously. I don't  
13          think there is another farm like it in the state.  
14          Attila's Storm, in particular, we spent a lot of money  
15          to acquire that horse. He was racing in New York when  
16          we bought him. We brought him here and he's been the  
17          leading stallion for the last three years, I believe.  
18          His stud fee is \$4,000. His average book -- Fred  
19          Alexander, who stands the horse, does a great job, by  
20          the way -- is about 40 mares. And, 8 or 10 of those  
21          are ours. He is the leading stallion in this state.

22          I think Mr. Taylor went through the numbers.  
23          There is over 200 stallions in this state, you made  
24          reference to book sizes. Folks there is just not  
25          enough mares, not enough Thoroughbred mares.

1           If you go to the breed sale and if you want to be  
2           just honest with yourself, if you're a buyer, and you  
3           look through the Thoroughbred section of that breed  
4           sale, how many catalog pages would you turn down just  
5           based on pedigree? Eight, 10? That is probably it.  
6           And out of that 8 or 10, how many are going to meet  
7           your requirements upon physical inspection? Maybe half  
8           if you're fortunate. And then following vetting, how  
9           many of those are going to pass? It is tough. And it  
10          is just not very appealing. And there is no way we are  
11          going to get out-of-state visitors to come to this sale  
12          unless we improve the quality of that catalog. That is  
13          just part of the equation.

14                 The idea that was put forth, and it wasn't my  
15                 idea, by the way, or Mr. Hubbard's, for that matter,  
16                 was to look at some creative way to goose the numbers  
17                 for quality and quantity. And how do we incentivize  
18                 that? Hence, we came up with this particular idea.

19                 Like it or not, that is why you are all here. You  
20                 can vote for it, if you think it will help. You can  
21                 vote against it if you don't think it will help.

22                 One thing I might add, I have heard reference to  
23                 this and saw some of this stuff on Facebook. I should  
24                 know better than to read the comments but I do it  
25                 anyway. Reference to folks buying mares in foal to

1           Curlin and my boss was named by name. Mr. Cadotte just  
2           mentioned somebody buying a mare in foal to American  
3           Pharaoh and bringing that mare here.

4           Well, I can promise you one thing, we are not  
5           going to do that and if somebody else did that, they  
6           need psychiatric help. It is just not going to happen.  
7           It doesn't make sense. Why would you buy -- just  
8           Curlin's stud fee this year I think is \$175,000. If  
9           that Curlin baby is running in New Mexico, you know why  
10          it is running in New Mexico? Because it can't run.  
11          So, I cite that example. I am not trying to be  
12          flippant but it just doesn't make sense. It is not  
13          realistic.

14          One final thing I think I need to add to dispel  
15          some rumors. This was prompted by some of the stuff I  
16          saw on Facebook, how this program is going to benefit  
17          the big guys and I was called out by name and my boss  
18          was called out by name. I am reluctant to do this in a  
19          public forum, but the word is getting out so I am just  
20          going to address it head on.

21          Mr. Hubbard is in poor health and has been for  
22          some time. Because of that, the Hubbard family is  
23          doing some estate planning and he is going to have a  
24          complete dispersal of all his horses, Labor Day  
25          weekend, this September. And the farm is going up for

1 sale as well. So, for those of you folks that consider  
2 him a threat, well, we are going to lose a guy at least  
3 a guy whose input and financial investment into this  
4 state that shouldn't be discounted. I challenge you to  
5 name somebody that has done more for the State of New  
6 Mexico racing than Mr. Hubbard.

7 So, it is uncomfortable for me to mention it but I  
8 wanted to dispel that rumor. As far as me serving,  
9 that is up to you all. Folks that know me, certainly  
10 people on the Board that I worked with, know that I  
11 work for the industry at large. What is best for New  
12 Mexico. That is what I care about. That is why I go  
13 to the commission meetings, I go to the rules and  
14 medication meetings. That is why we fight for race  
15 dates. We actually joined with the Horsemen this year  
16 trying to battle specifically Downs at Albuquerque.

17 We ended up losing but that fight is not over. We  
18 need to keep fighting. So, bottom line is, I am going  
19 on a little longer and I apologize for that, but, my  
20 motives are what is best for racing in general and  
21 breeding, in particular, in New Mexico and I appreciate  
22 your vote and I am willing to serve if you'll have me.  
23 So, thank you.

24 Any questions for any of the nominees from the  
25 audience? Really? There is one.

1           JANICE: (Inaudible).

2           MR. GONCHAROFF: I will repeat the question for  
3 Janice, for those that can't hear. She is asking  
4 Norma -- I think you're referring to the rule regarding  
5 Thoroughbred mares?

6           JANICE: And possibly Carroll Durbin too.

7           MR. GONCHAROFF: Norma, you can go first.

8           MR. ALVAREZ: As for me, I don't have a dog in the  
9 fight. I don't have a Thoroughbred. I don't want a  
10 Thoroughbred. And I don't think it is fair for me to  
11 decide on a Thoroughbred. This is specifically for  
12 Thoroughbreds. So my personal vote is to abstain.

13          MR. GONCHAROFF: Janice, I think, wanted all the  
14 nominees to address it, if you haven't already.  
15 Mr. Durbin, she mentioned you by name if you don't  
16 mind.

17          MR. DURBIN: Regarding Thoroughbreds, I think we  
18 need better mares and it is going to get bred back to  
19 New Mexico stallions so it is going to benefit you  
20 either way. You get more mares in here to breed.

21          MR. GONCHAROFF: Thank you. I think pretty much  
22 all the other --

23          MS. SUMMERS: I believe I hope we bring better  
24 mares into the state and I hope we breed them to New  
25 Mexico Bred studs but I don't believe the baby in the

1 belly should be able to be New Mexico Bred and race  
2 against the rest of us who have bred to New Mexico Bred  
3 studs.

4 MR. GONCHAROFF: Anyone else that didn't address  
5 that directly? I thought I made that really clear. I  
6 am sorry. I am for it, yes, ma'am. Thank you. Helen?  
7 Do you have -- I thought she did address this actually.  
8 Yes, she did. Did we cover everybody? Okay. Any  
9 other questions from the audience for nominees?

10 BOBBY: When you said you're for importing the  
11 other horses or you're against it?

12 MR. GONCHAROFF: I am for it, Bobby. I think if  
13 we are not changing and we are not growing, we are  
14 falling behind and we are falling behind. And as  
15 Mr. Taylor just mentioned, that is, if passed, it is a  
16 three-year deal. It sunsets in three years. Begins in  
17 2020, if passed, and if it doesn't work, we can get rid  
18 of it. I don't think I addressed that. Mark Brown?

19 MR. BROWN: I compliment people for coming out  
20 with ideas out of the box and that. I don't think it  
21 is a solution to your problem, to be honest. I think  
22 it is like take a horse that has its shoulder cut open  
23 and you go there and spray wound coat on it instead of  
24 taking it to Dr. Franklin and get it sewed up.

25 There is a whole national problem in a shortage of

1           Thoroughbred mares and breeding and that. So, I don't  
2           really think it is the solution to your problem. But,  
3           I compliment people coming up with the ideas because  
4           people have to think outside the box and that but I  
5           don't think it will help the industry.

6           MR. GONCHAROFF: Thank you, Mark. The staff will  
7           be assembling the trustee ballot. Our executive  
8           director, Mary Barber will read the proxies for the  
9           record. Do you have a glass of water handy?

10          MS. BARBER: Yes. According the bylaws we have to  
11          do this. So, sorry. You might want to send an email  
12          or a text or go to the bathroom but I need to read the  
13          names of everyone who sent their proxy. So, here we  
14          go.

15          Barbara Bauer, Robyne Draper, Marty Brooks, Jason  
16          Giles, Gill Giles, Carolyn Giles, Sarah Donaldson  
17          Rioux, Mike Carson, Marvin Been, Deena Sullivan,  
18          Deborah Gee, Mark McCloy, Clifford Lambert, Sr., Dwain  
19          Grissom, Richard Hall, Jr. and JB Gilding, Harman  
20          Racing Stables, LLC, Gale Brown, Renee Abdouch, Gary W.  
21          Clements, Chris Hourigan, Benny Woolley, Jr., Michael  
22          G. Weatherly.

23          I have a little problem with this one. Dilly  
24          Dilly Racing is Pam Sena and she is present. So, that  
25          one will come out. If you are present, we do not use a

1 proxy.

2 Danna Buechler, Ronnie Kellum, Jose Sanchez  
3 Martinez, Brian Mundell, Stacy Laney.

4 I have another for MJ Farms. That will come out.  
5 Mac Murray is here and he can vote. Dirk Jones, Max  
6 Frazee, Jennifer Pierce, Thomas W. Pierce, III, not the  
7 Tom Pierce on the board. It is his son.

8 Athenian Racing Stables, Jose Rivera, EJ Farm,  
9 Teresa Marr, Tyrell Burklund, Donelle Echols, Mountain  
10 States Equine, Mary Cap, Jeannette Meador, Amanda  
11 Charey, Genni Morris, Galen Hill, Jim and Michele  
12 Laird, Jim Laird, representative, Ronald Cameron, Mindy  
13 Hubbard, Shaun Hubbard, Glenn Berry, Randy and Linda  
14 and Rebecca Schalla, Randy Schalla, representative,  
15 Leanne Duree, Benny Smith, Melvin Swasey, Agnes Taylor,  
16 J. Truman Smith, Don and Choya young, Don Young,  
17 representative, Jeannette Young, Clifford P. Graham,  
18 II, Debra Ann Walker, William T. Walker, James and  
19 Donna McArthur, Donna McArthur, representative, Betty  
20 Marshall, Tony Sedillo, Richard and Trisha Yarbar, Alex  
21 Sedillo, Harry Teague, Larry Teague, Byron Woodard.

22 Okay, Bill W. Shepard is present. It will come  
23 out. Good thing I know so many of these people. If I  
24 read someone's name and you see them here, let me know.  
25 Because we don't need a proxy if you're present.

1 Linda Berry, Randy and Sandy Coleman, Randy  
2 Coleman, representative, Codi Burris, Randy Smith, L.M.  
3 Smith Land and Cattle Company, L.M. Smith,  
4 representative, Barbee Beer, Carol Addison, Western  
5 Livestock, LLC, Stephen Rohrbaugh, representative,  
6 Rodney Brooks, Lonnie Vaughn, Chris Kotulak, Field  
7 Major, David Bloomer, Joel and Kim Johnson, Joel  
8 Johnson, representative, Lola willis, Sheryl Cox,  
9 Ronald Ulibarri, Kevin Birrell, Dona Reeves, James  
10 Lynn, Darc Gallagher, Stephen Spence, Fincher Racing,  
11 Todd Fincher, Linda Alexander, Justin Pribble, Suzanne  
12 Marney, R.D. Hubbard, Joan Dale Hubbard, Mitzi  
13 Huizingh, Brandon Huizingh, Drew Swasey, Amy King,  
14 Chris Aulds, Cherri Michelet Snyder, Darel D. and Genia  
15 Devenport, Darel Devenport, representative, Lourdes  
16 Kane, J and SM Inc. Doug May, Sandra Barrett, David  
17 Barrett, Nancy Lock, Tony Phillips, Mary Robertson,  
18 William Robertson, Twin Spires Farm, Melissa Hussey,  
19 Dosi Alvarez. That is the son.

20 Seth Ferguson, Dan DeLaney, Dan Newby, Sam E.  
21 Stevens, Sammy L. Stevens, Dwayne Taylor, Sam E.  
22 Stevens, Kevin Pickerel, Roger and Melissa Holland,  
23 Roger Holland, representative, Creekside Farms, Bryan  
24 Petty, Danny Stafford, Robert Munoz, Ginger Scott,  
25 Maureen Fincher, Lucky Six Inc., Johnnie Nall, Richard

1 Ford and Fred Sorenson, Richard Ford, representative,  
2 Shellye Spence.

3 That is all of those proxies.

4 MR. GONCHAROFF: Thank you, Mary. Now I am going  
5 to read the special items on the ballot. The first one  
6 is eliminate the requirement of membership having to be  
7 submitted within 15 days prior to voting in person.  
8 The current bylaw is for any voting membership, dues  
9 must be paid no less than 15 calendar days prior to  
10 voting. The proposed bylaw change is for any member --  
11 for any voting membership, dues must be received prior  
12 to the start of the annual meeting.

13 In other words, you could become a member by  
14 signing up prior to this meeting today, for example.  
15 The second one is eliminating proxies and allow mail-in  
16 ballots. Do you wish to replace Section 7, proxies in  
17 the current bylaws, with the following statement,  
18 Section 7, mail-in ballots. "Members shall be entitled  
19 to vote at all regular or special meetings in person or  
20 by mail-in ballot in connection with all elections.  
21 Any member seeking to vote by mail-in ballot must do so  
22 in writing and must clearly print and sign their name  
23 on said ballot. The original mail-in ballot must be  
24 received at the designated address no later than the  
25 date specified on said ballot or it will not be

1           counted. Ballots will not be accepted by fax or email.  
2           If more than one ballot is received from a member, all  
3           ballots from that member will be voided."

4           If the membership votes for this proposed bylaw  
5           change the word 'proxy' will be updated to the words  
6           'mail-in ballot' in Section 6-Elections."

7           I have been asked to read a message from the  
8           Association's attorney, Mr. Frederick Mowrer, regarding  
9           the proxy issue. He says, "I concur with the  
10          Association's determination that there should be an  
11          elimination of proxy votes. In too many instances, I  
12          have found in private organizations that the use of  
13          proxies is abused and allows a few members to exert an  
14          unfair weight on decisions that are made by the  
15          Association. Conversely, allowing mail-in ballots is a  
16          much more desirable way to conduct business and assures  
17          that members can vote on issues without having to  
18          attend meetings on important issues."

19          Now I'll move into the last ballot measure. The  
20          bylaw change for new "Thoroughbred broodmares." This  
21          bylaw change, if approved, would change the current  
22          definition of a New Mexico Bred to include foals  
23          produced by a "new mare." A "new mare" is a  
24          Thoroughbred mare that is not already registered in the  
25          NMHBA mare program but is owned by an NMHBA member and

1 is in foal to an open "stallion." A: The in-foal mare  
2 must be entered into the NMHBA mare registry within 30  
3 days of the effective date of this change or within 30  
4 days of the mare's purchase date, whichever date is  
5 later. B: The mare must remain in New Mexico to foal.  
6 C: If an in-foal mare is registered with the NMHBA  
7 after September 1 of the breeding year, the owner would  
8 have to pay the late fee of \$350 in addition to the  
9 registration fee on the foal to become a New Mexico  
10 Bred.

11 Foals born in 2020 participating in this program  
12 will have this late fee. Foals born outside of New  
13 Mexico are not eligible for this program. D: The foal  
14 that results from the mare's breeding to an "open  
15 stallion" is eligible to be considered an accredited  
16 New Mexico Bred foal if the "new mare" is bred back to  
17 accredited New Mexico stallion and produces a foal in  
18 one of the following two years and the mare has not  
19 been bred to an "open stallion" in either of those  
20 following two years. E: A mare may only qualify for  
21 the "new mare program" once in her lifetime. F: This  
22 temporary bylaw amendment will automatically sunset  
23 after three years unless reapproved by a majority of  
24 the vote of the Association membership. G: The New  
25 Mexico Horse Breeders Association may require copies of

1 stallion breeding reports, affidavits or any confirming  
2 information it deems necessary to ensure the rules of  
3 the program are followed up to and including farm  
4 visits.

5 Pierre, did you have a question or a comment  
6 regarding this? Is that clear enough?

7 MR. AMSTOY: It is now, yes. It was about the  
8 one-time event.

9 MR. GONCHAROFF: That satisfied you. Okay, good.  
10 Lowell, you want to come up here so you can face  
11 everybody. Welcome Lowell Neumayer from Ruidoso Horse  
12 Sales Company.

13 MR. NEUMAYER: How is everybody today? I know the  
14 Thoroughbred deal, that is a hot subject. And my  
15 opinion is you need to let these mares from out of  
16 state come in. Like we was talking about, maybe  
17 American Pharaoh or an Uncle Mo, or whoever, and we  
18 need to help our gene pool here in the Thoroughbreds.  
19 And there is no reason all these people setting in this  
20 room can't go to Kentucky or Maryland or Florida,  
21 wherever, and buy a good mare that is in foal to a good  
22 horse, bring it into New Mexico. Make that mare New  
23 Mexico Bred. I see no problem with that. And we need  
24 to increase our numbers. And we need to -- our quality  
25 in the gene pool is just not increasing at all.

1           I have been doing this 32 years. I think maybe it  
2           might have gone downhill from 27, 28 years ago. I just  
3           think that there is no reason that it can do any harm  
4           to us. I think all it could do is help. And does  
5           anybody want to say anything?

6           MR. MCKENNA: I think you're totally wrong. I  
7           think, (Inaudible).

8           MR. NEUMAYER: What is that now?

9           MR. MCKENNA: I have skin in the game, too.

10          MR. NEUMAYER: You what?

11          MRS. MCKENNA: You're mistaken. It will not work.

12          MR. NEUMAYER: It won't be the first time I have  
13          been mistaken.

14          MRS. MCKENNA: Not the last either.

15          MR. NEUMAYER: Probably not.

16          SPEAKER: I have a question. I am trying to read  
17          this and understand it. Is it saying that it is a one  
18          person, one-time event bringing this mare in the state?  
19          Can I go buy one mare and bring her in and foal her out  
20          and have a New Mexico Bred or can I go buy 10 or 12 of  
21          them and bring them in here and have 10 or 12?

22          MR. GONCHAROFF: I'll answer that for her, Lowell.  
23          Basically Mr. McKenna had comments. He disagreed with  
24          Lowell in a nutshell. To your question, ma'am, you can  
25          buy as many mares as you want but the mare can only be

1 bred to an outside stallion once. It is one and done  
2 on that particular mare. You can buy as many as you  
3 want. Or bring in as many mares as you want, I should  
4 say.

5 SPEAKER: The baby in the belly will be an  
6 approved New Mexico Bred, right, but only if the mare  
7 is bred back within two years to a New Mexico Bred,  
8 correct?

9 MR. GONCHAROFF: Correct.

10 SPEAKER: How are you going to police that and  
11 will that baby be allowed to be registered as a  
12 weanling at the weanling price or do you have to wait  
13 to register the baby after the owner proves the mare  
14 has followed the rule?

15 MR. GONCHAROFF: Good question. The mare would  
16 not be able to be registered as a weanling unless you  
17 can prove that mare was bred the following year.

18 SPEAKER: We won't be registering that baby in  
19 their weanling year?

20 MS. BARBER: They can start the application.

21 MR. GONCHAROFF: You can start the application and  
22 we would hold the application pending.

23 SPEAKER: I am not trying to take everybody's  
24 time. Let's say you bring one in, you have the baby  
25 but I am not going to breed her next year. I am going

1 to wait until the second year. I am going to have to  
2 pay fees to register that original weanling as a  
3 two-year old when the mare is finally bred?

4 MS. BARBER: You can submit an application for the  
5 baby as a weanling. However, we will not finalize the  
6 registration on that baby until you produce another  
7 baby.

8 MR. GONCHAROFF: For those that didn't hear, you  
9 could begin the application of that resulting foal at  
10 the weanling price and that application would be held  
11 until you meet the rest of the requirements.

12 SPEAKER: My question is, then, what if you wanted  
13 to take that baby to your sale and I don't have papers  
14 yet?

15 MR. GONCHAROFF: Your question was for those -- I  
16 don't want to get off the rails here, but I'll answer  
17 this question and let Lowell finish, okay? Her  
18 question was, how would I enter that foal into the sale  
19 if she didn't have papers yet? The registration would  
20 be pending. So, there is work-arounds for those  
21 concerns. Let's let Lowell finish, okay?

22 MR. VINCENT: I have a question for Lowell. What  
23 I would like for you to explain to us because you're  
24 the sales guy, what would this look like for the sales  
25 company and what impact would it have for bringing in

1 out-of-state buyers which we are lacking in the  
2 Thoroughbreds?

3 MR. GONCHAROFF: Did everybody hear Ralph's  
4 question. You know better, go up to the microphone.

5 MR. VINCENT: Because you know about the sales,  
6 what I would like to know is what is the impact of this  
7 on the sale and would it help our Thoroughbreds by  
8 bringing in some out-of-state buyers which we are  
9 totally lacking at the current time?

10 MR. NEUMAYER: I think it would help tremendously.  
11 If we date back 25 years ago, I was selling  
12 Thoroughbreds for more money than we are selling them  
13 today. Yearlings. Why? We had out-of-state buyers  
14 buying them. We even had people from Kentucky buying  
15 them.

16 SPEAKER: You had better horses.

17 MR. NEUMAYER: You hit the nail on the head. We  
18 had better horses. The only way we can help our gene  
19 pool is with better mares, better stallions and I just  
20 can't see the devastation of it hurting to bring in  
21 these outside mares.

22 MR. GONCHAROFF: Susan, did you have a question  
23 for Lowell? Would you mind coming to the microphone,  
24 please, so folks can hear you.

25 SUSAN: Really I think this question is as much

1 for Lowell and the Board. First of all, I would like  
2 to tell Lowell, 17 years ago I bought a horse for, I  
3 don't know, \$1500. He was a Comet Shine. Michael  
4 Weatherly ran her through the sale. I bought her  
5 because of dosage, dosage points were through the roof.  
6 She has now had five babies to run, four stakes  
7 winners. Now, did I get -- yeah, I got a really good  
8 deal on her but I bought her because she was New York  
9 bred. I got her because of her numbers and I think I  
10 have gone to Kentucky and bought horses. And so, I  
11 think to bring better mares in here, I think we are  
12 going to raise the bar.

13 I know one of her babies last year, I bought her  
14 back for \$50,000. So, you know, that is not pennies.  
15 But people that keep breeding the 5,000 -- having  
16 \$5,000 horses over and over again, yeah, they need to  
17 turn the light on because they are not doing things  
18 right. But, I don't believe that bringing horses, open  
19 horses in here, but I do have a question for the Board.

20 My question for the Board is, if I did buy a horse  
21 and bring her in here, and let's say she had a baby,  
22 and somebody bought her from me, what happens? Can  
23 that baby be a New Mexico Bred?

24 MR. GONCHAROFF: Only if the mare was bred back to  
25 a New Mexico stallion within two years.

1           SUSAN: So, if she was not bred back to a New  
2 Mexico stallion, the baby would not be --

3           MR. GONCHAROFF: That is correct. Mike Cadotte.

4           MR. CODETTE: This question really is for Lowell.  
5 In the past years, not in the recent five years or so,  
6 but, I remember I bought my first horse, one of my  
7 first horses down in Ruidoso. I bought a Candy Stripes  
8 mare from a gentleman who brought horses in from  
9 Louisiana.

10           We talk about buyers coming to the sale, they are  
11 not just coming -- if we open the sale to yearlings  
12 from other places, wouldn't you have buyers coming from  
13 out of state that maybe they buy New Mexico Bred also  
14 because they were there?

15           I remember going there and buying a Candy Stripe  
16 mare and baby, two year old. The only reason I bought  
17 her is because I had a horse in Kentucky that -- it is  
18 now WindStar. It was Crested Wood Farms at the time  
19 that stood Candy Stripes. So I wanted to go get a  
20 Candy Stripes baby. But that was at the New Mexico  
21 sale.

22           So, if you open the sale up to outside horses,  
23 yearlings from other states, you'll have other buyers  
24 coming in from other states that maybe buy those  
25 horses. That could solve some of the problem.

1 MR. GONCHAROFF: Thank you, Mike. Leslie.

2 LESLIE: I agree that we need more mares. I don't  
3 believe that we need to bring in an open baby with a  
4 mare. The mare should come in and we can buy mares and  
5 bring them to our stallions here. We have got a lot of  
6 nice stallions coming in, Thoroughbred stallions, four  
7 or five brand new ones this year that are nice. And we  
8 have good blood here, Bernardini, Distorted Humor,  
9 horses that are really good. We just need better  
10 mares, but to get better mares do we have to allow them  
11 to bring an open baby to run here with our New Mexico  
12 Breds? I don't know. You know.

13 (Applause.)

14 My other problem with it is, this is all of us are  
15 together, Thoroughbreds, Quarter Horses, right? We are  
16 all together in this Association. If you're going to  
17 let the Thoroughbreds do it, don't you think you should  
18 let the Quarter Horses do it, too?

19 MR. GONCHAROFF: Thanks. Lowell, I am going to  
20 let you finish because really, I apologize. The rest  
21 of the stuff should be on open comments.

22 MR. NEUMAYER: Our sale dates are the 21st, 22nd  
23 of August. We are going to sell frozen utero, just  
24 like we have been doing. And getting back to  
25 Thoroughbred yearlings, for the last five or six years

1           the most I have been selling is 100 head. So, where  
2           are all these colts? Bottom line is they are just not  
3           there, period.

4           SPEAKER: This is a sales question. Would you be  
5           open to having open yearlings come in?

6           MR. NEUMAYER: I am going to.

7           MR. GONCHAROFF: The question was, would you be  
8           open to having open yearlings come in?

9           SPEAKER: Why did you take them out? I don't  
10          remember.

11          MR. GONCHAROFF: The question is why did we take  
12          them out?

13          SPEAKER: (Inaudible.)

14          MR. NEUMAYER: I can't hear you, Pierre.

15          MR. AMSTOY: If you'll remember, years ago I  
16          bought a horse here named Chimes Band and the first  
17          babies we had were open and we sold them at your sale  
18          and they sold good. I guess my next question to you  
19          is, if we are going to open this up and start bringing  
20          mares and horses from out of state here, we need a  
21          place to sell them. So, will you offer, you already  
22          indicated you'll offer yearlings, but will you offer  
23          mares so -- if we are going to have to bring mares in,  
24          we got to move them around, so will we have an  
25          opportunity to sell mares at your sale whether they are

1 Breed or open?

2 MR. NEUMAYER: I should give that some thought.

3 MR. GONCHAROFF: Lowell, are you finished? Thank  
4 you very much. Lowell Neumayer.

5 (Applause.)

6 We are going to go to open comments. We are going  
7 to start with -- we have 15 minutes before we break for  
8 lunch and we can continue this if we don't finish by  
9 the time we break for lunch, but it is a hot lunch so  
10 at noon we are going to shut this off. Again, it is  
11 limited to five minutes. Please be civil. The first  
12 name on the list is Fred Danley.

13 These are comments, not necessarily questions,  
14 folks, so we can speed this along.

15 MR. DANLEY: Fred Danley. Been here a long time,  
16 all my life. And I want to bring up a deal to make  
17 this that was brought up that we are losing days in  
18 racing. Until the Racing Commission takes over and  
19 that takes away from management, we are going to keep  
20 losing days. And I am dead against bringing mares in  
21 to the state. It was done a long time ago and I can  
22 name three different guys that benefited from all of  
23 it, put the little breeders out of business. I think  
24 little breeders need to stay in business.

25 MR. GONCHAROFF: Thank you, Fred.

1 (Applause.)

2 Ray Willis.

3 MR. WILLIS: Thank you, Tom. I am Ray Willis, and  
4 I raised and run a lot of horses, served on your Board  
5 many years ago. Thank you for getting the deal through  
6 where we have to pay if we're owner of a New Mexico  
7 Bred racehorse. That makes a big difference to you and  
8 our Association.

9 As far as the Thoroughbred deal goes, I have a  
10 question. What if I go and pay 15, 20, \$50,000 for a  
11 pregnant Thoroughbred mare in Kentucky and the mare  
12 dies when she has the baby. And I raise the baby. Is  
13 it a Breed or not?

14 MR. GONCHAROFF: It would not be a Breed.

15 MR. WILLIS: I have to trust that my mare is going  
16 to live.

17 MR. GONCHAROFF: Yes, sir. And breed back.

18 MR. WILLIS: Have you ever had a mare die? You  
19 know, I think that part of it is wrong, because you  
20 have left it open and who knows what would take place,  
21 but you guys have done a good job.

22 One other thing I would tell you, if you want more  
23 days, fill races. The Commission has in the past and  
24 will work in the future, they'll have to if those races  
25 are filled at the racetrack, but running a four and

1 five-horse field for \$100,000 is not a good deal. And  
2 for that matter, I buy Thoroughbreds and I buy Quarter  
3 Horses, spend a little bit of money, and hopefully you  
4 come up with a good bred Thoroughbred or Quarter Horse.  
5 I'll be there.

6 MR. GONCHAROFF: Thank you, Ray. Fred Alexander.

7 SPEAKER: You can fill those races if they'll  
8 start writing Quarter Horse races.

9 SPEAKER: That is one of the things we are  
10 striving to do right now is to level out the playing  
11 field.

12 MR. ALEXANDER: I forgot half the stuff I want to  
13 say. My daughter is having a baby, as we speak.

14 (Applause.)

15 MR. GONCHAROFF: Why are you here?

16 MR. ALEXANDER: Because, yeah. It means a lot to  
17 me. That means more to me, believe me. But, I believe  
18 this rule change you guys are talking -- I appreciate  
19 everybody serving on the Board. That is -- I mean you  
20 all do a great job, something I don't care to do, so, I  
21 appreciate it.

22 MR. GONCHAROFF: Only asked you about 10 times.

23 MR. ALEXANDER: Appreciate your service. I take a  
24 little offense to people talking about quality. The  
25 quality of these New Mexico Bred Thoroughbreds has

1           increased, you can ask some of these trainers, compared  
2           to 10 years ago, what these race horses can do now. It  
3           is night and day.

4           The stallion quality has improved. I mean, I  
5           speak for myself, Desert God, I mean, hell, he produced  
6           a world record holder, 19 races undefeated, Pepper's  
7           Pride, and now he is a broodmare sire siring graded  
8           stakes winners on the open company. He just sired a  
9           two-year old Grade 2 winner or a three-year old Grade 2  
10          winner at Santa Anita last week or two weeks ago.

11          The quality is here. Maybe you just need to look  
12          at the pedigree and look at the extended family. And I  
13          believe this change is only going to cater to a few  
14          people at the top. I take offense to what Lowell said  
15          about everybody here can go to Kentucky and buy a mare  
16          and breed and bring her back. No, everybody can't.

17          The upper echelon guys, that is the name of the  
18          game. I mean they got more money, they can play at the  
19          top end. To say that a Curlin can't come in here, that  
20          is not true. One of my biggest clients is Dale Taylor.  
21          He has a mare in foal to Curlin. Why wouldn't he drop  
22          that Curlin here and dominate and make 500, \$600,000 in  
23          these Breed races? It is possible. It can happen.  
24          And the Breeds will not be able to compete with that  
25          horse. It will kill the little guy.

