



**Board of Trustees Meeting
Zoom Video Conference**

February 25, 2021

PRESENT

President Tom Goncharoff, 1st Vice President Mike Logan, 2nd Vice President Verner R. Query and Trustees Vanessa Alexander, Norma Alvarez, Mark Brown (late arrival), C. Warren Franklin (late arrival), Annette McCloy, Mac Murray, Helen Nave, Susie Prather, & Nancy Summers.

ABSENT

None

QUORUM

President Goncharoff acknowledged a quorum present.

MINUTE APPROVAL

Mike Logan made a motion to accept the minutes from the Annual Meeting held on January 28, 2021, seconded by Annette McCloy. Motion carried 9:0.

Annette McCloy made a motion to accept the minutes from the Board of Trustees meeting held on January 28, 2021, seconded by Norma Alvarez. Motion carried 9:0.

President Goncharoff made the announcement that the casinos at the racetracks will be allowed to open soon and the capacity will be determined by what condition each of those counties are in by numbers of COVID-19 cases. The first live meet will begin with SunRay Park and then Ruidoso Downs will be allowed to run their regular meet. He was told we could expect something official on this sometime today.

Warren Franklin arrived.

ACTION ITEMS

LETTER TO NMHA & NMRC ABOUT HORSEMEN'S LAWSUIT

President Goncharoff went over the letter he drafted concerning the lawsuit the horsemen have filed against the Racing Commission. He did edit his original letter since Sam Bregman is the new Chairman of the New Mexico Racing Commission. He asked the Trustees to revisit this subject and reconsider approving sending this letter. He feels this is a very bad time for this lawsuit regardless of its merits, taking on a state agency would most likely be fighting a losing battle.

Mark Brown arrived.

Mac Murray agreed. He has talked to some Legislators and Commissioners and he wants to make sure they know we are a separate organization. He is afraid they do not have a chance of winning this lawsuit and people will think we are involved in it.

Nancy Summers commented that the horsemen's attorney Gary Mitchell has told them they have a very good case. They do not care about the money, they just want to be treated fairly, have a voice, and a seat at the table. The Commission keeps allowing the racetracks to cut days. Vanessa Alexander agrees with these statements. She does not think the horsemen will drop the lawsuit and feels they will feel antagonized by this letter.

After quite a bit more discussion, Mark Brown made a motion to send the letter to the New Mexico Horsemen's Association and the New Mexico Racing Commission, seconded by Norma Alvarez. Motion carried 6:5.

COMMITTEES

After discussion, the Trustees were assigned to the various committees.

MARKETING, ADVERTISING, & OUTREACH

Norma Alvarez

Annette McCloy

Mac Murray

STAKES COMMITTEE

Mike Logan

Verner R. Query

Mark Brown

LEGISLATIVE COMMITTEE

Norma Alvarez

Tom Goncharoff

Mark Brown

Helen Nave

Vanessa Alexander

Mike Logan

RULES COMMITTEE

Tom Goncharoff

Mark Brown

Mary Barber

RACE DATES

Tom Goncharoff

Mike Logan

Mary Barber

SUMMER PARTY & AWARDS BANQUET

Annette McCloy (will choose trophies)

Susie Prather

Helen Nave

Nancy Summers

FINANCE

Mac Murray

Vanessa Alexander

Mary Barber

Mike Logan made a motion to accept the seven committee assignments, seconded by Helen Nave. Motion carried 11:0.

BROCHURES

Norma Alvarez explained that we usually update our brochures every two years. We need to get them updated this year and she thinks this would be a good thing to have for Legislators that we invite to come to the races. Jeff True has said that he would consider donating a table for Legislators to sit at.

Some of the information that will be included on the new brochures comes from an impact study that was done by UNM. She reported that this study was done in 2016 and shows that racing contributed \$828 million to New Mexico and provided 12,000 jobs. There was \$63 million paid to the state in taxes.

Norma Alvarez has contacted Speedhorse Magazine to see how much it would cost to have these new brochures printed. They quoted 500 brochures for \$1,500 or 1,000 brochures for \$1,900.

Mac Murray made a motion to approve the purchase of 1,000 brochures, seconded by Helen Nave. Motion carried 11:0.

TROPHIES

Mary Barber reported that there are several categories this year where horses have changed hands. In the past we have given the trophy to the new owner and she just would like the board to discuss how they want it handled when we have this situation. She also wanted to verify that the Julep Cup goes to the breeder of the highest earning Thoroughbred. The TOBA Breeder of the year is the Thoroughbred breeder who made the most award money for all of that person's horses that year.

The horse earns the award however the person who put in the effort may not own the horse at the time of recognition. Warren Franklin brought up that it would be simpler to give the award to the current owner. The horse could change hands several times and then we would have a situation where we do not know who to give the trophy to. Mike Logan stated that if the horse earns the award, whomever owns that horse at the time of recognition should get the trophy.

Norma Alvarez made a motion to give the trophy to the current owner at the time of recognition, seconded by Vanessa Alexander. Motion carried 11:0.

Mike Logan made a motion to give the Julep Cup to the breeder of the highest earning Thoroughbred for that year, seconded by Helen Nave. Motion carried 11:0.

HONORING HORSES WITH MULTIPLE OUT OF COMPETITION POSITIVE TESTS

Mary Barber reported that at the last regular Board of Trustees meeting in December, it was determined that we needed to contact the association attorney about possibly not honoring a horse that has multiple out of competition positive tests and also forfeiting the award funds for that horse as well.

Fred Mowrer was contacted and asked to give the Trustees his opinion in this matter. Mr. Mowrer and Mary Barber went over the difference between a regular post- race positive test done on urine or blood and also tests that are done on horses while not competing and also using hair testing in addition to urine and blood.

Mr. Mowrer sent an email cautioning the Trustees to be very careful to make sure that if they wish to exclude horses with multiple out of competition positive tests to ensure that sufficient notice is given to all owners and trainers of the intent of the Board to withhold monetary awards if their horse fails to satisfy the requirements established in the policy. We would need extensive advertising and also provide notice to each racetrack in New Mexico so that it could be posted. This notice should contain all of the medications the association believes should not be used in New Mexico. This is important because of conflicting policies in other States. He thinks that withholding monetary awards could give people cause to bring litigation against the association, especially if the New Mexico Racing Commission does not withhold the purse money earned by that same horse.

After the Trustees discussed this issue at length, Norma Alvarez made the motion to table this item until Vanessa Alexander can draft something up for the Trustees to look at in a future meeting about having the membership vote on this issue and to put it in the By-Laws and also have our attorney attend a meeting in person to discuss this, seconded by Mac Murray. Motion carried 11:0.

EXPORT BROODMARE PROGRAM

Mike Logan talked about the Export Broodmare Program. We have had this program since 2017 and it has been a real shot in the arm. He asked Mary Barber to go over the figures. Mary Barber reported that in 2020 we ended up making about \$61,500 and that is a huge benefit to our organization. It also saves people a lot of money to pay the \$500.00 and be able to take their pregnant broodmares home. This is a lot less than paying someone to take care of their mare year round. Mary had gone through the minutes from the Annual Meeting in 2017, looked at the ballot that was voted on for this program, and at the association By-Laws because she remembers that it was discussed that after four years, this program would be re-evaluated. She really searched for this to make sure that the members do not have to vote on it again. It looks like the Board of Trustees were to discuss the program and decide if we want to continue it or not.

Mike Logan asked Mary Barber to go over the numbers of broodmares that have participated during the past four years. The Annual Report shows that in 2020 we had 117 participants, in 2019 we had 112, in 2018 we had 90, and in 2017 we had 90 .

Mike Logan would like to ask the Trustees if they wish to continue the program.

Susie Prather stated that this program has hurt her business. It has been very detrimental where she used to have 50 or 60 outside mares, she now has maybe 30. Vanessa Alexander also stated that she has lost business as well. The funds have helped the breeders, but have we registered more foals since we adopted this program. Is it overall a good thing for the association and for the breeders? Susie Prather also feels another way to look at it is some people just are not breeding. Mark Brown thinks we have a lot of competition from other states and the pandemic really made a difference too.

Mike Logan would like to address this later in the year to discuss if we want to make any changes to the program. There is the October 1st deadline and the high late fees of \$2,000. As a board it is our job to review our program and make changes if needed.

President Goncharoff stated that we are still one of the most restrictive states and now we are really needing to come up with a way to improve our numbers. We cannot just talk about it.

INVESTMENTS

President Goncharoff is very impressed with the advice Mr. McCallon has given us since we started doing business with him a couple of years ago. He handles Jay Taylor's personal investments, and he has done well so he asked him to come to a meeting and address our board.

Mary Barber explained that the reason this is on the agenda is that we have some investments with U.S. Bank Corp that have or are about to mature. She cashed in the first one that matured on January 29th for a little over \$50,000 and those funds are in our General Account now. The other CD we have with them will mature in early April and Mary has instructed them to close that one out as well since these investments have not grown hardly at all. She contacted Adrian McCallon and asked what he would suggest we do with the funds and he sent an email that she forwarded on to the Trustees to read. In his email he suggested three options. One being conservative, one being lower to moderate risk, and one for a more aggressive growth.

President Goncharoff feels we should follow Mr. McCallon's recommendations. Mary went over the three items that Mr. McCallon mentioned in his email. We could split them up but if we go with the Annuity, we will be tying up the funds for five years. Mike Logan asked when the next CD will mature and could we have Mr. McCallon come to our next meeting.

Mike Logan made the motion to table this item until we can have Mr. McCallon attend a meeting to discuss our choices in more detail with him, seconded by Annette McCloy. Motion carried 11:0.

FUTURE BOARD MEETINGS

Mike Logan explained that when we go back to in person meetings, it is an all day event. It is not imperative that you make every meeting but hopefully everyone can attend. We need to set the dates and times and try to attend. There is a protocol on the Committees. You should have a chairperson who goes to the President and then that item will be addressed.

No vote was taken on this item.

DISCUSSION ITEMS

PURSE TAX AGREEMENT

Jeff True joined the meeting and President Goncharoff asked him to give the Trustees an update on what is going on with the Purse Tax Agreement. Jeff True reported that Albuquerque will open their simulcast tomorrow and their casino the next day. All the racetracks got a memo from the Gaming Control Board that they would be allowed to open at 33% capacity. The Purse Tax Agreement is going to be vital to Ruidoso Downs opening on time and running the maximum number of days. The Purse Tax Agreement is being discussed but there is no document on the table at this point. He feels he needs all of the funds that are available. With all the money available and including the breeders money, we would be at 80 to 85% of their normal purse funds. The funds they have now would only get them to maybe 75%. They would have to run less days and pay less in purses. Everyone wants to run but he is not interested in running short fields for either or both breeds. He knows that the people who have gone out of state would like to come back but it will depend on what they are coming back to. President Goncharoff interjected that he felt that dividing the purse funds based on race days is the fairest way to go. When will Ruidoso be ready to open their casino? They have 275 machines, and they need to be at 50% to make it feasible and not lose money on a daily basis. He looks forward to when they get to green. They are actively analyzing that issue right now to see if it would be a good idea to open at 33% or wait until they can open at 50%. Because there are race dates on the books, they are going to allow the Downs At Albuquerque to open.

LEGISLATION

President Goncharoff asked Jeff True to bring the Trustees up to speed on what is happening in the legislature. He specifically asked about the ADW Bill and the Gaming Tax Credit Bill that Jeff has been working on this year.

Jeff True reported that the ADW Bill had received a unanimous vote in the House, and it will go to the House Judiciary Committee next. He will contact us when it is scheduled so we can plan to attend. On the Senate side, the Bill has been given a number and we expect to be heard on both the House and the Senate at the same time. He feels pretty good about our chances on ADW. After working out some items, we have unanimous support from the industry.

The Gaming Tax Credit Bill was heard in the Senate Tax, Business, and Transportation Committee. What they are doing in that Committee is putting all the tax credits in a pile and at the end they will determine which ones they will try to fund. This has not gone to the House yet. He got some positive feedback from the first committee and so he is hopeful. President Goncharoff mentioned that the difference this time around is that all five racetracks are included and in support of this bill.

Norma Alvarez let Jeff True know that we do have a Legislative Committee and she asked him to send us an email about who we need to contact and when the Bills will be heard. Jeff True thinks the most effective thing we can do is contact people on the committee by people from that person's district. Norma Alvarez will send Jeff True the contact information for all the Legislative Committee members.

Mac Murray asked Jeff True about opening dates at Ruidoso Downs. Jeff True reported that they plan to open on time on May 21st. The color of the county will determine how many fans can attend and this could go back and forth depending on the pandemic numbers. He feels optimistic that they will be able to get to full capacity sometime during their race meet.

Vanessa Alexander brought up SB 378 and asked Jeff True if he could comment on that. Jeff True stated that he does not understand the bill and does not think there is a lot of money involved. It looks like someone is just picking a fight to him. He does not think it is entirely unexpected considering who it came from. Vanessa Alexander asked if Ruidoso has anything to do with supporting the bill or any of the wording. Jeff True has not looked at the numbers and what a difference that would make for Ruidoso, but it is not something he is interested in fighting about. Vanessa Alexander would like to know what racetracks were involved in this bill and why. She is happy to hear that Ruidoso Downs does not support SB 378 and asked if they would be willing to join the breeders to fight against it. Jeff True said that would be a fair statement. He was not included in any discussions the other racetracks may have had about the Bill. His expectation is that it will not even get a committee hearing.

President Goncharoff commented that we are watching the calendar and staying on top of all the Bills. We will let everyone know if they need to start contacting their legislators. He thanked Jeff True for joining us and answering our questions. Jeff True then left the meeting.

There was quite a bit of discussion about the opening of the casinos before running a race meet and what the race dates will most likely be.

BUDGET

Mary Barber reported that she had made a small change to the 2021 Budget report that she had sent out. She added to what was budgeted for our computer expenses because now that our new website and database are just about finished, she contacted our IT company to look over our system and see what kind of security and updates were needed. We also

need to get a new version of Quick Books for the office. What we have is so out of date and only one person can be working on Quick Books at a time. Our computer hardware is pretty old, and we may need to replace them. President Goncharoff commented that he does realize that they have not been upgraded in a long time and we knew this day was coming. Mary Barber stated that we really need to make sure our information is secure and that we have good daily backups and also good security. She has talked to them about spreading the work out over time and to make sure we do the most important items first.

A few of the other items on the budget were discussed. Travel was a bit over in 2019 and then there was no travel in 2020 due to the pandemic. We plan to travel to all the normal events this year in 2021. More funds were set aside for Marketing and Advertising since it looks like things are going to start to open up and we will want to remind people of all of the different races and events coming up.

BREEDING SEASON

Vanessa Alexander had put this on the agenda and wanted to go over a little survey she put together. She thinks it would be a good idea to find out who is breeding. She has heard that a lot of people are not going to be breeding for New Mexico Breds this year. She knows that one of our bigger breeders has been giving horses away and may have as little as twelve New Mexico Breds this year. She also would like to have a survey about our Export Broodmare Program. It would be a good idea to ask how the members feel about this program and how it has affected them.

CODE OF CONDUCT AND NMHBA GUIDELINES

President Goncharoff asked the Trustees to read these items so that they are all aware of what they should and should not do as a representative of the New Mexico Horse Breeders' Association. We cannot suggest to others that our own personal feelings on a subject are those of the association.

Mary Barber asked the new Trustees Vanessa Alexander, Helen Nave, & Susie Prather to be sure to sign the signature pages on each of the documents and send them back to her for our records.

OPEN DISCUSSION

Mac Murray feels encouraged about what is going on and that we finally have a reason to be optimistic. With that, Mac Murray made a motion to adjourn the meeting, seconded by Mark Brown. Motion carried 11:0.

Tom Goncharoff
NMHBA President

Mary M. Barber
Attest