



**Board of Trustees Meeting
Using Zoom**

December 2, 2020

PRESENT

President Tom Goncharoff, 1st Vice President Mike Logan, and board members Norma Alvarez, Mark Brown, C. Warren Franklin, Debra J. Laney, Annette McCloy, Mac Murray, and Verner R. Query.

ABSENT

Miguel L. Gallegos, Nancy Summers, & Jay L. Taylor.

QUORUM

President Goncharoff acknowledged a quorum present.

MINUTE APPROVAL

Annette McCloy made a motion to accept the minutes of October 22, 2020, seconded by Debra J. Laney. Motion carried 8:0.

NMHA REPORT – RICHARD ERHARD

Richard Erhard had four topics he wanted to report on.

First of all, he wanted to make sure we are aware of the Cares Act that was decided upon during the special session of the Legislature. We can look it up under the New Mexico Finance Authority. This is a grant opportunity for small business. He had sent in public comment on the subject and read what he wrote about our industry and how much we have lost. This is not a loan; it is a grant and does not have to be paid back.

The second topic was concerning the upcoming Legislative session and the ADW Bill that Jeff True is going to present. He would like the New Mexico Horse Breeders' Association to support this.

The third item was about the litigation that the NMHA's lawyer has filed. This litigation is against the New Mexico Racing Commission. He cannot discuss it yet because it has not yet been officially filed but it should go through today.

The final item he wanted to discuss is that the litigation the horsemen are filing will also benefit the New Mexico Horse Breeders' Association. From their prospective this may benefit the NMHBA even more than the NMHA and they would like us to share the cost of the litigation. He will discuss this with Tom Goncharoff and Mary Barber at a later time.

He received a notice yesterday that the NMRC is going to have a special meeting to discuss the licensing of the racetracks. He had a discussion with Dustin Dix who shared that Sunland Park wants to run but they do not know what they are going to do at this point.

That is what is going on with the NMHA.

Tom Goncharoff asked when the litigation would be public information and was told it should be filed today.

Tom Goncharoff mentioned that we supported the ADW Bill that was presented by Jeff True in 2018, but the other racetracks would not. The breeders are the only ones who supported it. Hopefully if this is supported by both the breeders and horsemen it may get a better reception. Richard Erhard feels that we all need to come together with the racetracks and support this. It is going to be good for everyone. Mark Brown wanted to make sure that we are in support of the bill that Jeff True is working on. He has been in discussions with Jeff to make sure that the horsemen and the breeders are included so that we can show a united front to the legislature.

MAGAZINE

MULTIPLE OUT OF COMPETITION POSITIVE TESTS

Mary Barber brought up that we had a trainer have four out of competition positive tests and yet we still put a story about one of his horses in our magazine. We are following the AQHA Guidelines. After speaking to Mark Brown about this, we thought the board may want to revisit this.

Mark Brown explained that when a trainer has a positive out of competition test, the only thing that happens is the horse cannot run for sixty days. Nobody is fined and the horse is not disqualified so they do not lose the purse. Because of this we are still running stories on them in our magazine.

Debra Laney asked if we cannot change that ourselves for the New Mexico Bred Horses? Mark Brown felt we could make that decision to exclude those horses with positive out of competition tests from our magazine and trophy awards. Norma Alvarez mentioned that

all we can do is exclude them from our awards, the Commission is the only one who can disqualify them from the race. Mary Barber wanted to be clear that we are talking about our trophy awards and also about honoring them in our magazine. We cannot hold back the monetary awards. Debra Laney wanted to know why we could not exclude them from monetary awards. Mary Barber explained that if we get a clearance on the purse from the Commission, she did not see how we could disqualify that horse. Debra Laney thinks that if we make a rule that if you get three or more out of competition tests in a year, your awards will be forfeited and will be put back into the fund. This may not be a cure all, but it could be a start to deter people. Mark Brown stated that if an owner were to get three or more out of competition tests, they should lose their monetary awards.

President Goncharoff instructed Mary Barber to contact the association lawyer and ask them to look into this. Mark Brown feels that we only need to get an opinion on the monetary awards and that we can withhold the trophy awards and magazine articles.

Debra J. Laney made a motion to get a legal opinion on withholding award funds for multiple offenders with out of competition tests by the New Mexico Horse Breeders' Association, seconded by Norma Alvarez. Motion carried 8:0.

Debra J. Laney made a motion that if any owner or trainer gets three or more out of competition positive tests in a 12 month period, they would not be eligible to receive recognition from the New Mexico Horse Breeders Association in our magazine or any other forms of media as well as the end of year trophy awards, seconded by Annette McCloy.

Norma Alvarez asked that before we take a vote, how the other Trustees felt about this. Verner Query recommended that we get an attorney's opinion on all of these issues and not just on the monetary awards. It was decided that we will table this until we have the attorney's opinion.

DIANE CIARLONI – WRITER FOR ASSOCIATION PUBLICATION

President Goncharoff asked the Trustees if they are familiar with Diane Ciarloni's articles? The fees we have been invoiced were discussed. Debra J. Laney feels that we need to minimize and decide in advance what we want to be written about and how much we are willing to pay. We need to set boundaries and President Goncharoff feels we need to cut what we will pay for an article. Several of the Trustees mentioned that they do like the articles written by Pete Herrera. They would like to see us use Pete Herrera as well as some new writers. If we do use Diane Ciarloni, we need to discuss in advance what it will be about and the total we are willing to pay. Debra J. Laney suggested that we reach out to other organizations and see what they pay for an article. Mark Brown suggested we contact Richard Chamberlain to see if he is interested in writing for us and what he charges. Norma Alvarez will get in touch with SpeedHorse about this as well.

President Goncharoff stated that we just want to make our magazine the best we can. We look forward to hearing from Mark Brown and Norma Alvarez about the results of their outreach with SpeedHorse, Richard Chamberlain, and others.

LEGISLATIVE COMMITTEE REPORT

Norma Alvarez, the chairperson of the Legislative Committee reported that the committee is made up of herself, Mark Brown, Warren Franklin, Nancy Summers, and Tom Goncharoff. She would like to see the committees listed on our website.

Norma Alvarez asked if everyone got the list of legislators that were sent out? She would like everyone to contact their legislators. She plans to invite her legislators out to her farm for lunch and try to educate them on our industry.

Something else that has been discussed is the need for a lobbyist for our association. We are thinking about asking the Thompson Brothers to represent us. They really know our industry. A lot of our issues are the same as the horsemen. We should consider using them.

Another issue Norma Alvarez brought up is PAC Funds. She is unclear about how they work. There is a lot more scrutiny and yet some people are getting away with a lot. President Goncharoff stated that he had visited with John Thompson about this but will wait until we get to that issue on our agenda.

Mark Brown had a couple of conversations with Jeff True about ADW. He asked what we could do to support him on that and was told that it is important for the breeders and horsemen to be organized before the start of the legislature. We could give our members the list of legislators and their contact information so that we can let them know we are in favor of ADW. We need to show them we are united. This is something that is good for everyone.

Tom Goncharoff will reach out to John Thompson to see if he and his brother are interested in representing us and to see if the horsemen are okay with it. They are very good at what they do and really know about our industry. Mary Barber mentioned that what they do for the horsemen really covers most of what we need anyway but there are a few things that would only pertain to our interests and we would need someone to watch out for us. She hopes it would not be too much for them to represent us. What was paid in the past for our lobbyist was discussed.

LARRY NICHOLS FROM UKUSA STABLES

Larry Nichols requested that we correct a broodmare registration. He had sent out a memorandum that was shared with the Trustees. He went over each bullet point.

- 1) He submitted a broodmare registration for the mare Spirita before the September 1st deadline in 2019 and she had her foal named Luella in 2020.**
- 2) The Jockey Club registration was submitted for this foal along with the DNA kit and at that time it was discovered that the broodmare was not Spirita, but a different mare named Aim Happy. This was a shock to Mr. & Mrs. Nichols.**
- 3) They are requesting to transfer the registration and \$100.00 fee from Spirita to Aim Happy.**

The Trustees then asked several questions concerning how this came about. Mr. Nichols explained that he purchased this mare at a sale, and she was switched with another mare. He thinks this may have happened at the time they were tattooed. He thought he had Spirita this whole time.

Mary Barber was instructed to put Mr. and Mrs. Nichols into the lobby while the Trustees discuss this issue and take a vote.

President Goncharoff feels that this was a mess that was no fault of Larry Nichols. His intentions were good. He suggests that we drop the penalties on the foal. Mary Barber explained that what we would need to do is ask Larry and Denise to submit a new application for Aim Happy. We would then go into Spirita's registration and change it to Aim Happy under the same date that Spirita was registered. This would eliminate any penalties on the 2020 and 2021 foals out of Aim Happy. If the Trustees vote to not allow the change in our broodmare registry, they will have to submit a new application for Aim Happy and pay the \$100.00. Then the foals would have penalties because Aim Happy's registration would be after the deadline for both foals.

Debra J. Laney made a motion that we vote on Mr. Nichols request to instate Aim Happy into the New Mexico Horse Breeders Broodmare Registry in place of the broodmare Spirita that without his knowledge was registered incorrectly and waive any penalties, seconded by Annette McCloy. Motion carried 8:0.

Larry & Denise Nichols were brought back into the meeting and President Goncharoff let them know that the Trustees voted unanimously to allow the broodmare change without penalty. Mary Barber requested that they submit a new application for Aim Happy.

Larry Nichols thanked the Trustees for their consideration. They will be submitting a new application for Aim Happy. President Goncharoff wished them luck.

BUDGET REPORT

Mary Barber mentioned that Jay L. Taylor was not able to be at this meeting but that we did go over the report we received from our accountant. This report shows what was our income and expenses through the 3rd quarter along with a comparison to the year before. The report also shows what the difference is. This report does not include very much of the income from the Export Broodmare Program because they were not due until October 1st and a lot of people waited for that deadline to submit those forms and fees. We will need to update this at the end of the year so this will be on the Annual Report. Mary went through some of the items. She explained that insurance went down significantly because we do not have to pay for the \$20,000 bond that we used to pay to insure our awards. The magazine went down significantly as well because we did a couple of digital issues at a much reduced cost. The computer expenses showed we still had \$14,500 in the budget to spend. We are using our new database now and did use it to send out the incentive award checks. We have now taken over the

distribution of the 10% Track Breeder Awards and our new program has made that possible and is working very well. We did not have any travel this year, very little advertising and we did not purchase any promotional items, so we saved a lot on those. We had a full audit this year so that figure went up as expected. Jay L. Taylor thinks we will come out about \$40,000 to \$60,000 to the good. Mike Logan asked how much money reverted back into the award funds. Mary Barber reported that from 2019, the uncashed awards equaled for the breeders was \$8,387.21 for a total of 8 checks, for the owners there were 22 checks that were not cashed totaling \$15,756.68, and two stallion owner award checks totaling \$3,433.92. Altogether this came to \$27,577.81.

We have two CDs with US Bank Wealth Management that are actually up about \$350.00. Several of our investments are with BOK Financial and we had \$217,000 at the end of September but it went down about \$3,000 in October. This is expected to go back up this month. Overall, our investments total \$616,283.00.

Debra J. Laney asked if we were going to have an auction on our website. Mary Barber explained that we had hoped to have one first at our Summer Party and then later talked about having it during the New Mexico Bred Sale. When COVID persisted and we were not able to have those events at Ruidoso Downs, the topic was dropped. We do have the ability to have an auction on our website. Debra J. Laney thinks we could still do a stallion auction on the website. President Goncharoff commented that we would need to recruit stallions to donate a breeding and advertise the event. We would also need to have an end date for the auction. He asked Debra J. Laney to put together a proposal on how we approach this, and she agreed. Debra feels that we need to invite all the stallions to participate. Debra will go to work on this.

ANNUAL MEETING

Mary M. Barber asked the Trustees what they want to do. We cannot have an in person meeting. If we have a Zoom meeting, we may be limited on the number of people who can attend. It was suggested that we ask Ralph Vincent what our options are. The Mail In Ballots were discussed. Since we are not having an in person meeting, we would have to have members come to the office to vote. We will have the vote counter at the office to count the votes up until the meeting starts.

PAC FUND

Mike Logan reported that he had talked to a couple people about this, one of which has a lot of experience with PAC Funds. He learned that once Homeland Security had gotten involved, it has become extremely hard and expensive to build a PAC. He thinks we should just shelve this idea. Because we are a 501 (c) 5, we already have some of those benefits. When we build our budget, we may just want to put aside funds for a lobbyist.

President Goncharoff had spoken to John Thompson about this and there are some new rules going into effect that is going to make it a lot more difficult to form a PAC in this

state. John Thompson also recommended that we do not go down that path. It would also be a nightmare for the staff.

STAKES REPORT

Mike Logan reported that we added three new races at Zia Park during New Mexico Cup day for Quarter Horses. We had the Sophomore stakes, the Juvenile and the three and up Filly & Mare race with four year old's and up preferred. That last race had nineteen entries and filled with horses that are all four and up so that showed that there was a need for a race for older horses and especially for fillies & mares. On the following Wednesday, we had eight Thoroughbred races that were all \$50,000. Each of those races averaged at least eight head. Nancy Summers is not here but we will go ahead and congratulate her for winning three of those races.

Jeff True has built us a New Mexico Mountain Top Quarter Horse Derby for 2021. This race will be going 350 yards and the first payment is due in March. He did get the nominations approved by the Commission. We need to give a shout out to Mac Murray for coming up with the idea. What Mike would like to do is ask the Trustees for ratification to approve this stakes race for 2021 and on. Norma Alvarez asked where we are going to get the money for this race. Mike Logan stated that at this point we do not know if we will have the funds for any races. Mary Barber reported that the nomination blank has us adding \$15,000. President Goncharoff stated that we are just going to have to take a wait and see attitude. This is a badly needed race.

Mike Logan made a motion to approve the 2021 Mountain Top QH Derby at Ruidoso Downs, seconded by Debra J. Laney. Motion carried 8:0.

Jess Burner, III contacted Mike Logan and would like to move the Jess Burner Handicap from Sunland Park to Ruidoso where he and his family can participate. They would attend the race. This would be in name only of course. This is a \$100,000 race at Sunland Park and may be just a \$30,000 race at Ruidoso Downs. Norma Alvarez feels that we need to ask Jeff True if he could fit the Jess Burner in their schedule first. Mike Logan reported that he has already spoken to Jeff True and he is willing to fit it in. We will not lose the race at Sunland Park, it will just have to be renamed.

Verner Query has been doing some work on the New Mexico Million to see if we can get some sponsors. He spoke to Ralph Vincent and found out that there are 55,000 corporations in New Mexico that could be contacted to see if they are interested in sponsoring this race. The ones Verner has talked to are in a tight because of this pandemic. He thinks we need to put this on the back burner and wait to see how things settle out before he talks to Dustin Dix or any of the tracks about putting this on. It might also come down to where he is not going to be able to move money from the NM Breeders Stakes, the Derby & Oaks at Sunland Park into this pot so it might have to stand on its own. He would like to table this until after the pandemic is over and things get back to some kind of normal. He thanked Debra Laney for her help. President Goncharoff asked what kind of contribution he would be looking at from sponsors.

Verner Query would like to get \$200,000 or \$100,000. He thinks the minimum amount from sponsors would need to be around \$250,000 total. Debra Laney asked what the minimum would be from each sponsor? He felt that \$10,000 would be good. This way we would not need to take the money from other stakes races. The nomination fees were discussed. Verner explained that the sire must be nominated in order for the foals to be eligible. If we had half of the stallions to nominate, we would be covered. It is \$2,500 for the stallion and all his foals would be eligible. The fee would be \$500 for the mare. The foals nominations and entries would total around \$3,200. The benefits of this race were discussed. Verner Query would like to send out the nomination blanks in December of 2022, but it is on the back burner now.

EMPLOYEE BONUS, SALARIES AND SEP CONTRIBUTION

The figures for salaries, retirement and bonuses from prior years were discussed. Also discussed was the part-time employee position and what that entails.

President Goncharoff reported that he and Mike Logan had done an evaluation on Mary and Mary did the evaluation for Ernestine.

Mac Murray made a motion to leave the SEP Plan contribution at 15%, seconded by Mark Brown. Motion carried 8:0.

Debra J. Laney made a motion that the wages be frozen for 2021, seconded by Norma Alvarez. The Trustees were split with 4 for and 4 against. President Goncharoff broke the tie and voted for the motion. So, there will be no raises in 2021.

After discussion, Debra J. Laney made a motion to increase the Christmas bonuses to the amounts discussed for the staff this year, seconded by Norma Alvarez. Motion carried 8:0.

OPEN DISCUSSION

Norma Alvarez went over an idea that she and Debra are working on. There are several programs going on right now and one example is the Pink Buckle. She went over that program as well as the Ruby Buckle. There is a waiting list. They were going to try to incorporate this into the New Mexico Bred program but decided that they did not want to have to try to change statute. The benefit to the New Mexico Horse Breeders is to attract more people and participation with the stallions. We call this the Zia Stars. We have it broken out into the Zia Silver and the Zia Gold. The Zia Gold horses will be required to be stamped New Mexico Bred foals. The Zia Silver will just have to be by a New Mexico registered stallion. The projections are we will pay owners and stallion owners. They will keep it to fifty stallions. It will cost \$5,000 for each stallion and the babies will cost \$200. There is a staggered system. They would use Equistats and would base their bonuses on that. This is to reward New Mexico Breds and to bring in more stallions.

Mike Logan commented that he was sold on this idea. Mac Murray asked if the stallions that are not bred for racing and only being bred for barrels, does he have to be put into our New Mexico Horse Breeders stallion registry. Norma Alvarez explained that they would and that would benefit the association. There would be good bonuses for these horses as well. There has been some discussion about these horses being in the sale and Norma has spoken to Lowell Neumayer about this. There was a lot of discussion about the possibilities of the sale.

The only thing the association has to do is register the stallions. There is no membership required. Mike Logan asked if you have to pay every year or are, they in for life? Norma explained that they will have to be put into the Zia Stars every year.

Mary Barber asked for clarification on what the office will be expected to do and was told we would only have to register the stallions and the racing foals. They will also be purchasing advertisement space on our website.

Mark Brown made a motion to adjourn the meeting, seconded by Debra J. Laney. Motion carried 8:0.

**Tom Goncharoff
NMHBA President**

**Mary M. Barber
Attest**