



Minutes
State Fair Commission Regular Meeting
May 19, 2023
African American Performing Arts Center
300 San Pedro NE – NM State Fairgrounds
Albuquerque, NM
3:00 PM- 5:00 PM

Call to Order: the meeting was called to order at 2:52 pm.

Before roll call Chairman introduced the two gentlemen who are new additions to the commission, Tony Casados and Walter Adams. Chairman Serna continued to say that they are both lifelong New Mexicans, lifelong contributors in many different areas, politically and professionally all with the best interest of New Mexico in mind. Chairman Serna added that the commission is fortunate to have such high caliber members and he appreciates them being here.

Commissioner Casados thanked the Chairman for his kind words.

Roll Call: Michele Clement called the roll.

The following Commissioners were present:

Chairman Eric Serna
Commissioner Benny Roybal
Commissioner Larry Chavez
Commissioner Tony Casados
Commissioner Walter Adams

Commissioner Casados stated that he would like to take this opportunity to introduce himself. Commissioner Casados stated that he agreed to sit on this commission because he thought he had something to offer in a positive way. Commissioner Casados continued by stating that he has been a member of the Livestock board for a few years and he likes it and will continue to stay there. Commissioner Casados stated that he is self-employed with his brothers and added that the Casados family has been in the Chama area for six generations as ranchers. Commissioner Casados stated that he is glad to be a member of the State Fair Commission.

Commissioner Adams stated that he would like to introduce himself as well. Commissioner Adams stated that he retired from the New Mexico Department of Transportation (DOT) four years ago where he worked for forty-two years. Commissioner Adams continued by stating that he was appointed the Chairman of the State Highway Commission where he serves currently. Commissioner Adams stated that he had been appointed as a Board of Regents, Chairman of the West Las Vegas schools for twelve years, as well as numerous other boards.

Commissioner Adams stated that he asked to come to State Fair Commission because it was going to be something different and exciting. Commissioner Adams stated that he has a lot of background in infrastructure, building and grounds. Commissioner Adams stated that he wants to make a difference, to help improve and make things happen. Commissioner Adams stated that he is pleased to be a member of the State Fair Commission.

Chairman Serna stated that the State Fair Commission is truly fortunate because these gentlemen had given years of their time and effort to making this a better State. Chairman Serna added that they both exemplify what public service is all about and the State Fair commission is fortunate to have them both.

The following staff was present:

Dan Mourning, General Manager

Joseph Holloway, Deputy Manager

Chris Machin, General Counsel

Cara Smouse- CFO

Oona Gonzales, Media/Marketing Manager

Antoinette Kulinna, Procurement Manager

Pledge of Allegiance: The pledge of allegiance was led by Commissioner Chavez

New Mexico State Flag Pledge: The New Mexico State Flag pledge was led by Joseph Holloway, Deputy Manager.

Approval of Agenda: the agenda was approved on a motion from Commissioner Roybal and seconded by Commissioner Chavez, all voted in the affirmative.

Approval of Minutes of February 17, 2023 Regular Meeting: The minutes from the February 17, 2023 regular meeting were approved on a motion from Commissioner Roybal, seconded by Commissioner Chavez, all voted in the affirmative.

Introduction of Guests:

Commissioner Roybal stated that he thought it would a good idea if the new CFO and General Counsel would introduce themselves.

General Counsel Chris Machin stated that he had just recently come on board as the Attorney for Expo NM/New Mexico State Fair and was also the Attorney for the Livestock Board. General Counsel Machin added that he is from Albuquerque, he served in the military and attended law school out of state.

CFO Cara Smouse stated that she had started a few months ago as CFO to replace Bill Nordin. CFO Smouse stated that she grew up in Bosque Farms, graduated from UNM with a Masters in accounting. CFO Smouse added that she had worked for the Metro Detention Center in their budget office, and had also worked for Willis, Towers, Watson in Salt Lake City.

Commissioner Chavez stated that Willis, Towers and Watson was an insurance company. CFO Smouse stated that she worked in the office that handled benefits for retirees.

General Manager Mourning stated that they had both been selected through the Governor's office and approved by the Secretary of the Department of Finance. General Manager Mourning added that he appreciated them both coming on board.

Chairman Serna added that it is good to have them both on board.

Chairman Serna then stated that he thought the rest of the staff should introduce themselves to the new commissioners.

Antoinette Sanchez introduced herself- Procurement Officer, has worked at the State Fair for 20 years.

Oona Gonzales introduced herself - Media/Marketing director at the State Fair for 14 years.

Commissioner Chavez then stated that the three existing commissioners should introduce themselves to the new commissioners.

Commissioner Roybal stated that this is his second tour on the State Fair Commission. His first was under Governor Richardson. Commissioner Roybal added that he is from Espanola and currently has a consulting business. Commissioner Roybal added that he retired from DOT after 28 ½ years.

Commissioner Chavez stated that he was born in Springer, New Mexico, raised in Albuquerque. Commissioner Chavez stated that he graduated from UNM with a degree in Accounting. Commissioner Chavez stated that he worked for KPMG, which is an international CPA firm. He then started his own practice, which he sold and started Dream Style Remodeling which he just recently sold to a private equity/majority interest. Commissioner Chavez stated that he had been a member of the Albuquerque City Planning Commission and under Governor Anaya a member of the Higher Education Commission. Commissioner Chavez added that he had been and exhibitor at the State Fair since 1989.

Chairman Serna stated that he was originally from Espanola. Chairman Serna added that he had been an Attorney ten years. Chairman Serna added that he had worked for the federal government under President Clinton as the Regional Director of the USDA, prior to that, Cabinet Secretary of the State of New Mexico Department of Labor.

Public Comment: None at this time.

Commissioner Casados stated that there had been issues with other commission he had sat on with public comment and suggested that this commission set a time limit.

Chairman Serna stated that there is a time limit set but this commission is flexible depending on the topic.

Commissioner Adams stated that the DOT Board did not institute time limits because there were often presentations listed under Public Comment that took some time.

Management Report: General Manager Dan Mourning

A. Financial Report- Cara Smouse

General Manager Mourning stated that the current balance sheet, PNL showed that there is a net income of \$1.1 million dollars in revenue.

General Manager Mourning stated that overall Expo NM is at \$13.1 million dollars in revenue to date. General Manager Mourning added that most of the revenue that Expo NM has made has been on our own since he has been there. General Manager Mourning stated that the Legislature has helped the last couple of years, but Expo NM is ahead of the forecast submitted for previous the year. Expo NM had requested \$3 million dollars to offset the negative fund balance due to pandemic. General Manager Mourning continued by saying that during the recent Legislative Session that request was reduced to \$1.25 million because of staff had been doing such a great job of generating revenue.

General Manager Mourning stated that expenses are up also, as an example, natural gas prices which are purchased thru State of New Mexico had increased substantially. In January the bill was for \$50 thousand dollars, when historically in January the bill was no more than \$15 Thousand dollars at the most. Then again in February the bill was \$136 thousand, whereas historically it was \$20 thousand dollars for same use of gas. General Manager Mourning added that staff had argued the amount of the bills and asked for help, asked if the cost could be capped to no avail. General Manager Mourning stated that because of the substantial increases in the cost of Natural Gas, Expo NM has had to forego many purchases. General Manager Mourning added that Expo NM was still in good shape and is looking forward to a great State Fair.

Chairman Serna asked what was their explanation for the increase in costs?

General Manager Mourning stated that it was the cost of gas.

Commissioner Chavez asked if the financial statement indicated that there is \$11.1 million in the bank? Commissioner Chavez asked if that amount was what went through the bank and added that currently the financial statements indicate that Expo NM has \$2 million in the bank.

CFO Smouse stated that as of today Expo NM has \$2.2 million cash in bank. CFO Smouse added that the \$11.1 million was the expenses.

Commissioner Chavez asked about the revenue. CFO Smouse stated that revenue was \$12 million with expenses up to March 31st were \$11.1 million.

Commissioner Chavez asked if Expo Nm would have the same auditing firm.

General Manager Mourning stated that Expo NM would have a new auditing firm. The contract will go out to bid for a new firm. General Manager Mourning added that the Office of State Auditor provides all state Agencies with an approved list of Companies that agencies can contract with. General Manager Mourning stated that CFO Smouse has chosen several top firms and can share that list with the Commissioner to see if any others that should be contacted.

CFO Smouse stated that Expo NM is looking for firm with a good reputation and one that has offices in Albuquerque because of time constraints and the timeline during this time of year.

CFO Smouse stated that she had reviewed list with Deputy Manager Holloway who had worked in State Auditor's Office. The rules state that Expo NM must be under contract by July 31st and added that this is a normal timeline for this contract.

Procurement Officer Sanchez added that Expo NM accounting staff will perform year end audit and will pull information from the last few month of the year in preparation for the upcoming audit.

Deputy Manager Holloway added that the State Auditor's Office must approved the companies before they are chosen and under contract.

Chairman Serna asked CFO Smouse to explain the process once the list from State Auditors' Office is received and approved, how is the selection made.

CFO Smouse stated that she would send out a letter of inquiry to a handful of firms in area, asking them for a bid, per the standards that we need to be audited by, which they all are aware of having been vetted by the State Auditor's office.

Chairman Serna asked what the budget for this contract was?

CFO Smouse stated that per the State the contract cannot go over \$30 thousand dollars.

Commissioner Casados asked how often does the auditor change? Does the agency keep the same one indefinitely or does the company change after 4 years.

General Manager Mourning stated that all agencies had been allowed up to six years to keep the same auditor because of the pandemic.

Commission Chavez stated that he has pointed out that we should change the auditor more often.

General Manager Mourning stated that it is good business practice to have the same company for at least two years so that they can understand how Expo NM operates.

Commission Chavez asked if the selection process could be done sooner.

CFO Smouse stated that per the State Audit rule Expo NM is not allowed to select a company until the State Auditor sends out the notification that all agencies can go out and seek contract.

Commissioner Chavez asked when this notification is sent out by the State Auditor's office.

CFO Smouse stated that the notification is usually sent out the end of March, beginning of April. CFO Smouse added that she had sent out the letter of request to potential audit companies a few weeks ago.

Commissioner Chavez stated for clarification, Expo NM cannot start the selection process until given notification by the State Auditor's office.

CFO Smouse stated that Commission Chavez's statement was correct. CFO Smouse added that Expo NM has one bid so far, but most companies wait until deadline to respond.

Commissioner Casados asked, after bids are received who decides who the auditor will be, the Commission or Expo NM management? Commission Casados also asked if any presentations will be made to the Commission from the auditor?

General Manager Mourning stated that Expo NM management makes the decision and added that all firms have been approved and vetted by the State Auditor's Office. General Manager added that although Expo NM pays the bill, the auditing company works for State Auditor's office and when work is complete, it all goes to the State Auditor's Office for review. Once completed there will be an exit conference to discuss audit which will include a member of the Commission.

Commission Casados asked for clarification on the presentation of the budget to the Commission, was this done as a matter of courtesy? Commission Casados asked if the Commission had anything to do with preparing the Audit itself.

General Manager Mourning stated that the Commission does not have anything to do with preparing the audit itself, it is the job of Expo NM staff to prepare budgets, and financials for the auditor. General Manager Mourning stated that the audit companies have access to the State of New Mexico Share system.

Commissioner Casados asked if the Fair budget was approved by the Commission.

General Manager Mourning stated that the Expo NM/State Fair budget was approved by Santa Fe, first by Governor's office and then by the Department of Finance and then ultimately by the Legislature.

Commissioner Casados asked if the budget was presented to the Commission?

General Manager Mourning stated that a financial report was presented to the Commission during State Fair Commission meetings.

Commissioner Chavez asked about the \$646 thousand dollars para mutuel money in the restricted cash category on the financial report, what is that?

CFO Smouse stated that this is the para mutuel money which Expo NM has had for decades. General Manager Mourning further explained that this is 1.69% daily handle from the racetrack for capital projects. General Manager Mourning further stated that this money is a "sunsetting" balance which is restricted for capital projects the grounds.

Commissioner Chavez asked how the money is used.

General Manager Mourning stated that the expenditure has to be approved by Santa Fe, Expo NM cannot just write a check.

Chairman Serna asked if the amount is approved.

General Manager Mourning stated that the amount is set and Expo NM earns interest on that amount. General Manager Mourning stated that Expo NM can purchase equipment if needed,

for example a Front Loader. General Manager Mourning added that this is Capital money that the Legislature makes the decision on what it can be spent on.

Commissioner Chavez stated that he noticed on the Income statement that there is not an expense recognized for depreciation. Commissioner Chavez added that every year Expo NM has depreciation around \$2 million dollars and this should be recognized quarterly.

General Manager Mourning stated that CFO Smouse would that change to the financial report.

Commissioner Chavez stated that the new Commissioners might want to know about the major accounting change.

CFO Smouse explained that Commissioner Chavez was referencing GASB 87 rule regarding long term assets which now requires Expo NM to recognized revenue that is received from The Downs Racetrack and Casino over the life of their lease.

Commissioner Chavez stated that he was glad to see that revenue was up significantly.

General Manager Mourning stated that it had been a good year.

Commissioner Chavez stated that he would like to see the numbers and the bottom line for just the Fair itself.

General Manager Mourning stated that that information can be provided.

Commissioner Chavez stated that he would like to welcome CFO Smouse aboard.

CFO Smouse thanked Commissioner Chavez for his welcome and stated that she was happy to be at Expo NM.

Commissioner Roybal stated that during the pandemic there was no revenue coming in from The Downs Racetrack and Casino and then asked if they have they started to pay Expo NM back the considerable amount that they still owe.

General Manager Mourning stated that The Downs Racetrack and Casino had gone to the Governor's Office and the Legislature to ask for an extension of their Lease. Their lease was extended and they have about Ten more years until they have to pay the money back.

Commissioner Chavez returned to the discussion of the Natural Gas prices and asked was the \$136 thousand dollars for just one month?

CFO Smouse stated that yes, that was just for one month. General Manager Mourning stated that it was extraordinary.

B. Contracts

Commissioner Roybal stated that the commission got the Carnival RFP too late to be involved in process. Commission Roybal added that the Commission should have been involved since day one and not at end of process. Commissioner Roybal again stated that the Commission got it late,

he was out of town and had no time to review in short time provided and felt that this needs to be brought to the attention of the Commission.

General Manager Mourning stated that the RFP was sent to the Commissioners and the Procurement Officer of management did not get a response from the commissioners over one week later to say that they were unable to respond.

Commissioner Chavez stated that the RFP was sent late on Friday afternoon and he did not see it until 11:00 am on the following Monday with a 5 pm deadline. This timeline did not give him an opportunity to review the RFP.

General Manager Mourning stated that he apologizes for the timing on sending the RFP to the Commissioners but added that the commissioners could have called to let him know that they needed more time. The Deadline to send the RFP out was Wednesday. If he had been contacted, he and Procurement Office Sanchez could have worked with the Commissioners to talk about their concerns or comments.

Chairman Serna asked why did the RFP have to go out on that date?

General Manager Mourning stated that is the date it was required to be sent out based on the procedures that must be followed during the RFP process. A notice that this RFP was being issued was posted in the newspaper and per procedure the RFP must be available to any interested person or company that wishes to respond.

Chairman Serna then asked why it was not sent out prior to that so that it is not so tight, why not issue it earlier?

General Manager Mourning stated that there were several factors that went into the timing of this RFP. Based on past experience this is the best time for those in the industry to respond to this RFP, also in November Procurement Officer Sanchez let representatives from the industry know that this RFP was going to go out. General Manager Mourning added that staff was trying to be responsive to Commission, but there have been many other important events and timelines that had to be met at this time, not just this one RFP. Expo NM works with a small year-round staff and it is a balancing act.

Commissioner Chavez stated that to the Chairmans' point, this is a very important contract and the timing is important and he would recommend that it gets done much sooner. Commissioner Chavez recommended that the time for processing be lengthened.

Chairman Serna added that it seems to him that this is the kind of contract that would get a lot of interest because there are only a certain number of companies that do this type of work

General Manager Mourning stated that the Chairman was correct that there are only a few that are available to provide a Carnival for the New Mexico State Fair but routing is an issue, not all of the Carnival companies can arrange their schedule to include the New Mexico State Fair for eleven days.

Commissioner Chavez stated that the outline the General Manager Mourning had just provided was all the more reason to extend/lengthen the response time.

General Manager Mourning stated that those in this industry know what the other companies are doing when/where. General Manager Mourning added that all of these companies knew that this RFP was coming. General Manager Mourning added that as he had stated before, the Procurement officer had reached out to industry people to let them know it was coming.

Chairman Serna stated that this is one of the largest Fair's in the country and thinks there would be a lot of interest in providing a Carnival for the New Mexico State Fair.

General Manager Mourning stated that he hopes there is interest and that this RFP will bring the best proposal for the New Mexico State Fair.

Commissioner Roybal stated that he would like to make a motion that he thought it would be in the best interest of the New Mexico State Fair to have an outside, independent agency or entity..

General Counsel Machin apologized to Commission Roybal but added that he felt he needed to interrupt Commissioner Roybal at this time...

Commissioner Roybal stated that he had a motion on table and asked General Counsel Machin to not interrupt until the motion is complete.

General Counsel Machin stated that he would hear the motion but may need to interrupt Commissioner Roybal once again depending on what the motion consists of and if the motion violates the procurement process that needs to be followed by the Procurement Officer.

Commissioner Roybal continued to make a motion that it would be in the best interest of the New Mexico State Fair to have an independent outside agency or entity to evaluate the Carnival proposals that are coming in and then at such time that they have been evaluated, the agency or entity should come before the Commission and Management and provide a list of who they are recommending should get the Carnival Contract.

Chairman Serna asked if there is a second to Commissioner Roybal's motion. The motion was seconded by Commissioner Chavez.

General Counsel Machin interrupted the motion once again to state that this motion was not valid because there is a process in place to evaluate the potential bids received, so by potentially circumventing the process could be problematic and it is his belief that maybe this issue, as far as being on the agenda, could be presented at a later time, but wants to emphasize that the procurement process is very strict and must go through procurement and those processes.

On advice from Counsel the above motion was not completed.

Chairman Serna asked General Counsel Machin to explain the process he was referring to.

General Counsel Machin stated that he did not know the exact process as he is not a certified procurement officer but can certainly look into the process and get back to Commission.

Chairman Serna stated that we are at the point of there is a contract that is out for RFP right now and there is a motion to study that RFP to make sure that we get not only the best process but the best end result.

Deputy Manager Holloway suggested that the Commission visit with Procurement Officer Sanchez for clarification on the process.

Commissioner Roybal stated that communication goes both ways and Procurement Officer Sanchez could have contacted commissioners.

Chairman Serna asked why not have independent evaluation?

Commissioner Casados asked if the Commission could we hire independent contractors?

General Counsel Machin added that there was not an action item on the agenda to allow the Commission to make a motion at this time.

Commissioner Adams stated that he agrees that there was not an action item on the agenda. Commissioner Adams then asked General Manager Mourning what the Commissions role is. Dan stated that he could not answer that question for the Commissioner Adam.

Commissioner Adams stated that maybe the Commission should have been included in the process from the beginning.

Commissioner Casados asked if there were Commission policies and stated that he would rather not serve if the Commissions role is not clear. Commission Casados added that he thought the Commission should be able to make decisions that affect the citizens of State.

General Manager Mourning stated at this time that he does not understand why there is a need for independent review?

Commissioner Adams stated that it seems that there needs to be better communication between Expo NM management and the Commission and would like to know what is going to be done in the future.

Chairman Serna stated that when the bids come in he would like Expo NM management let the Commission know the process.

Commissioner Roybal stated that he would like break down of what the Commission can and cannot do from General Counsel Machin.

Commissioner Roybal then stated that he would like Expo NM staff to get contract information to the new Commissioners as well as an Expo NM Organizational chart.

Commissioner Adams stated that transparency and a combined effort is the best approach.

C. New Mexico State Fair

- Theme is “**Fair Famous**” Hollywood glam- we are rolling out the red carpet for New Mexicans. Highlighting New Mexico’s tie to the movie industry.
- Beef Jerky competition is coming back. Will take place during the Red, Whites, and Brews Happy Hour in the Ag Building Courtyard on Friday, 9/8.
- New competitions in Creative Arts. Looking to bring Christmas Tree Decorating and Table Scaping competitions.
- Beginning to take employment applications for Fair. Labor trailer will open at the end of June.
- KOAT is looking into bringing a TV Lab for school kids. TV Lab will be set up like a newsroom, kids can read the news and clips may be aired during KOAT’s newscasts during the week of the fair.

D. Expo NM Report

1. Legislative Update: Expo NM received \$6 million in Capital Funds

General Manager opened the floor for questions and comments:

Commissioner Chavez stated that last Fair there were parking issues and asked what the plan was to address those. Commissioner Chavez then asked about Park & Ride and was the City of ABQ not able to provide it again this Fair.

General Manager Mourning stated that the City of ABQ was not able to provide Park & Ride for the 2023 Fair but added that staff was working on a plan for better traffic flow/other, possibly utilizing other parking lots. The staff are looking at all options.

Commissioner Roybal stated that there was no traffic at Gate 1 and could we get more message boards to direct traffic.

General Manager Mourning stated that he is working with State Police on the plan and added that DOT already provides 9 message boards.

General Manager Mourning stated that can see a need for a plan for redevelopment of the Fair. This could be a Future Project/Study and suggested that the Commissioners could provided valuable input into this project.

Discussion of Meeting Calendar: None at this time.

Discussion of Agenda Items of Next Meeting: None at this time.

Adjournment: the meeting was adjourned at 4:58 pm on a motion from Commissioner Adams, seconded by Commissioner Roybal, all voted in the affirmative.