

DRAFT

MINUTES

REGULAR COMMISSION MEETING

JUNE 4, 2012 10:00 A.M.

AFRICAN AMERICAN PERFORMING ARTS CENTER, ROOM 120

300 SAN PEDRO NE

ALBUQUERQUE, NEW MEXICO

10:00 A.M. Call to Order (Larry Kennedy, Chairman)

Commission Roll Call

Commissioners present:

Chairman, Larry Kennedy

Secretary-Treasurer, Kenneth "Twister" Smith

Member, Ruth Bitsui

Member, Kenneth "Buster" Goff

Member, Charlotte Rode

Member, David "Hossie" Sanchez

Commissioners absent: Member, Matthew Rush

Pledge of Allegiance (led by Commissioner Bitsui)

Public Present: (represents only those officially signed in; spellings are best approximations of written names) Susan Sita, State Attorney General's Office; Val Cole, NMHA; Charlie Bennett, La Mesa Neighborhood Association; Darren White, The Downs at ABQ; Stanley [illegible], Improvement Association; Earl Williams; Ron [unintelligible]; Beverly Zastrow, NMSF Livestock Manager

Staff Present: Dan Mourning, General Manager; Mark Shoesmith, Attorney; Michael Henningsen, Media Director; John C. Jaramillo, Deputy Manager; Sally Mayer, Special Projects

Approval Items:

Agenda:

Commissioner Bitsui moved for approval of the agenda. Secretary-Treasurer Smith seconded. The motion carried unanimously.

Minutes:

Commissioner Goff moved for approval of the March 5, 2012 Meeting Minutes, Commissioner Bitsui seconded the motion. Motion carried unanimously.

Chairman's Agenda

Storm Water Drainage Status Report

Chairman Kennedy explained that the EPA considers EXPO a concentrated animal feeding operation (CAFO), and that EPA guidelines prohibit the discharge of storm water or other drainage into U.S. waterways, in this case the Rio Grande. The EPA has issued an administrative order requiring that EXPO cease and desist from discharge. Chairman Kennedy further explained that the agency has responded to the EPA, assuring them we will cease and desist from any future discharge pending their approval of the

EXPO plan to mitigate discharge. Chairman Kennedy asked Deputy Manager John C. Jaramillo, a former engineer with NASA, to explain in some detail what the EXPO plan proposes to accomplish.

Commissioner Goff asked “What is the process of getting us out of the CAFO—what number of animals would we have to stay below to not be considered CAFO?”

Mr. Jaramillo explained that the number is 500 animals within a 45-day period. He explained that even if EXPO wanted to move away from being a CAFO facility, it would take 7 years to clear the books, and would require that we limit the number of equine on the facility to the extent that EXPO would have to get out of the horse or horse racing show business.

Commissioner Goff suggested EXPO look more closely at restructuring and changing CAFO designation.

Mr. Jaramillo explained that it would be much easier and less costly to accept the CAFO designation and become a zero-discharge facility. Mr. Jaramillo explained that EXPO management has been working with local engineers, the Hensley Group on CAFO issues.

Mr. Mourning explained that this issue isn’t something that simply cropped up; rather it has been bubbling under for many years, and has not been dealt with under previous administrations.

Chairman Kennedy asked that Mr. Jaramillo give an overview of what has been presented to the EPA and the plan going forward.

Mr. Jaramillo stated that the designated CAFO area at EXPO is the entire barns area (covering the north end of the grounds from Louisiana to San Pedro). The plan to comply with the EPA includes designating some parking lot toward the northwest corner of the property as storage, and building a gabion dam structure (wire baskets with sheeting and rock) to ensure that drainage does not move from our CAFO into the holding pond that currently drains to the Rio Grande. Each of the stall areas will be graded appropriately, and sand added to increase absorption. Mr. Jaramillo stated that the dam system is likely to cost between \$50 and \$75,000, while grading and sand will cost approximately \$50,000. He stated that EXPO currently has the money for this project in its capital improvements budget.

Mr. Jaramillo stated the EPA is currently studying the plans submitted by EXPO and the Hensley Group. Once approved, the EPA will issue another order detailing a timeline for the system to be put in place.

Commissioner Goff asked if management had taken into account roof-system runoff.

Mr. Jaramillo explained that it is being taken into account, and that the Hensley Group has recommended a 4- to 6-foot bed depth of sand between stalls. Mr. Jaramillo explained that EXPO’s MS4 ponds receive roughly 3 square miles of City of Albuquerque (east of Louisiana) runoff, which is then diverted through the barn area and eventually to the ponds at the northwest area of the grounds. Mr. Jaramillo went on to explain that, some 20 or 30 years ago, someone placed five drop inlets in the shed rows that connect to the MS4, with the result being a co-mingling of MS4 and CAFO water, which is what the EPA wants corrected immediately. As part of EXPO’s plan, the drop inlets would be capped so that the City of ABQ MS4 water can be carried to holding ponds without comingling with CAFO water.

Commissioner Rode asked if standing water from barn area will be contained in the new holding ponds.

Mr. Jaramillo stated that with new grading and 4-6 feet of sand applied between shed rows, there shouldn't be any standing water in the barn area. He went on to state that he has not been aware of any tainted standing water on the facility since roughly two weeks following arrival of the new (current) management team. He stated that those problems have been mitigated.

Commissioner Rode suggested that management consult with Commissioner Goff on CAFO issues.

Commissioner Goff asked what the CAFO rules are concerning how long water can be held in a pond like the one at EXPO.

Mr. Jaramillo stated that, as a zero-discharge facility, the ponds do not have to be pumped—the water will subside through evaporation.

Chairman Kennedy asked Mr. Jaramillo to explain best-management practices with regard to manure management on the grounds.

Mr. Jaramillo stated that measures have been put in place to ensure that all manure is moved into muck-bins, and then hauled daily from the facility by Waste Management.

Commissioner Rode asked if EXPO is responsible financially for waste removal.

Mr. Mourning stated that the agency is not responsible for paying for waste removal as long as the Downs maintains horses in the barns—that the Downs is responsible for paying for waste removal.

Commissioner Rode emphasized the importance of delineating who is responsible for what areas under the new contract. She also stated that the horsemen's bathrooms are a disgrace and need to be addressed.

Mr. Mourning stated that during the horseracing off-season, the Downs has access to barns 1-6. The new lease prevents the grounds from being used as a training facility. He stated that EXPO will address the bathrooms. He further stated that the removal of muck has been a cooperative process, and said management will continue to monitor the situation. He stated that while Expo management and the Downs are working very diligently to solve such problems and preventing them from occurring in the future, this is a 27-year-old issue that won't be solved overnight.

Commissioner Rode stated that it is her understanding that while EXPO will not be collecting any stall fees, but is responsible for upkeep of roads, etc. on that side.

Mr. Mourning stated that is correct, but that EXPO receives a healthy rent, and it is the Downs' responsibility to clean up after themselves.

Commissioner Rode asked how EXPO goes about collecting utilities (electricity and water) when there is no clear delineation.

Mr. Mourning stated that management is doing the best it can until such delineation can be implemented.

Mark Shoesmith confirmed that the Downs has the use of barns 1-6, and that there is a clause in the contract that requires them to maintain those barns. Utilities are currently collected on a pro rata basis until such time as the utilities can be separately metered.

Chairman Kennedy asked Darren White to shed some light on the issues.

Mr. White stated that in the last 90 days, there has been a marked improvement, and that he personally monitors the issues.

Chairman Kennedy called Point of Order—call for the question—on storm water drainage issues.

Secretary Treasurer Smith stated that he agrees that Point of Order is appropriate and that the Commission should always maintain and conduct itself with a high level of mutual respect.

Commissioner Goff asked if NMED has jurisdiction of the Fairgrounds in light of the fact that the grounds is classified as CAFO.

Mr. Jaramillo stated that NMED does not have jurisdiction, per say, but acts as an enforcement arm of the EPA.

Guest Charlie Bennett made several unintelligible remarks. Commissioner Goff asked Mr. Bennett to restate his remarks, to which Mr. Bennett answered that he “was not speaking to you.”

Commissioner Goff resumed his remarks, confirming with Mr. Jaramillo that there will be plenty of oversight on the drainage issues moving forward.

Commissioner Rode asked that, with regard to the expenses involved in correcting the drainage issue, will that be the sole responsibility of the Fair/State of New Mexico, or does the Downs have some financial responsibility as well?

Mr. Jaramillo stated that the EPA looks to the owner of the property as the final order.

Commissioner Rode asked Mr. White if the Downs is currently in good standing with Waste Management.

Mr. White stated that he could not speak to the actual account itself—he does not deal directly with accounts payable—but said that he called Waste Management himself the previous week to schedule some additional removals, and those requests were carried out, so it follows, in his opinion, that the account is in good standing.

Committee Reports

Secretary Smith reported that, at this point, nearly all superintendents and volunteers have been hired for the 2012 Fair. He also stated that this year’s entry process will mirror that of last year. He asked Commissioner Bitsui to give an update on the International Indian Rodeo Finals.

Commissioner Bitsui said the IIFR will take place the first weekend of Fair (Friday through Sunday). The IIFR is an internationally renowned rodeo, and should be a wonderful addition to this year’s State Fair.

Several Commissioners stated that they feel the IIFR will be a great addition to the Fair, and are encouraged by the fact that the event chose the State Fair to produce its rodeo and celebrate the 100th anniversary of the Navajo Nation, which also ties into the State's centennial.

Commissioner Rode stated that she has spoken with the President of CNM, and that CNM is interested in working with the State Fair on educational initiatives. She suggested that processes be created for various State Fair committees so that the Fair can partner with agencies such as CNM.

Chairman Kennedy asked Commissioner Rode to craft a synopsis of such processes and forward to management.

Commissioner Rode stated she would do so.

Management Report

Mr. Mourning introduced Sally Mayer as a new addition to the State Fair staff, underscoring her vast experience on the ABQ City Council. Ms. Mayer will serve as community and legislative liaison, and will be responsible for evaluating and restructuring banking and cash handling procedures.

Downs Construction Report

Darren White, Project Manager of the Downs at Albuquerque, gave a brief overview of the current and ongoing construction of the new casino facility taking place at the southeast end of the grounds. Gate 9 (Louisiana just north of Central) is no longer in existence. Mr. White stated that there is still some demolition work that needs to be done, but that construction of the pad is well underway. He said he expects all permits to be in place within the next 10 days, at which point remaining demolition and construction work will proceed. Mr. White said he expects that steel work and construction in earnest is likely to begin in 3 to 4 weeks. Mr. White stated that, other than the closing of Gate 9, construction will not interfere with Fair operations.

Commissioner Rode stated she would like the Commission to receive copies of the construction plans.

Mr. White stated that he has provided copies of the plans to the Racing Commission, the Gaming Control Board and the State Fair Commission.

Commissioner Rode inquired as to the status of the proposed Spring Meet in light of the demolition and reconstruction at an alternate location of the maintenance yard, gas tanks, etc.

Mr. White stated that a plan is in place to relocate the maintenance yard to the Doming property, which is already owned by the State Fair. Drawings are currently being created and are close to completion. The gas tanks, which exist at the current maintenance yard location at the southeast corner of the fairgrounds, will be replaced by temporary above-ground fuel tanks while new tanks are installed at the Domingo site, ensuring there is no break in service. Eventually, all maintenance staff will be located at the Domingo site. The Spring Meet will take place in 2013.

Commissioner Rode stated that the [new] entrance, according to the current lease agreement between the State Fair and the Downs, would be funded by the State Fair. She questioned whether that entrance, if it is separate from the State Fair and going to be used as the main entrance to the casino, why should the Fair pay for it?

Mr. White stated that there will be two new entrances—the Downs will, at its own expense, renovate Gate 1 (Central) with the inclusion of a traffic light and new trees and landscaping in addition to building the new entrance [replacing Gate 9 at Louisiana and Central] to its casino.

Commissioner Rode stated that she still believes there is a contradiction in the lease agreement as to who is paying for [Gate 9].

Mr. White stated that he believes the construction of the new entrances will begin sometime around the first quarter of 2013.

Commissioner Rode asked if the Downs is currently paying utilities, saying that in the past the contract had been manipulated to the extent that the Downs was only paying for part or all of its electricity. However, she stated that during the review of the new [current] lease agreement, it was made clear that the Downs would be responsible for all of its utility usage. She asked if that was, in fact, the case at the present time.

Mr. White stated that separation of utilities is part of the construction, and that no utilities will be connected to the Fair's utilities whatsoever.

Mr. Mourning stated that the Downs is currently paying electricity on a pro rata basis until such time that utilities can be metered separately—once construction is well underway or completed. He further stated that the Downs is current on its lease payment to the Fair, and that a pro rata plan for other utilities is currently being worked out.

Commissioner Rode asked for clarification of parking for horsemen.

Mr. Mourning stated that off-site parking will be utilized for horse trailers during Fair.

Commissioner Goff asked that a line item be included in future financial reports for Downs's utilities and rent.

Mr. Mourning stated there will be a line item in the future.

Financial Report

Mr. Mourning introduced Tammy Sorem, new Controller for the Fair.

Ms. Sorem summarized the financial report, which was made available as a public document. Financial status as of April 30, 2012 compared to same timeframe, previous year—Cash Status: +\$1.2 million; Accounts Payable: -\$400,000; Net Operating Income: +\$1 million.

Commissioner Rode asked who compiled the financial report.

Ms. Sorem stated she had done so.

Commissioner Rode asked if this financial report is part of the Annual Report that is required to be presented to the Governor annually, and inquired as to the overall status of the Annual Report.

Mr. Mourning stated that Fair is still waiting on the final audit approval before it can be attached to the Annual Report, at which point it will go before the Commission for transmittal to the Governor.

Commissioner Rode asked how many employees were included in the Reduction in Force of September 2012.

Mr. Mourning stated that 16 employees were released.

Commissioner Rode commented that the Fair reduced its employee base by one-third, resulting in a savings of \$120,000.

Commissioner Rode asked why a CFO has not yet been hired.

Mr. Mourning stated that the decision currently rests with the Governor's Office and DFA.

Commissioner Rode asked about contracts, stating that she was told at the last meeting that someone who dealt with contracts would be in contact with her. To date, Commissioner Rode stated that has not happened, but that Michael [Henningsen, Media Director] had offered to answer contract questions. However, Commissioner Rode stated that he is not the person who deals with contracts. She stated that she wishes to have contracts explained to her—the awarding of contracts in various areas of operation. She said there are concerns among the community and among vendors about the process used for evaluating and awarding contracts—that the process isn't fair or aren't following standard procurement.

Chairman Kennedy asked Commissioner Rode if she had been in contact with Michael about discussing contracts and the process.

Commissioner Rode stated that she had been in contact with Michael, but that a phone conversation with was not sufficient, and that as a Commissioner—not a member of the general public—she should not be referred to “the public relations person” to find out what is going on in management of the State Fair.

Chairman Kennedy stated that part of Ms. Mayer's job will be to act as liaison with the Commission, and asked if she would set up a meeting with Commissioner Rode to have contracts explained. Ms. Mayer agreed.

State Fair Planning

Mr. Mourning stated that this year, the Fair will offer free parking due to the closing of Gate 9 and in an effort to save on overhead. He also stated that, for the first time in five years, the Fair would raise admission prices to be more in-line with other regional fairs, and based on the cost of producing the event. 2012 admission prices will be \$10 adults, \$7 seniors and children.

Mr. Mourning stated that this year's Fair will offer more entertainment of a higher quality than in years past, and that condensing and shortening the event coupled with a new marketing campaign will ensure success.

Mr. Mourning also stated that he is currently in negotiation with the City of Albuquerque to reinstate Park and Ride [a sole function of City transit], and that he expects positive results.

Mr. Mourning started that staff brainstorming meetings for the 2012 State Fair are ongoing, and that planning is well-underway. A complete planning status report was included in Commissioner notebooks and as a public document.

Discussion of Agenda Items for Next Meeting:

Rode: Statutes

Next regular, quarterly meeting scheduled for Wednesday, September 12 for a walk-through of the Fair.

Commissioner Sanchez put forth a motion to adjourn, Commissioner Goff seconded. Motion carried.