

NEW MEXICO STATE FAIR COMMISSION
MINUTES
OF THE REGULAR COMMISSION MEETING
WEDNESDAY, NOVEMBER 12, 2014
AFRICAN AMERICAN PERFORMING ARTS CENTER, ROOM 120
300 SAN PEDRO NE
ALBUQUERQUE, NEW MEXICO
CONVENE AT 11:00 A.M.

Call to Order by Chairman Kennedy at approximately 11:00 a.m.

Commission Roll Call – Commissioners present:

Commissioner, Charles “Chuck” Brown
Chairman, Larry Kennedy
Commissioner, William “Bill” Lee
Secretary-Treasurer, David “Hossie” Sanchez
Commissioner Xavier Jurado (by phone)

Pledge of Allegiance: Led by Commissioner Lee

Staff present:

Dan Mourning, General Manager
Allison Hedgecock, General Counsel
Erin Thompson, Media Director
Candace Sena, Media Assistant
Bill Nordin, Chief Financial Officer
Sally Mayer, Senior Manager
Matt Sena, Information Technology Director
Oona Gonzales, Media Liaison
Rick Word, Attorney General’s Office

Members of the Public Present:

Dupuy Bateman
Dan Atchley
Ron Morris
Valerie Cole
Charles Brunt

Action Item: Chairman Kennedy asked if there was a motion to approve the Agenda. Commissioner Brown made a motion to approve, with Commissioner Sanchez seconding, which passed unanimously.

Action Item: Chairman Kennedy asked if there was a motion to approve the minutes of the August 4, 2014 commission meeting. Commissioner Brown made a motion to approve, with Commissioner Sanchez seconding, which passed unanimously.

Public Comment: NONE

Chairman Kennedy asked fellow commissioners if they were interested in establishing other committees. He expressed that the livestock committee has run its course but questioned if there are other areas of Fair or EXPO that should be explored.

Commissioner Sanchez expressed interest in taking the lead on racing issues. He talked about the schedule for racing for 2015 and how state races coincide well with the Downs. He discussed the Downs dates of September 11 to 27 with 17 consecutive days which also works well with the Fair dates. He had concerns about the naming of certain races, and that the Downs did not include the Fair in the name of the Quarter Horse Maturity, when the race belongs to the Fair. He stated that it may be too late for this one, but we need to address that issue going forward.

Chairman Kennedy asked Commissioner Sanchez to formally chair a horse racing committee and Commissioner Sanchez agreed.

Chairman Kennedy asked Mr. Mourning to present the State Fair management report. Mr. Mourning provided a brief introductory statement acknowledging that the 2014 State Fair was the best experience we've had as a Fair in recent years, with a 16% increase in attendance over 2013. He advised that he and other staff have been traveling to other fairs to learn best practices and we stack up well. He advised the commission that he is proud to announce an 11% increase in revenues and made \$5.264 million (before expenses) at the 2014 Fair. For many years the fair was losing money each year but that is no longer the case. He then asked Mr. Nordin to provide a financial update.

Mr. Nordin referred to financials previously sent to commissioners. He talked about the ongoing transition to SHARE. He noted that income is up roughly \$1 million when compared to this time last year. He said we are not only earning more for Fair, but for other events at EXPO as well. He noted that the lease is kicking in a bit more now as well. On the expense side, he said that the personal services line item is a good number as we have held payroll down for the first four months of the year, which includes for the fair. He noted that after we pay our expenses, we will make approximately \$500,000 on the Fair and that income is up.

Commissioner Sanchez asked Mr. Nordin about rental payments by the Downs. Mr. Nordin explained that the contract was for \$2 million a year. Because of the fiscal year, there is a split between the allotments. When we moved into the fiscal year, it moved to \$2.75 million. Commissioner Sanchez asked if there is a step increase or if that depends on casino revenues. Mr. Nordin indicated that there is a participation rent that kicks in when the casino's revenues

hit a certain level. Commissioner Sanchez asked who monitors for compliance, and Mr. Nordin explained that Fair management looks at the Downs' books, and it goes through the Gaming Control Board as well. There is one set of books and everyone is looking at the same numbers. Commissioner Lee asked about the significant reduction in professional services, and inquired about contractual services. Mr. Nordin explained that we finished putting things in during November which will bring the numbers back up.

Commissioner Brown asked Mr. Nordin about what percentage of revenue we received on the Walgreens presale. Mr. Nordin explained that of the discounted amount of \$7 per adult ticket, we receive 90% of the ticket price less the cost to produce the ticket. It is the same arrangement for the \$6 kid's ticket. The price to produce is 13 cents per ticket. We also sold carnival tickets through Walgreens as well. Commissioner Brown asked if we plan to repeat the Walgreens promotion in future years and Mr. Nordin advised him that we worked out a 3 year agreement with Walgreens. The promotion started out slow but tickets sales picked up significantly in the end. We are looking to set up an express lane in future years for those who purchase the Walgreens advance ticket. Commissioner Brown indicated that he looked for the signs at Walgreens but didn't see them. He said it was difficult to get a sense for how much Walgreens was promoting the sales. Mr. Nordin advised that according to our agreement with Walgreens, they were supposed to be up on the marquee in front of each Walgreens but we aren't sure that there was 100% compliance. They were also expected to have a poster as well as a small sign near the cash register. This was the first year but we believe there is great momentum including communities outside of Albuquerque. Commissioner Lee indicated that he saw it on the marquee in Gallup as well as signage inside the store.

Mr. Mourning advised that he did a lot of radio interviews with stations outside of Albuquerque and always put a plug in for the Walgreens promotion. He said we didn't know what to expect but in the end were really pleased with how many people took advantage of the program. New Mexico is a walk up crowd but we sold about 12,000 tickets. We are also considering an express lane for parking with the ticket to give people even greater incentive. Commissioner Brown asked if there was a way to track how many of the tickets were redeemed and Mr. Nordin answered in the affirmative.

Commissioner Lee also noted that the rental of equipment line item was almost cut in half. He also asked about the amount associated with buildings and structures and that the amount almost doubled. Mr. Nordin answered that we are still keying in some things and that we have purchased some bigger items in that category but that he would have to get back with the commission with a more specific breakdown. Mr. Mourning added that Mr. Nordin was correct in that we did purchase some commonly used equipment in order to cut down on rental costs. We have also been able to make some good trades such as receiving portable lights from Bernalillo County as well as help from our sponsors. Commissioner Sanchez asked for future reference if there could be an indicator of reduction or increases by percentage on the financial report.

Chairman Kennedy asked Mr. Nordin where in the report the Downs lease was listed. Mr. Nordin advised that it is under “building rent.” Chairman Kennedy asked to clarify that building rent included all buildings in addition to the Downs and Mr. Nordin indicated that was correct. Chairman Kennedy asked whether or not the Downs was also required to pay for a certain number of events on site and that the money was due whether the events occurred or not and Mr. Nordin indicated that was also true, but that dollar amount was not included in this report because it is always due in January.

Commissioner Sanchez asked Mr. Mourning about what work the Downs is obligated to do for the grandstand. Mr. Mourning indicated that now that the owners have been around for a while, some of their plans have changed including that they are now considering xeriscaping. He said it was his understanding that they had plans for the grandstand to make it more of a venue that can be used for other purposes such as concerts, in order to make it more of a profit center. Commissioner Sanchez asked if the commission would have the authority to approve those changes, and Mr. Mourning indicated that right now they are required to do certain renovations, but he likes the idea of ensuring that the commission is involved, which could be done through the new horse racing subcommittee. Commissioner Sanchez reiterated the importance of this in that the property belongs to the citizens of the State of New Mexico. Mr. Mourning agreed and said the Downs is required to do infrastructure upgrades as part of the 25 year lease. Chairman Kennedy asked what the timeline is for finishing or even starting the connection between the Downs and the grandstand working on the south end of the grand stand because it looks terrible and has for some time. They are obligated to hold up their end of the lease. Chairman Kennedy asked for a timeline for these improvements and we must hold them to it. Mr. Mourning advised that there isn’t a specific timeline but he understands the concern and agrees. Mr. Mourning said they have met with them several times and they have hired an engineering company (Goodman & Associates) which is putting the plans together. He said they are pressing on that and will get an answer for the chairman. Mr. Mourning indicated commissioners are invited to attend any meetings with the Downs for which they are interested. Chairman Kennedy indicated that he would like to attend the meetings and appointed himself as part of a committee to be involved in the process, along with Commissioner Sanchez who also indicated an interest. Chairman Kennedy stated that by the next commission meeting he would like to have some idea of the Downs’ plans and if they’ve got a timeline, mainly as it relates to the south end of the grandstand which he stated looks terrible. Commissioner Sanchez said that this was the most attendance he’s seen at the races during fair for as long as he’s been on the commission. He said it could be even better if they took care of the outside and make it more appealing to bring more people in. He said that contrary to past assertions, the Fair makes racing even better. Mr. Mourning agreed and said we will continue to endeavor to make sure it just keeps getting better. Commissioner Sanchez said this way more people will experience horse racing and it will create new customers for the Fair and the Downs.

Chairman Kennedy then asked Mr. Mourning to proceed with the Fair report. Mr. Mourning indicated that this year we were able to convey to people that it is a great Fair and great

facilities. It represents everything that is great about New Mexico. The Walgreens promotion reached folks statewide, in 15 communities outside of Albuquerque. We worked closely with Secretary Jacobson and Tourism and have created good programs going forward. We had a great promotion with Pepsi as well which gave people a \$3.00 discount on concert tickets. There were over 500 of those tickets redeemed. We had a number of discount days which allows more people to attend and recognize the value. We had a \$1.00 day which ran through the whole day and we saw great numbers. We also had other discount days and had discounts to honor certain groups, such as teachers, which we did for the first time this year, which was a huge success and helps us spread the word to students. He gave much credit to the media and marketing team for getting the word out. He credited the ad agency and ad campaign for capturing the message that we are special and unique. The theme was what are you doing to get ready for the fair and some of the commercials were very clever in capturing that. We did focused commercials for the concerts and rodeos. We had a more extensive rodeo with nine different rodeo events as opposed to the 6 we've done in year's past. The Mexican Extravaganza was amazing and we expect to do that again. We had over 450 broadcast news stories. We did quite a few radio interviews outside of Albuquerque, such as Las Vegas, Gallup and Alamogordo. The Albuquerque Journal had over 20 stories through the run of Fair and over 46 stories in different print publications throughout New Mexico. Mr. Mourning acknowledged Ms. (Candace) Sena's hard work on social media, which allowed us to gain almost another 4,500 followers on Facebook. This also allowed us to give real time information to fairgoers about such things as parking. We got a lot of media attention and there was great interest from the public.

Commissioner Sanchez suggested that given there is almost always rain during fair time, it would make sense to sell umbrellas and utilize them for marketing, with "New Mexico State Fair" printed on them.

Commissioner Lee asked if we had received many stories in the El Paso market, which is the primary media resource for Las Cruces. Ms. Thompson indicated that to the best of her recollection, we did not have any inquiries from that area. Ms. (Oona) Gonzales advised that we had sponsorship agreements with Telemundo which reaches the southern New Mexico area. Commissioner Lee encouraged that the media staff push out stories to the important southern part of the state not covered by the Albuquerque metro area new stations.

Mr. Mourning agreed with Commissioner Sanchez that the umbrella idea had a lot of merit and also acknowledged to Commissioner Lee that we will work to get greater exposure in Southern New Mexico as well. Mr. Mourning reiterated the importance of a social media presence as well. We had a good presence this year with our name being seen over 200,000 times on Facebook and over 600 people interacting on daily posts. We had 11 media sponsorships to promote the fair as well, and agreements with 14 radio stations throughout New Mexico. We got the message out to lots of folks with great coverage. General sponsorships were up, well over \$1 million of value to the Fair. We are looking to build more sponsorships with greater resources.

The rodeo and concerts were also great this year. We had Whiplash the monkey riding around and the entertainment was really important. We shortened the show and compacted it. We have great ideas for next year. Commissioner Sanchez stated that the livestock that they brought this year was amazing and the Fair did a great job. Mr. Mourning acknowledged Binion (Cervi) and credited him for that, in response to the Fair prioritizing those things in the RFP. Mr. Mourning stated the new format with the announcer Boyd Polhamus worked out very well. We raised our purses too, which brought the quality in. Commissioner Lee said that he talked to Jim (Nugent) with the rodeo and asked how we rank and he said we've moved up from what we used to be and still have room to grow and he said people are recognizing that we are stepping up our game. Chairman Kennedy stated that bringing Mr. Nugent in was a homerun and that we really appreciated his help which really improved the show this year. The chairman said people enjoyed the new format, the stock and the quality of the cowboys, which was a big deal this year and (he) heard nothing but positive comments. Commissioner Lee appreciated that it started on time no matter what. Commissioner Kennedy said having Boyd on the horse was big because he could interact with the crowd. Mr. Mourning agreed and also acknowledged Mr. Nugent as well as Everett Dossey, former pro bronc rider, for his assistance. Mr. Mourning said there was also a focus on making the cowboys feel welcome which was important. We also put a country themed beer garden right outside of Tingley which created a great environment. We are working on rebuilding and it will take a couple of years but we are focused on making money for the Fair. We will continue to get bigger and better. The Cinch Shoot-Out was one of the best things that we did and they will be back. These folks are the best of the best. It was everything you'd want out of a rodeo. Mr. Mourning credited Ken Salazar and Sabrina Garza of the Fair staff for their effort to improve rodeo. Along with Mr. Mourning they traveled to NFR and PRCA events and we patterned our rodeo more like an NFR event.

Mr. Mourning said there was a big focus on making the beer gardens more hospitable, and the Fair brought in nice comfortable furniture, with firepits. There were high end whiskey and tequila tastings. We also centralized the events for kids in one place up front, with the petting zoo, pony rides, science exhibit etc.

Mr. Mourning added that there were good spaces for adults as well, to have drink and relax, and that alcohol sales were much better than they had been in the past. Commissioner Brown asked if the Fair received those revenues. Mr. Mourning responded that the Fair receives a percentage. We have a very reputable contractor in Jim Schumacher.

Mr. Mourning raised the issue of safety, and advised that this was a safe fair and crime was practically non-existent. He stated that we have sent the message that the Fair is not for criminals and we don't want their money. Things that contributed to the safe environment included APD's assistance with their real time camera system which was a huge asset. We had a strong police presence and the officers were all very friendly. We had only three fights which is in stark contrast to some other state fairs. We give a lot of credit to our private security company on site as well. Bernalillo County Sheriff's Department had a presence as well. We also had tremendous support from the New Mexico State Police and Chief Kassetas. We hire a ride inspector who is top in the industry, Lundy Enterprises. He will not allow a ride to operate

if there are any concerns. Overall the Fair was safe and people felt really comfortable, more so than in some years past.

Mr. Mourning advised that concessionaires did extremely well this year, including the folks who won the unique foods contest. It is another way that we promote the fair and food is the number 1 reason people come to the Fair. They want new foods and unique foods as well as some of the more traditional options. We had food vendors and many other concessionaires tell us this was the best year they've had at the Fair. Mr. Mourning credited Raina Bingham and her staff for their work with vendors so that things turned out as well as they did.

Mr. Mourning said things went very well with the horse shows as well. Hiring professional horse show managers Duaune Elkins from Excel was a great decision and our payouts have all gone out for this year, and Pam Rush also did a great job. We have received extremely positive feedback and we plan to just keep making the shows better. Chairman Kennedy advised that he attended a horse show and someone stopped him to tell him how pleased he was and how much better the show was. Mr. Mourning thanked Chairman Kennedy and went on to acknowledge Sally Mayer for her efforts to rebuild the horse shows. We also had a good experience with the livestock shows and Erin Dorsey. Her initial take on our shows is that Beverly (Zastrow) is doing things right, and patterning our shows after the national shows. We are grateful to Erin and to Beverly for their good work. The livestock foundation ran the junior livestock shows with much coordination by Caren Cowan, and things went well. Those sales are very important and Janice Atchley assisted as well. Mr. Mourning also thanked Dee McCall for his efforts with the shows in previous years to make them better.

School days also went very well with over 700 schools participating and we plan to have more in the future. These are free to the teachers and the kids and the education component is so important to the Fair. Briana (Medrid) and her group did a very good job.

Mr. Mourning said that the carnival is another big attraction for folks to the Fair. We thank Murphy Brothers, our operator, for buying the gate for the veterans so that they would have free admission on that particular day. They also participated in the Walgreens presale as Bill stated. They also brought in a couple of new rides which people appreciate. We are putting the contract out to RFP this year and we will want to make sure we are bringing the best elements together for our carnival. We had great spectaculars including Magic Mike and his strolling magic show, as well as the high dive artists. We had the Wild Wolf Sanctuary in Lujan and it was very popular and informative. We credit our coordinators at our various venues for the great performances, such as Boye Ladd Sr. and his son at the Indian Village who did extraordinary work, such as the presentations by the Totonac pole flyers, which were amazing. Luis Hernandez handled the Hispanic Village and they also had some good shows. For the main stage, we brought in a game show series which provided that interactive element that was so important to this year's Fair. And a big success was the karaoke contest, which actually started months before the Fair but the finale was at the end of our Fair. We had amazing acts at the African American Pavilion such as Fat City. Overall, we tried to keep the Fair focused on customer service. We had lots of compliments on how friendly our staff was, even during

stressful circumstances. Bill did a great job along with Susan Rebman, overseeing the ticket sellers. They did a great job reinforcing how important that first impression is when people interact with ticketing staff.

Mr. Mourning said we've had a lot of positive changes and wrapped up with an announcement of Fair dates. He stated that the Fair would be from September 11 through 20, Thursday through Sunday (**it should be noted that the actual date is September 10 through 20). The fair dates this year drop the first Wednesday which is usually the first day of fair, but we don't believe this will have a negative impact. We will still have an arts preview night. This year's arts preview night had a great turnout with almost 2,500 people. Big kudos to Ramona and her staff. We have talked about the format and we believe the shorter format is still what's best for the Fair financially. It also creates a sense of urgency that motivates people to go to the Fair. Right now we need to go with the dates discussed because of the timing of Labor Day and so that we don't push out too far as to coincide with Balloon Fiesta.

Commissioner Lee asked how our infrastructure held up this year, considering that it is aging. Mr. Mourning advised that it held up surprisingly well. He said the Fair has done a number of things to improve infrastructure, such as redoing sewer lines, and electrical and water upgrades. Unfortunately right after Fair we had a line collapse right outside of Fine Arts. So we continue to have some struggles and we will go to the Legislature and ask for capital money. We still have a long way to go. We did make improvements to the entrance and it looks really nice but we had to do so because the façade was falling apart. We have had to completely redo Flower Arts because of severe water damage. He said we are trying to fix things right for the future but the deferred maintenance is catching up with us. We will have to reinvest and some things will have to be rebuilt. It is going to take partnerships to get things done. We have a good relationship with Live Nation and they have told us that groups today need a lot of space for staging and Tingley can't quite accommodate it. Recently we missed out on bringing the Eagles because of it, as well as some other performers. They are telling us that if we could build a 15,000 seat arena, they could fill it. We think it is something Albuquerque needs and the people of New Mexico would appreciate, and we are in a prime location.

Commissioner Brown asked if the Fair had submitted a capital request to the legislature and Mr. Mourning responded that they had submitted a request for \$11 million. He talked about how we have and need to continue to replace roofs. We have had a hearing where we made our case and will continue to do so, but we do recognize that the all the requests far exceed the amount of money available.

Commissioner Lee stated that he wanted to commend Mr. Mourning and his entire staff. He said he spent a lot of time on the grounds and the staff is a great team committed to making every day at the Fair the best it can possibly be. They addressed problems quickly and were very professional. The grounds were very clean and everyone did a wonderful job. Chairman Kennedy said he would like to ditto that sentiment. He also spent a lot of time at the Fair and the staff was friendly and it was very clean. The state police were friendly and the staff was fantastic. He also thanked his fellow commissioners for being a part of the Fair. He noted

that Commissioner Brown helped with arts night and that it was a great night with lines out the door. Commissioner Lee was here a lot as was Commissioner Jurado. He said we may have lost him (Commissioner Jurado) on the phone but he knows they enjoyed being here. He said Commissioner Sanchez was also out almost every day. Commissioners were present and were hands on. It was great to see that excitement from the commission. It was a homerun and will only get better. He thanked Mr. Mourning and Fair staff and said they did an amazing job. Mr. Mourning thanked the chairman and commissioners for the kind words. He also thanked his staff and said there is no one better. He said they appreciate the commission and will continue to work hard to improve rodeo. He thanked Commissioner Sanchez for volunteering to work on horse racing. He acknowledged Commissioner Brown for attending so many Fair events. Mr. Mourning said he almost forgot to mention the Fair's partnership with the Roadrunner Food Bank for recycling, which reduced costs for waste management and benefited the food bank.

Commissioner Brown added that he would also like to thank Mr. Mourning, Mr. Nordin and other staff. He had a list of things in years past that he felt needed improvement and many things have been addressed on that list. He also thought that school days was a big success and that more folks are seeing that it is worthwhile, including schools and parents. He also appreciated how the Journal covered this year's event. He also talks to every vendor and their feedback this year was hugely positive. He asked Mr. Mourning if Scott's Magic Show was booked again for next year. Mr. Mourning advised that we have another guy we are looking at who we saw in Arizona. He has been on America's Got Talent and is very entertaining and engaging. Commissioner Brown said that these things help get social networking built into the Fair. He noticed one of the vendors at McDonald's Farm starting selling items for a dollar in conjunction with dollar day and that was great. He also thought Fair staff did a great job.

Without further comments, Chairman Kennedy moved on to the discussion of the commission meeting calendar. He said by statute we are supposed to hold the next meeting on the first Monday of January, so he tentatively scheduled the meeting for January 5, 2015 at 11:00 AM. He recognized Mondays aren't good for Commissioner Lee and stated we can revisit the date down the road if we need to.

Chairman Kennedy moved on to the discussion of agenda items and stated that he is always available if commissioners wanted to submit agenda items. Commissioner Lee said he remains interested the ICIP plan and would like to look at the list to see what commissioners can do to help at the legislative level. He asked that they get a review of that at the next meeting. Commissioner Brown added that he would like to know if there are evening events they should attend during the legislative session that would be most effective to promote the Fair to help get fiscal support from the Legislature. Chairman Kennedy responded that Ag Days are usually a big deal at the Legislature, and that Ms. Thompson could track these things and advise the commission about events that might be worthwhile. He stated that if there are committee meetings now that commissioners would like to attend that he is sure their presence would be welcomed as any time we can support Mr. Mourning at legislative hearings it will be appreciated.

ACTION ITEM: Chairman Kennedy asked if there was a motion to adjourn. Commissioner Lee made the motion and Commissioner Brown seconded. The motion passed unanimously and the meeting adjourned at approximately 12:41 PM.