



**Board of Trustees Meeting
Zoom Video Conference**

April 28, 2021

PRESENT

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

ABSENT

Vanessa Alexander.

QUORUM

President Goncharoff acknowledged a quorum present.

MINUTE APPROVAL

Norma Alvarez made a motion to approve the minutes from 2/25/21, 3/8/21, 3/10/21, 3/11/21, & 3/12/21, seconded by Annette McCloy. Motion carried 10:0.

ACTION ITEMS

INVESTMENTS

President Goncharoff introduced Adrian McCallon from BOK Financial and thanked him for coming to our meeting. He then turned the floor over to Mr. McCallon.

Adrian McCallon went through our current investments and explained what each of them are. Cash Money Funds and Bank Deposits, Fixed Income, Balanced Funds, Annuities, & Other. The numbers have gone up since this statement.

The question is where we should place more funds. He can make recommendations for the Trustees to consider. He went over the timeline for the investments. The Annuities are a five year investment while some of the other investments are for 12 to 18 months.

President Goncharoff asked what Adrian anticipates the effect will be on the market with tax increases. Adrian replied that it might slow things down, but it should not create a loss

for 2021 but going into next year we will be in the low double digits. The fixed income and cash accounts will make almost zero early next year.

Norma Alvarez asked about the statement that was being shown on the screen. Adrian McCallon explained that the last period started on February 1st and the number showing under this period would be the end of March.

President Goncharoff asked if this is something we should decide on today? Mary Barber explained that she would like the Trustees to vote on what and how they would like to invest \$200,000 from our general account. President Goncharoff asked Mary to inform the Trustees of what is in that account currently and Mary Barber reported that there is \$444,000 at this time and that would leave \$244,000 in the account.

Adrian McCallon explained that the Annuities are a five year investment and so there is a lack of liquidity on those but everything else can become liquid very quickly if we should need the funds to be moved back over to the general account. The Annuities are the safest but the least liquid. You can cash them out, but we would not make anything on the investment if we cashed them in early. You can access 10% without penalty on the annuities. Over a five year period, you could take up to 50% but that is a catch 22 where it is the most protected of our investments with the least amount of access.

Adrian McCallon made the recommendation to invest the funds in the same allocation percentages as we have now. Since the funds belong to our members, this is a pretty safe way to split them up.

President Goncharoff asked the Trustees how they would like to proceed? Norma Alvarez suggested that maybe we invest \$100,000 now and do another \$100,000 later. Annette McCloy suggested we wait to make a decision until the end of the meeting. There were no objections to this idea, so President Goncharoff thanked Adrian McCallon for coming to our meeting and commented on how much we appreciate the job he does for us. Mary Barber will contact Adrian McCallon after the Trustees have made their decision.

TROPHIES

Annette McCloy went over the trophies she had picked out from the catalog that was provided by Andy Golden. Mary Barber went over what each trophy would be for, and the total cost will be \$5,850.00 and that is quite a bit less than in 2019. Annette McCloy explained that there would also be a \$500.00 shipping fee.

Norma Alvarez made a motion to approve the trophy selections and the fees, seconded by Mike Logan. Motion carried 10:0.

MARKETING

THE COWBOY CHANNEL

Mark Brown thought this would be a good way to promote New Mexico racing through the Cowboy Channel. It would be a great way to showcase our races and our sale as well. The Cowboy Channel has really done a great job marketing the rodeo industry. They have a lot of viewers.

Tom Dawson, of Mirage Media Enterprises, Inc., feels the Cowboy Channel is the best partner Quarter Horse racing has had since ESPN got out of the Quarter Horse business a long time ago. This will reach a lot of people that are in another market that also deals with horses. He went over the 2021 Cowboy Channel QH Racing Sponsor Package Rates. You can pick just one race or several. You can also choose the entire package at a 20% reduced rate.

President Goncharoff asked if this would also include the production of the advertisement and was told it would not, however they would be able to help for a fee. The general cost to produce an advertisement from scratch would be around \$600.00. If the Trustees decide to show the advertisement in the early races, they will need this advertisement pretty soon. You get four commercials within the show plus you get four positions in general Cowboy Channel programming. The commercial would show eight times total on the day of each event.

Norma Alvarez asked Tom Dawson what would be most advantageous for our association. Mr. Dawson thinks the New Mexico races are certainly a good place to be however the Rainbow would be good because the sale, the All American and the AQHA Challenge would also be good events for us. The Heritage Place Futurity & Derby and the Texas Classic Futurity & Derby would be slightly less advantageous.

Mark Brown thinks for the small difference to exclude the out of state races, we might as well buy the whole package. It would be good to show our commercial in other states.

President Goncharoff thanked Tom Dawson for joining us today and told him we would let him know what the Trustees decide.

After further discussion, Annette McCloy made a motion to buy all six events and to try to negotiate a larger discount, seconded by Mark Brown. Motion carried 10:0.

The Marketing Committee & Mark Brown will work on the content with Tom Dawson and Mark Brown will try to negotiate a bigger discount.

EXPORT BROODMARE PROGRAM

Mike Logan has had multiple conversations about the Export Broodmare Program. We are catching a lot of flack from people who miss deadlines and have to pay late fees. Right now the fee is \$500.00 due October 1st and every year we have people miss the deadline and the fee goes up to \$2,000.00. He would like to suggest adding a grace period of 30 days so

there would be no penalties between October 1st and October 31st. He thinks we also need to get a little more proactive and go one more step by calling the participants we have had to remind people who have participated in the past to see if they had forgotten to submit their forms. He also suggested lowering the late fee from \$2,000.00 down to \$1,000.00. There is a way around this by reporting that your mare left after the deadline and that it has been within ten days of leaving and pay the \$500.00. Of course, you would have to have someone in New Mexico to back you up. Mike Logan also thinks we should reduce the late fee that goes with the return form down from \$2,000.00 to \$1,000.00.

Annette McCloy told the Trustees about a situation that she is in where she will need to pay a late fee, but she will wait to see if the foal looks good before paying the late fee.

Warren Franklin thinks the grace period is a good thing but does not like having to make decisions for individuals sending in letters for consideration.

After further discussion, Mac Murray made a motion to lower the late fees on both the export and import (return) fees to \$1,000.00 and to have a ten day grace period, seconded by Annette McCloy. Motion carried 10:0.

Mike Logan also suggested that we make a by-law change that if you pay the fee for the Export Broodmare Program and you do not get a live foal, you will get to use that fee for the next year instead. This would only be good for the next year after the payment was made.

LETTER FROM BOBBY MCQUEEN

Mary Barber summarized the letter from Bobby McQueen. He had filled out the return form for his pregnant broodmare going back to New Mexico when he had an accident and had to be hospitalized. Hi daughter Lauren did get the mare hauled back to New Mexico to foal, but the return form did not get mailed before the foal was born. When Bobby got back home, he found the form on his desk and realized what had happened. He did mail us the form within a day or two after the foal was born along with a letter asking the Trustees to waive the \$2,000.00 late fee.

After further discussion, Norma Alvarez made a motion to waive the late fee due to extraordinary circumstances, seconded by Annette McCloy. Motion carried 10:0.

DISCUSSION ITEMS

NEW MEXICO HORSE COUNCIL

Chris Morgan, the President of the New Mexico Horse Council grew up in West Texas and is currently working at the Albuquerque Airport. He is also chairman of the East Mountain Rodeo Association.

When Chris came on board, the purpose of the Horse Council was primarily with trail riding and a few other very specific activities that did not encompass the entire equine

industry. His goal is to get the entire industry on the same page. He thanked Vanessa Alexander for reaching out to him.

The New Mexico Horse Council is the legislative branch and what they want to do is reach out to us and say they are there to help when issues come up. He would like to be informed about horse racing so that he will be able to understand what our issues are so he can then talk in a very educated way with legislators in an effort to help. The equine industry needs to be on the same page. We are here to help promote the equine industry in New Mexico. He remembers growing up and watching the All American. He knows the economic impact must be huge due to the pandemic.

He then asked for any questions.

President Goncharoff asked about membership. Chris Morgan explained that membership is very affordable. It is \$40.00 a year and \$250.00 for a lifetime membership. They are going to start talking to businesses around the state to give discounts to members. He believes that Dan's Boots and Saddles is already offering a 10% discount on all feed. Sandia Trailer Sales is talking about giving a similar discount that could be substantial. The Council does not advertise but promotes the industry as a whole across the state and across the nation. If they had been better organized as an equine community, we may have been able to get things back to normal earlier.

Norma Alvarez asked if there is an association fee? Chris Morgan explained that there is a business membership. He did not know the fee right off, but it is very reasonable. They are not there to make money. Norma Alvarez thinks we should join the NM Horse Council and would like to see Chris Morgan attend our meetings.

President Goncharoff would like to see an overview of the New Mexico Horse Council and would also like to know how many members there are. He thanked Chris Morgan for coming to our meeting.

SUMMER PARTY & AWARDS CEREMONY UPDATE

Annette McCloy reported that she and Mary Barber had met with Tim Keithly and Crystal SiFuentes twice. They are very excited about the party, and they have a \$5,000.00 budget. They will pay for a meal, possibly Mexican. We will be allowed to have 200 attendees. Anything over 200 will cost the association \$15.00 per plate. They are going to take care of putting together the advertisements. We will send out the Save The Date Cards and Invitations. They will be happy to play the videos of our champions winning races during the event on their televisions.

It will all start off with a reception and a cash bar in the museum (Hall of Fame room) from 6:30 to 7:15. We will then go up to the Turf Club where they will serve dinner and the awards ceremony will follow.

Tim Keithly mentioned that he would like to get a sponsor to help out with possibly paying for the video. He mentioned that the guy with the lip chip company may be interested in

being a sponsor. There will not be the band out on the apron like in past years, but they may have a guitar player for during dinner. In addition, Mary Barber will be allowed to have her booth down in the grandstand that weekend.

President Goncharoff asked how long ago these meetings took place and suggested that we double check with Tim Keithly to make sure that the plans have not changed with the new management coming in. It all sound great and is very commendable that Ruidoso Downs is willing to do all of that.

STAKES REPORT

Mike Logan reported that we had accomplished some great things recently. Our Thoroughbred stakes races at SunRay Park were not enough to make them Black Type. We contacted management at SunRay Park and asked them if they could add more funds to these races and they agreed to do so. Between the added funds from SunRay Park and the Breeders, our Thoroughbred races will now all be Black Type. If we had not been able to do this, it would take two years to get these races back to Black Type.

Ruidoso Downs took it upon themselves to move the dates for the trials and finals for the Rio Grande Senior & Seniorita Futurities to later in the meet and this caused a conflict with the NM State Fair TB Futurity. We were able to get these moved back to the original dates and there is no longer a conflict. There were 23 horses that were entered both at Ruidoso Downs and the NM State Fair.

We had a meeting with Don Cook & Beth McKinney about enhancing the current NM State Fair QH Futurity so that it would be a million dollar race. They have been working on the nomination blank and should be approved at the next Commission meeting.

We have a meeting coming up with management at Sunland Park to build up the NM Breeders Derby & Oaks. The Copper Top and another NM Bred race will be eliminated, and we can use these funds to add to enhance the three year old races. This would possible be on a point system. A couple of early races would be the prep races and you could earn points from those races. The top horses would be allowed to go into the Derby and the Oaks. We hope to find the funds to make the Oaks around \$300,000.00 and the Derby around \$500,000.00. The nomination and sustaining payments would be small and you can opt in with late payments.

President Goncharoff added that these races would be run on Sunland Derby weekend so this would go a long way to help our Thoroughbred side of things. Between last year and this year, we have had some high quality stallions come here and they are getting quite a few mares booked to them.

Mike Logan thinks that Sunland Park is really intrigued with this, and this was very well received. He thinks that we could get this done with them very shortly. President Goncharoff mentioned they hope to meet with Dustin after the schooling races at Ruidoso Downs the next week so hopefully they will have something to report at our next meeting. Once we get these finalized, we should include this information on our advertisements.

Mike Logan spoke with Don Cook about contributing to the fees for the advertisements.

GAMING REPORT

Mary Barber put her Gaming reports up on the screen to show the Trustees. The top excel spreadsheet is the numbers for 2021 and the bottom spreadsheet is from 2019 as a comparison. She explained that there are three columns and the first one named Breakage is the stakes funds for that racetrack. The second column is the overnight funds for that racetrack and the third column is for the award funds that go out in November.

Sunland Park actually has more in their account now than in 2019 however \$300,000.00 of their stakes funds will be going to Ruidoso. The Downs At Albuquerque has quite a way to go before their meet starts but Mary and Don Cook have been working on this together and believe that we will be able to keep our contributions to their overnight races the same as the last few years. Ruidoso Downs will be getting a total of \$500,000 from the Purse Tax Agreement with \$300,000 from Sunland Park and \$200,000 from Zia Park. SunRay Park has added quite a bit to this in the last few weeks. Zia Park will have that \$200,000 going out to Ruidoso Downs so this is the racetrack Mary is a bit concerned about. As you can see, they had more than double the funds at this same time back in 2019.

The next report shows what has come in each week from each racetrack with a comparison from 2019. The Downs at Albuquerque is doing incredibly well, Ruidoso Downs is doing typically what they usually do. They do get more funds from Sunland Park and Zia Park from the leased machines. SunRay Park also gets funds from Albuquerque for their leased machines. The report shows that some weeks they have made more than in 2019. Mac Murray pointed out that the numbers look amazing and are only slightly down from 2019 overall when all the racetracks were fully open. Mary Barber explained that Sandia Casino and the other Casino in Farmington have not opened yet, so Albuquerque and SunRay are making double what they usually do. Once those other Indian Casinos open, we expect things to go back down some.

LEGISLATIVE OUTREACH

President Goncharoff thinks we may need to revisit this with the new management at Ruidoso Downs. There had been discussion with the past management on ways to get Legislators to the races and the racetrack would give them the use of a suite. President Goncharoff feels that would isolate them from other people so he will talk to Tim Keithly about what can be done. He mentioned that in Oklahoma they have a steak night at the Heritage Sale so that the Legislators can come and have a nice dinner and get to know people in the racing industry.

STALLION INCENTIVES

Debra Laney presented her idea about what could be done to give stallion owners more incentive to stand their studs in New Mexico. This idea was outlined in a hand-out that was

sent to each Trustee titled NM Enchanted Stallion Incentive. She mentioned that in the past we wanted to increase the percentage the stallion owners received in the incentive awards, but that idea was shot down. She came up with the idea that would not be a statute change and something the breeders could do on their own. What if we did something like an incentive contest? Anyone who brings a new stallion into New Mexico and has the highest number of broodmares would get a \$10,000 bonus. We would just pay for this out of our operating funds. We make money from our Export Broodmare Program and the Stallion Auction that could be used for this purpose.

Mike Logan reports that we need to look at our percentage that goes to stallion owners and that it is on first place only. This award is for the stallion owner of NM Bred winners of any race in the state of New Mexico whether it is a breed race or an open race and whether it is an overnight or a stakes race. It is also for both Thoroughbreds and Quarter Horses, and we run year round. In Louisiana for instance there are no stallion awards for maidens or claiming and no stallion owner awards for open stakes or trials. The Texas QH Association you have to be a member of TQHA and the Accredited Texas Bred Program. Their program only pays horses that come in 1st, 2nd, or 3rd with the exception of restricted Texas Bred Stakes races. They must pay an annual participation fee. Oklahoma gives stallion awards of 16%. The Thoroughbreds stand alone but the Quarter Horse paints and apps are together. They offer two Oklahoma races per day where we offer three. Maybe we are shortchanging ourselves when looking at what we offer versus other states. Looking at a top freshman sire who gets about thirty mares in another state may get 100 mares in New Mexico. Mike Logan thinks we might consider just doing some more promotion on our program.

Norma Alvarez explained that we have tried to show the differences between our state and others in the past and people get lost trying to understand the percentages and she thinks that Debra Laney's idea is much better and something worth trying. Debra Laney thinks this might create a buzz and get people interested. New people coming into New Mexico will then see the benefits of standing here. Norma Alvarez also pointed out that it would be \$10,000 for the top new Quarter Horse and \$10,000 for the top new Thoroughbred based on number of mares bred.

President Goncharoff asked the stallion owners present what they think. Mac Murray asked if this is for the freshman season or the freshman season in New Mexico? Debra Laney explained that it is just a first year sire in New Mexico and not a freshman sire. This has been corrected. Helen Nave asked if it was just for new stallions and was told yes.

Debra Laney mentioned that this could also bring in more broodmares and more mares participating in the Export Broodmare Program.

Mike Logan asked the stallion owners present if this would entice them to bring a stallion here to New Mexico. Mac Murray thought it is a nice bonus but would not be a game changer for him. He does not think this alone will make enough difference for someone to bring their horse here.

Warren Franklin added that he thinks we would just be spending money more for publicity than anything. He does not think this would get him to bring a new stallion here.

There were a few more comments from the Trustees on this subject.

FUTURE MEETINGS

President Goncharoff went over the tentative dates presented. The next meeting would be in June about a month before the meeting in Ruidoso and we would need to go over what we will discuss at our Town Hall discussion. Mary Barber commented that this will probably be our first in person meeting.

Mary Barber asked if anyone had any problems with the dates listed and there were not comments.

OPEN DISCUSSION

Ralph Vincent commented that we might consider the percentage change and would also require a statute change but only on parimutuel income. When gaming came about, the same percentages were just used with those funds as the parimutuel. The truth is you could probably get away with saying you would just use the gaming money to make any changes and then just get the Commission to approve it. Then it would be much easier to change the statute by saying we are just trying to do the same thing with the parimutuel money as we are with the gaming money.

Ralph Vincent also thought that Mike Logan did a great job with getting all the information together about awards in different states. He also likes Debra's idea and thinks we could make several small changes over a few years in order to create a buzz every year. He had seen an advertisement showing what a breed had made in awards throughout his career in Louisiana and he thought that was a great idea.

Ralph's proposal was to cut the owner's percentage in half and then increase the breeders and the stallion owners percentages. If you look at the total funds the owners are getting in purse money and also the award funds, it is actually only a 3% drop in overall funds.

Norma Alvarez asked Mac Murray and Susie Prather if Ralph's idea would get them to bring in a new stallion to New Mexico. Mac Murray thought it would bring new stallions here and is a great idea. Unfortunately, one of the Commissioners at the time really did not like it and that change was taken out of our bill. Susie Prather also thinks this would give incentive to bring new stallions to New Mexico.

Norma Alvarez is concerned that whenever we try to make a big change like this it takes a lot of outreach. She does feel we should put this before the members, and it may take two to three years.

President Goncharoff thinks this should be a topic at our Town Hall discussion.

Mike Logan said that the discussion we had earlier about the Export Broodmare Program would be an addition to the By-Laws instead of a change to the current wording. This would be about giving someone a second year to produce a foal if the \$500.00 fee is paid.

Mary Barber will email the budget report to the Trustees. She had hoped to have it for the meeting today, but it did not make it on the agenda. Please call if you have any questions.

Mary Barber also reminded the Trustees that they still needed to vote on the investments that were discussed earlier. We need to decide how much we want to invest and how to divide the funds.

Helen Nave thinks we should use the same percentages that Adrian McCallon recommend.

Mary Barber put the statement back up on the screen and explained that Adrian had advised we split the funds up between all the categories shown except for the Cash funds. That would leave the Fixed Income, Balanced Funds, Annuities, & Others.

President Goncharoff mentioned that we were discussing investing \$200,000 and asked Mary Barber if she would be comfortable with that. Mary Barber thinks that even with the funds going to the Cowboy Channel advertisement, we would still have plenty of funds in the general account.

Mac Murray made a motion that we go ahead and invest the \$200,000 and that the division of these funds be determined by Mary Barber, Tom Goncharoff, Mike Logan, and our advisor, seconded by Norma Alvarez. Motion carried 10:0.

Mary Barber will forward the video Mindy McArthur had put together a couple years ago for the Trustees to look at. This video was done by her friend in Brazil and was very economical. If the old video cannot be updated, maybe we could have him create a new one.

There being no further business, the meeting was adjourned.

Tom Goncharoff
NMHBA President

Mary M. Barber
Attest