

NEW MEXICO STATE FAIR COMMISSION
MINUTES
OF THE REGULAR COMMISSION MEETING
MONDAY, APRIL 14, 2014
AFRICAN AMERICAN PERFORMING ARTS CENTER, ROOM 120
300 SAN PEDRO NE
ALBUQUERQUE, NEW MEXICO
CONVENE AT 10:00 A.M.

Call to Order by Chairman Kennedy at approximately 10:00 a.m.

Commission Roll Call – Commissioners present:

Commissioner, Charles “Chuck” Brown
Chairman, Larry Kennedy
Commissioner, William “Bill” Lee
Secretary-Treasurer, David “Hossie” Sanchez
Commissioner, Kenneth “Twister” Smith

Pledge of Allegiance: Led by Commissioner Lee

Introduction of new Commissioners: Chairman Kennedy introduced new members, Xavier Jurado (not present) and William “Bill” Lee.

Staff present:

Dan Mourning, General Manager
Allison Hedgecock, General Counsel
Michael Henningsen, Media Director
John Jaramillo, Deputy Director
Bill Nordin, Chief Financial Officer
Sally Mayer, Senior Manager
Ken Salazar, Operations Manager
Rick Word, Attorney General’s Office

Approval Items:

Agenda: Commissioner Sanchez introduced a motion to approve, Commissioner Lee seconded the motion. The Commission voted unanimously to approve and adopt the April 14, 2014 Agenda.

Minutes:

Comments on the minutes from the January 6, 2014 Commission Meeting – Commissioner Smith pointed out that Caren Cowan’s name was misspelled. Chairman Kennedy pointed out that Michael Henningsen’s title was listed as “immediate director” as opposed to media director. He also noted that “NMED representation” was incorrectly listed as “NVD representation.”

Commissioner Brown introduced a motion to approve the minutes with amendments as noted. Commissioner Sanchez seconded the motion. The Commission voted unanimously to approve and adopt the amended January 6, 2014 Meeting Minutes.

Chairman Kennedy requested an update from General Manager Dan Mourning on the status of the Bob Gerding Natural Resource Building.

Mr. Mourning informed the commission that we are waiting on the plaque and once that arrives we will be in touch with the Gerding family to set up the dedication ceremony.

Chairman Kennedy emphasized that the naming of the building is a big deal and we plan to ensure we pick a day when family can be in attendance and as many commissioners as possible. He said the sign looks awesome and we need to get that arranged as soon as possible.

Chairman Kennedy asked Commissioner Smith for an update on the livestock committee.

Commissioner Smith indicated that the last three months have been quite busy. He has had meetings with Jim Bob Burnett, Ty Bays, Michael Bennett, Becky Spindle and Caren Cowan about their concerns. He also included the extension service, per Dan's request. The committee met three times and Dan attended the last meeting. A smaller committee was formed including Bruce Hinrichs, Brent Van Dyke and Caren Cowan. Bruce is the assistant director for the New Mexico Extension Service and his kids have gone through the program. Bret is a retired ag teacher whose kids went through the program. Caren represents Cattle Growers and has been very active in the Fair and the National event in Arizona.

Commissioner Smith went on to say there is much passion on both sides of the line and he feels we have an opportunity to be like other big programs, some of which utilize 100% volunteers. Dan has talked to Karen Dorsey who talked to the others a little about that. He believes we could get volunteers from all over the state and that people are excited about it. There are people here today and they've produced a list of judges and would like to help run the sale and we could have an agriculture group meet each day during fair, such as Cattle Growers, Farm Bureau, etc. They are doing a lot of work on the dorms.

Commissioner Smith turned it over to Brent Van Dyke to make comments.

Mr. Van Dyke indicated they are trying to figure out whether changes are required at the Leon Harms dorm facility and the cafeteria. The number of individuals using dorms is shrinking. He consulted with Danny Ware who is the past advisor for New Mexico FFA. He talked to lots of people at the state judging contest last week and there are some concerns. The concern is with the age and quality of the mattresses. Some people have indicated if you change the mattresses it may draw more people to the dorms.

Mr. Van Dyke indicated that the registration desk is manned by contractors and folks don't know who they are. He said everybody agreed it's nicer to know a face when you are registering. In discussions with Bruce it was agreed that if we got extension folks to do it this may help in that they are familiar faces to most folks. Danny Ware is willing to work on this also and help with registration. They want to make it a more family friendly environment. The Ag teachers have also expressed concerns with the removal of coke machines and domino tables.

Mr. Van Dyke indicated that a lot of people have expressed that they miss the cafeteria. Mr. Van Dyke indicated that he asked Mr. Mourning if he was offered the opportunity, if the Fair could manage that and he indicated it was too much work. Finding someone to manage it could be difficult but maybe it is something to look at down the road as people really liked to have meals in the cafeteria. Mr. Van Dyke said there is a lot of interest in still using the dorms and that building, but finding the right people to manage it is a problem, but they are continually working on it.

Commissioner Smith thanked Mr. Van Dyke and acknowledged that there is a lot of energy here. He indicated that there was a snag but we have a lot of people with energy and ideas. He made note of a letter sent out from Beverly Zastrow and said there was nothing wrong with the letter and he agreed with what she said, but for everyone's sake we need to have a better understanding of communications for all involved including volunteers. While he doesn't necessarily need to be in charge, he wants to make sure that everyone's voice is heard.

Chairman Kennedy acknowledged that getting folks together who are interested in helping out was an extremely good thing. He will leave it to Commissioner Smith to work with Dan to make things happen. We need to do what we can to bolster the north end and make it a better place, and better mattresses and bringing the cafeteria back may be a consideration. There are no bad ideas and it is good when people come together to brainstorm.

Chairman Kennedy turned it over to Mr. Mourning for comments.

Mr. Mourning thanked the participants for their work on the committee and acknowledged that it is a difficult task. He indicated that the shows have been less than savory in years past and we are making an effort to make it better and emulate the national show circuit so our kids and folks that show can use it as an avenue to go to national show.

He thanked Mr. Van Dyke for raising the issue of the dorms and recognized that the dorms have been a problematic issue. He said the dorms had been used as an internment camp for Japanese Americans in World War II. As far as the mattresses, he suggested attempting to find a sponsor. We will inventory how many mattresses we have and then follow up with Brent. Thanks for your efforts.

Mr. Mourning indicated that Beverly retracted her note which was an unfortunate miscommunication and that all of us including Beverly and the rest of the staff and commission and the volunteers want to do everything we can to make things better. The problem is with 20

to 30 people you get 20 to 30 different ideas so it's a matter of keeping it all together. Thanks to Twister for bringing folks together to come to consensus and move forward. To reiterate, I've reached out to Ms. Dorsey from the Western Stock Show to try to get ideas for improving the show and have a third party analysis. Caren Cowan has been awesome and we've had multiple meetings and the suggestions have been great.

Chairman Kennedy responded to a request from Commissioner Lee to speak.

Commissioner Lee thanked Commissioner Smith and the volunteers for their efforts. He expressed that anytime we can review and better utilize state resources we are better served. He hopes we can utilize the representation from across the state.

Commissioner Sanchez asked Mr. Mourning how many mattresses we are talking about.

Mr. Ken Salazar informed the commission there are about 360.

Commissioner Sanchez asked if they are all single – Mr. Salazar responded that they are all single/twin mattresses.

Chairman Kennedy indicated that Erin Dorsey was here at Mr. Mourning's request to address the commission about her work.

Mr. Mourning introduced Ms. Dorsey who is the executive director of the Western Stock Show in Denver. He thought it was important to reach out to someone at a national level to share how other shows work.

Ms. Dorsey thanked the Chairman and proceeded to share her background. She runs a show in January which runs 16 days or basically 21 days from beginning to end. She indicated it is normal process to reach out to find out new judges within the industry and get recommendations. Sharing this information and going to other shows is important because in the end it's all about the kids and putting on the best show possible.

Ms. Dorsey indicated that the article that was written about the disgruntlement with the New Mexico show puts a black eye on the show and the industry as a whole. It impacts all shows. Unfortunately you cannot make everyone happy, so the best approach might be to bring in someone fresh and brand new and doesn't know anyone else in the industry. The people who are active in the industry know the people and who is winning.

She has reviewed a list of judges sent by Dan and Beverly and it is really good. It represents some fresh, new blood many of whom are being considered for national shows across the country. She knows this because of her personal experience with other shows in other states.

People should put their energy into efforts to help the kids and making the sale the best for them. She has been part of the show before as an exhibitor and there is a lot of history with

families throughout the years growing up in the show. Volunteers are a big part of the show and we couldn't do it without them so we should put our energy into that.

Chairman Kennedy asked if anyone had questions for Ms. Dorsey. Commissioner Smith asked if she would share how they pick the judges.

Ms. Dorsey explained that they have advisory committees but they don't make final decisions. They advise the junior show committee and the superintendents for the junior market shows give the name suggestions to the committee, which narrows it down to four or five judges per species. We also have another committee called the executive livestock committee. Judges are considered by that committee as well, which gives them an up or down vote. But ultimately the executive committee makes the final decisions, although if she or the other coordinator feel a judge is not a good fit, they can go to the next person on the list. But the committees were strictly advisory and ultimately in support of Dan and Beverly, they need to be able to do the job they were hired to do.

Chairman Kennedy asked Commissioner Smith if he would have a similar process for selecting judges.

Commissioner Smith indicated that Denver is a good show and we could visit with Mr. Dorsey and follow this process.

Ms. Dorsey indicated that they have a lot of visitors from this show that come to National Western and she is happy to advise about how to make the show better.

Commissioner Smith asked Ms. Dorsey about our open show having troubles and her experiences with other open shows.

Ms. Dorsey indicated that it is common with open shows. Because of the economy people may be showing at fewer shows. They may choose to go to a junior national instead of the State Fair. But it is a national issue and not just here. But the people who are supporting the state are probably coming from within the state as opposed to neighboring states. She knows NMSF is trying to implement new shows which is very popular right now with young preteen and pre-novice kids. So it's nationwide and not just livestock.

Commissioner Kennedy asked if there were any other questions and turned it over to Mr. Mourning.

Mr. Mourning thanked Ms. Dorsey and indicated that she has agreed to help this year. He said that as Commissioner Smith mentioned, we need to have a good link to folks that want a third party, to analyze what we are doing and see where we need to improve. We must continuously strive to improve.

Chairman Kennedy also thanked Ms. Dorsey. He then introduced Mr. Rick Word from the Attorney General's Office who had arrived since the meeting started. He reminded the audience that anyone who wanted to speak during public comment needed to sign up on the sign up sheet just outside.

Chairman Kennedy mentioned that at the last meeting it was discussed that we should get APS more involved in the Fair and Commissioner Brown had indicated he would take on that task. The chairman mentioned that years ago kids were allowed a half day off from school to attend the Fair but that it doesn't happen anymore, although some schools bring kids for field trips. But when the kids were allowed the time it was a successful venture as their parents usually came along and everybody had a good time. Has there been any movement in terms of getting APS more involved?

Commissioner Brown stated that there has been a little movement. APS does have a provision for schools to bring kids to the Fair, but it is up to individual principals. Right now about two or three schools do so but that means there 150 which do not. APS initially indicated that it is a budget issue and so he and Ken Salazar are discussing whether they can get sponsors. APS is not willing to fund it right now. We are still discussing but transportation is an issue.

Chairman Kennedy asked and Commissioner Brown reaffirmed that they will keep talking to APS. Commissioner Brown said they are also working with other commission members to tie in agricultural sponsors to make it an educational trip as well with regard to APS' perception of their time at the Fairgrounds. Chairman Kennedy expressed his appreciation and agreement that we should keep pursuing this effort.

Chairman Kennedy asked what was next and Commissioner Smith indicated he needed to provide an update on the rodeo. The rodeo was put to RFP this year and he was invited to help make the selection. He worked with Fair staff and selected a person and now it's in Dan's hands for final negotiation. There is also the possibility of a different kind of rodeo too so there is a lot happening.

Chairman Kennedy indicated that Mr. Mourning may want to discuss more later in the agenda and asked Mr. Mourning to talk about financials.

Mr. Mourning asked to first give a brief update on issues with EPA, but first indicated that the State Fair planning was well underway and was ahead of schedule in some areas. We have our entertainment contracts which we are waiting to be signed. As for the EPA, it is the same as in January. We are close to resolution and we are permitted for our CAFO again, which is a huge accomplishment. He thanked everybody involved. He clarified a statement in which Commissioner Smith asked him how much remediation costs. When he said \$600,000 he misspoke. That is what it would cost retail but we've actually spent \$300,000. We have done it for half of what the EPA mandated and what it probably should cost. All that is left is the fine portion of the past violations that occurred between 2007 and 2010. We have continued negotiations with EPA and are in a really good place with that and we've gotten to a place

where it is affordable for us. EPA is very happy with the progress we have made. We are still working with the attorneys. We are also working with the city of Albuquerque in resolving their administrative order, which encompasses part of our property because they do drain three square miles of east Louisiana storm water through our property. So we are working with them to resolve that issue with our drainage system. He indicated that he met with the CAO two weeks ago and we've come to a tentative agreement but he isn't ready to announce anything at this time.

Mr. Mourning indicated that the capital project is moving forward. He acknowledged the legislature was kind to give us \$1 million in capital. He said the capital is critical and he turned it over to Deputy Manager John Jaramillo to provide more details.

Mr. Jaramillo indicated the \$1 million will not be realized until July 1 and it will be used to make infrastructure repairs. We are in the process of certifying those bonds as we speak. It is earmarked for roofs, sanitary sewer systems, waterlines and roof repairs, which has been neglected for years which we intend to take care of. Right now rainwater leaks through the ceiling in the admin building. One project that we just did was replace sewer line for the bank information technology and security. During the discovery phase of tearing up lines we discovered old concrete pipe that was in the ground. It was abraded with the aggregate exposed, so everything going into the toilet gets clogged up there. It has all been replaced with PVC line. Unfortunately this process also involved tearing up asphalt and replacing it. They were able to find that it's a water supply line and the contractor noted that whenever they were running a shovel over it, they were exposing water and the leaks just continued being that the lines are so old. We found a buried bottle that was dated about 1940 near the pipe, so we are talking about very old infrastructure. We also discovered with this pipe that it runs in back of the state police building which we will eventually have to take care of. Any kind of water hammer could continue to degrade the line. Soil may be the only thing keeping it together at this time. We recently upgraded some circuit panels and electrical distribution system for the flea market, flea market bank, flea market restrooms and the parking office.

Mr. Jaramillo said that whenever you tear down the electrical system RLD/CID has to come out and you need a permit. Rather than replacing a junction box they require that you bring the whole building up to code. So the entire building is in that status where if you get into an electrical system, you've got to do the entire infrastructure. We have also dealt with and addressed fire marshal issues relating to portable heaters in the buildings. We installed some HVAC units in those buildings to alleviate those issues. We also had a gas leak several months ago. Roughly four months ago a very strong gas smell was detected outside the natural resources building. It was determined that a two-inch feeder line was put together with press fittings which is not up to code. We had to replace existing lines with welded fittings which we documented with our natural gas consultant. That meant we had to re-concrete and re-asphalt the areas which were torn up.

Mr. Jaramillo indicated that from a risk standpoint, we have to deal with potholes, uneven sidewalks, eliminating slips, trips and falls. The commission can read what the projects are

which need to be addressed. There is a list in the back of your packet that we'd like to take care of before State Fair.

Mr. Mourning thanked John as well as Ken Salazar for their team efforts in getting the infrastructure in line. He went on to say that while addressing slips, trips and falls didn't seem like a big deal, it is quite an undertaking. This last year was safest in terms of calls to paramedics with under 100 calls with everything from a scrape to a transport. That number generally averages between 200 and 400. Our aggressive approach as it relates to sidewalks and our streets has really helped. GSD Risk Management has also acknowledged our efforts and are considering lowering our rates because of it.

Mr. Mourning indicated that a very positive development is that we've secured the Rio Grande Arts and Crafts Festival. In addition to Weems, we will also have the arts and crafts festival which is usually at the balloon fiesta off I 25 and Paseo, which is a 30,000 person event and it will be held in the infield. We are running power and electrical in order to use the infield for festivals and events other than parking. There is a lot of interest. That is a very positive thing that capital is going to which increases our revenue which is very important.

Mr. Mourning advised the commission that there is a big event coming June 7th with televised UFC fight going to Tingley. It will feature Diego Sanchez who the winner of Ultimate Fighter season 1, as well as some other top acts will be coming here. Presales are through the roof and we expect over 10,000 people. It will be internationally televised. This is a big deal for Albuquerque and the first time UFC has come here.

Commissioner Brown asked how much we asked for from the state for capital projects. Mr. Jaramillo advised that we asked for \$6.5 million for ICIP. We are having to do a lot of deferred maintenance versus replacement. Commissioner Brown inquired that we asked for \$6.5 million but only got \$1 million and Mr. Jaramillo confirmed that was correct. Commissioner Brown asked if we submit again July 1 and Mr. Jaramillo confirmed that was correct. Commissioner Brown asked if we will ask for what they shorted us plus what we need and Mr. Jaramillo indicated that was correct.

The chair asked if anyone else had questions and Commissioner Lee thanked state fair management and asked about a list previously requested of capital projects and a schedule for repairs, replacement and preventive maintenance. Mr. Mourning indicated that we will ask for money again in July to get a facility condition assessment done. Once we have that we can do another redevelopment plan for the fairgrounds. That should give us and future administrations a road map for capital projects and developing the grounds. There are some things happening that we believe the community can support so that these are multi purpose facilities used year round. We want them to be revenue generating facilities with every space for lease.

Mr. Mourning mentioned that he recently had a meeting with Tourism Secretary Monique Jacobson to highlight the fact that the Fair itself is the truest New Mexico event. Secretary

Jacobson is volunteering resources and people to work with us. For that committee we should work with Sally Mayer and Michael Henningsen of my staff. We are doing some very exciting stuff. We know we will have financial challenges for years to come which is why we must be smart about how we use those things available to us.

Commissioner Lee asked Mr. Mourning how much an assessment might cost. Mr. Mourning advised that we are looking at companies that do this work and what it could cost. Mr. Jaramillo advised that it could be as much as half a million dollars to assess every building on site. Commissioner Lee asked and Mr. Jaramillo clarified that it would just cover the assessment. Chairman Kennedy asked if we had any money available to start the assessment. We know the capital money is already earmarked. Some of the commissioners pushed the legislature for funding for the assessment. Is there any way to get started with it this year? Mr. Mourning said we are talking to the LFC about whether or not we can use capital money this year toward that. So we don't know for certain right now. Mr. Jaramillo agreed and indicated that we are talking to LFC staff to see if there is latitude on that.

Chairman Kennedy asked if there isn't a state agency responsible for state buildings which could procure funds to take care of the buildings. Mr. Mourning informed the chairman that we have tried that route but it is complicated because although they are state buildings, our buildings don't fall under GSD property control. We are having those conversations but all state agencies are strapped at this time and we don't believe our legislation would allow it. Commissioner Brown asked if there was any possibility risk management would do a survey at our request, even if it were just a snapshot of the condition of the buildings. Mr. Mourning responded that there is a process that Risk management does but it isn't tied to any money. Mr. Jaramillo indicated that an endeavor was once initiated but it died in Santa Fe. Chairman Kennedy asked if the general understanding is that we are on our own and Mr. Jaramillo confirmed that was the case.

Commissioner Smith made a comment that it seems we should have people on staff who could identify the problems without having to spend \$500,000. He believes that money would go a long way toward doing what we need to do without someone telling you what you need to do. Mr. Jaramillo indicated he thinks we do have a good grasp on what needs to happen however through the ICIP having that assessment would be useful in requesting the \$6.5 million through the legislature. It gives an independent qualified source to make these opinions.

Chairman Kennedy asked if there were any more questions and thanked fair management. Mr. Mourning talked a bit about financials, indicating that as of yesterday our FY 13 audit was released. There was lots of good information and things which have already been resolved and we are moving in the right direction, especially considering the financial situation we inherited. In March of 2011 there wasn't enough money to cover payroll in the operating account. That has changed and we have a good cash balance at this point in time. We have moved our accounting system to SHARE, the state system. It has been a struggle because it is not set up in the way that we do business. We are working through it but it is an ongoing process. Mr. Mourning asked CFO Bill Nordin to talk more about financials.

Mr. Nordin indicated that since the commission last met we received a letter from the state auditor's office announcing that they were releasing our fiscal 12 audit. There was a fair amount of press coverage of the letter which was six pages and explained a lot of things. We now move to our next audit which Dan indicated was technically released yesterday and was put on the state web site on Friday. He made a copy and distributed a copy of the actual audit. It consistently says NMSF/Expo is financially insolvent because we cannot pay all of our bills at this time. This has been pointed out before. We have 1.8 million dollars owed to GSD currently. Starting in FY '09 the GSD bill began to climb and the agency was not able to pay all of it. In FY '13 we paid our bill for the year which was over half a million dollars. The bill increased a quarter of a million this year and is now three quarters of a million dollars.

Mr. Nordin referred to discussions he had with Commissioner Smith about depreciation. He explained that while depreciation isn't a cash number, it is a real number. We have capital needs and we are fortunate that we are able to get capital money, but we are still behind. When you look at the problems we have, if you look at the handout after the letter they talk about how our losses grew. The losses are after depreciation. When you subtract depreciation, the losses since fiscal 07 and subtract depreciation out, there is only two years that we show a positive number, fiscal 12 and fiscal 13. The trend was that it went down and now it's beginning to come up. The auditor also says that our income has gone down. Mr. Nordin indicated that he is more concerned about the relationship between income and expenses. While our revenue came down we brought our expenses down also. And for last year we still showed a profit when you subtract depreciation.

As it relates to the audit, 60% of the findings were resolved between '12 and '13. There were some that repeated and a couple of new ones. One related to updating procedural manuals. We addressed the finding relating to cash which our auditor thought was good. We are working on others and hope to finish by the end of the year. The issue relating to capital assets is that we haven't taken inventory and the fixed assets that have been on the books since this place opened 75 years ago to make sure we're the same on both of those. That includes purchases in 1935 or 45 or 55 of anything over \$5,000. That is what we are working on which will not be finished by June and that finding will carry over to next year. Our goal is to have it done by end of FY '15.

There is also a line item relating to in kind sponsorships, which are like a barter system and common practice. We have contracts for that but we don't always have the invoices that support them. We recently moved sponsorships under accounting as opposed to being a stand alone entity. The people in accounting have been taught to make sure we have the documentation for the in kind contribution, such as a receipt from a hotel.

We also were hit up a little bit for I-9s. We were missing a few for the FY '12 audit. We were not missing any for the FY '13 audit. We also had an issue for not including a complete address in all slots of the form, which was an audit finding. We have corrected this through our HR Director.

With regard to where we are today, Dan mentioned we moved to SHARE. We received some exceptions that we can still do some things in our system. We are in the process of bringing those systems together. It could take a couple of years. It takes us from an accrual system to a cash accounting system. We cannot do receivables anymore and we don't have accounts payable anymore. Everything requires a purchase order and we send invoices to Santa Fe – we have a budget in Santa Fe and everything is encumbered there and later paid by the state. We do still maintain an aging report internally. Outside of GSD, the aging report as of Friday night only had \$74,000 worth of bills on it. So we are really current on paying our bills. Though the Auditor indicates we are financially insolvent, the only person we have not paid is GSD.

I have provided you a current revenue and expense summary, which shows a loss. As I mentioned at our January meeting, we made less money at our Fair. We carry into this year a little over a million dollars, I think it is \$1,150,000. We used that as a supplement to our budget to pay for things that we needed to do this year.

Chairman Kennedy asked if there were any questions. Commissioner Lee asked about whether deficiencies listed on pages 20 – 24 are being addressed. Mr. Nordin responded in the affirmative.

Chairman Kennedy asked Mr. Nordin to explain how we are different than other state agencies in how we handle our money. Mr. Nordin explained that there are a limited number of agencies that have money coming in directly to them. Some have certain accounts that work that way but our entire budget is enterprise funds. We have no appropriated funds. So our budget is based on best guess revenues. It is submitted to Santa Fe and they approve our projected budget. That means we are locked in at the amount they approve and can't spend over that amount without getting a budget adjustment request. They give us our money in three categories – 200s are employees, 300s are contractual and 400s are other. The upcoming (UFC) fight is an example. We haven't budgeted for that but it will bring in revenue.

Commissioner Brown asked if there is detail for depreciation somewhere in the current financial statement. Mr. Mourning explained that it isn't figured in here and the way we do it is to look at real cash balances. If it isn't in the bank, we can't spend it.

Commissioner Lee asked about the \$2 million listed in rent payments for the Downs and if it is included in building rent or above and beyond that part of the rent. Mr. Mourning replied that the \$2 million is included in our building rent. The Downs rent schedule is based on a calendar year January to December, while our budget is on a fiscal year July to June so that created some confusion. We only get half of the 2.75 million in this fiscal year and we will get the other half in the other side of the FY. After this year, you will see 2.75 million.

Chairman Kennedy encouraged the commission to call and ask Bill questions as needed. If you are going through the audit and have questions or comments, call Bill or Dan. It is in CPA speak

and it is important that we have a fair understanding of what is really going on here. Chairman Kennedy moved onto fair planning.

Mr. Mourning requested that Ken Salazar come up as he is coordinating all events for State Fair 2014, but first made some comments about Fair. He talked about how our procurement manager closely manages the RFP process which is important to the shows. The concern has been raised that we aren't getting the quality rough stock to bring the top cowboys to make the shows exciting. Binion Cervi was the top ranked offer on this one. I have talked to him and have negotiated 18 or better stock. Cervi will also provide other aspects including fireworks and pyrotechnics, things that make the show big. It's all about improving the rodeo. For Spanish Heritage we are looking at what they call a charreada which is a Mexican rodeo as well as bringing a top Hispanic act also. It is different than a traditional rodeo. Mr. Mourning turned it over to Mr. Salazar.

Mr. Salazar referenced the report he provided and indicated that we are ahead of schedule compared to previous Fairs. Parts of our premium book are ready to go. Some departments are ready to go online ahead of schedule. Other departments have yet to start and haven't started staffing but that is typical. He reported that he and Sabrina (events) recently attended the national finals in Denver and San Angelo. We discovered we are a little behind on how we treat our cowboys in terms of what is expected which may explain why we aren't pulling in some of the big names. He said he is working on a volunteering program for rodeo, between 6 and 12 people. They can work on getting them to the places they need to be, raising awareness and doing marketing and help us build the rodeo to where it needs to be.

We know we will have six rodeos for sure with PRCA with the possibility of ten events total. Once we get that confirmation we will let you guys know. Mr. Salazar provided the list of concerts already planned: The Henningsens, Gloriana, Dustin Lynch, Danielle Bradbery and Thompson Square. We are also looking at several spectaculars such as a portable water park in the creative arts area.

Mr. Mourning thanked Mr. Salazar. He said we are trying to draw folks into areas they wouldn't normally go, with the pig races as an example of a way to get people to the north end. Families are going down there. Chick-fil-a was the dairy barn concessionaire and will be back again this year. The mobile water park is something that would be open the entire time the Fair is open and we are excited about that. The races are wildly popular and we are looking at bringing in a local guy, Robert Duck and the duck races to the Leon Harms youth hall. It is an opportunity for kids to really interact. We are also looking at bringing in game shows, like Hollywood Squares, the Dating Game, etc. We hope to showcase local talent to provide entertainment folks know and love.

Mr. Salazar indicated that the petting zoo has been a hit and we hope to do that and camel rides again this year.

Mr. Mourning talked about the partnership with the Rail Runner which folks are starting to ride more and more. We are bringing a package for folks with a discounted presale with Walgreens that will be a ticket which can be presented at the Rail Runner station and the train will drop you off downtown and allow you to get on the bus for free. You are effectively creating a day trip and that is the kind of thing the Tourism Department is focused on with the concept of creating memories. This will also relieve some of the parking issues. We are very excited about this.

Mr. Salazar reminded the commission that we are less than 150 days from the next State Fair.

Mr. Mourning asked if there were questions. He mentioned a show called The Sing Off. It is an a cappella group contest and one of the groups is Home Free and they are a country act. We are looking at possibly bringing them in as an additional thing. They are absolutely incredible and thanks to Commissioner Brown for making the suggestion.

Commissioner Lee asked about whether the Walgreens promotion would be statewide and Mr. Mourning advised that it would be. It is a good way to get more folks from around the state to attend the State Fair.

Mr. Mourning brought up the issue of pricing and what it costs at the Fair. He reiterated that prices to get into the Fair are very reasonable for a family, especially compared to other local attractions. Considering the discounted presale tickets, it is a really good deal.

Chairman Kennedy raised the issue of the meeting calendar and meeting quarterly. The next meeting was tentatively set for July 7th. Commissioner Lee indicated he could not make that date. Chairman Kennedy asked if July 14 would be a better option and Commissioner Lee said that it would be. The Chairman suggested we should hold July 14 for the next meeting. He raised the issue of agenda items for the next meeting.

PUBLIC COMMENT

Valerie Cole from the New Mexico Horse Council:

Thanked commissioners for providing space in front of the horse arena during Fair where they could set up a tent, table and stall and horse to introduce the public to the horse owning community. She is hoping the horse show's schedule will be finalized soon. Ms. Cole also expressed concern that five people gave public comment and none of it was recorded in the minutes. Chairman Kennedy told her that would be remedied in the future. There was discussion of using the transcribed documents as minutes but after consultation with legal counsel, a summary of the transcript will be posted.

Becky Spindle:

Passed out pictures. She indicated that she has stated previously that we need a photographer. These pictures went out in thank you notes. The heads are cut off and they are horrible pictures. Ms. Spindle indicated she is glad Ms. Dorsey is here to help management. She feels that usually livestock is treated as though it is a pain. And definitely the photographer. She thought we already had a committee. Her family has been showing open shows. She feels like they wasted time for someone to go over their heads to say no. She was not asked to be on the committee. She expressed that she submitted a ton of names from all areas and species that could have been chosen from also.

Commissioner Brown asked about her email that she sent and some of the number she put together. Ms. Spindle explained that in the past, the junior show at the Fair had been one of the most expensive for participants compared to other regional shows, though it's cheap for the public to attend. The first year she submitted it they did come down a little on price so it's not as bad as two years ago. She can't comment on this year's fees because the premium book isn't out yet. Commissioner Brown thanked Ms. Spindle.

Ty Bays:

Mr. Bays introduced himself and said he is from Silver City. He echoed what Ms. Spindle said about bringing in Ms. Dorsey and that it is a good idea. He talked about what others had said about politics and that we know it exists in some places but it doesn't belong in a Fair. We can find impartial judges and take the politics out of these kids events. It happens at other fairs. We shouldn't have that in New Mexico. He indicated that he appreciated the last meeting and that the chairman asked Commissioner Smith to appoint a committee. He appreciates Commissioner Smith's work on the committee. Mr. Bays expressed that he appreciates the time Mr. Mourning has put into it. Those of us on the committee were asked to participate by Commissioner Smith and we worked hard. Although there were some from the East side that complained it wasn't well rounded enough. We tried to explain that we did it because we were asked and because we wanted to make things transparent and better. We wrote up a proposal that would mimic what Ms. Dorsey says happens at National Western in that we recommend judges. It was an elected process whereby parents of exhibitors would be elected at the fair. Ag teachers could elect representatives for that committee, county agents could. And we weren't set in stone on that proposal. I've shared it with Commissioner Smith and we've had nothing but positive comments. I don't know what happened to that. We had hoped it would be on the agenda for this meeting but it didn't happen. We elected Mr. Burnett as the chairman. We had internal rules that no one would contact a potential judge directly. We tried to make it fair and transparent.

What is disappointing is we were told at a late date that because of some complaints our list was given to Beverly and Beverly had a list too. Both lists were presented to Ms. Dorsey. We just heard from Ms. Dorsey that some folks on that list were qualified, which proves the committee did what they were tasked to do and did it well. And then it's disappointing when the letter comes out and only one of our recommended judges is hired. And mind you we recommended three for each species short of dairy heifers. And then we weren't told this by anybody from the commission or management. We learned second and third hand by a member of the committee. And we sent out a letter because we were excited about the process. We sent it to every Ag teacher and county agent and everybody we had email addresses for encouraging them to come to the Fair indicating there is transparency. We told them the rules wouldn't change and that we would have our superintendents from last year.

Within a week of that letter going out Mike Hanagan, the hog superintendent last year got a letter that he was fired because of complaints because his kids exhibit at the Fair. This gentleman is one of the most respected Ag teachers in New Mexico. Superintendents have rules they live by and have nothing to do with picking judges. That doesn't seem right to me. It was like being fired. We were no longer involved because of our kids which wasn't communicated to us. We met with Mr. Mourning in Santa Fe but it wasn't brought up. It wasn't brought up until last week. We need transparency in the process.

Chairman Kennedy thanked Mr. Bays for his time.

Brent Van Dyke:

Mr. Van Dyke indicated he signed up in order to talk about dorms but would pass since he already spoke about them earlier in the meeting.

Caren Cowan:

Caren asked several people who drove a long way to attend the commission meeting to stand and be recognized, including Bruce Heinrich of Clovis, Jim Bob Burnett from Hope, Michael Bennett from Hope, Ty (Bays) from Silver City, Mr. McCauley from Silver City and Becky (Spindle). She indicated that people are enthusiastic, that she is thrilled about where we're at but disappointed about where we aren't but thrilled that we are going to get to where we want to be.

The committee has talked about several things we want to do. There is interest among commercial breeders in doing a pen heifer show. We wanted to bring that here but weren't sure after Friday's missive went out. She recently attended the Houston livestock show during the Santa Gertrudis and Brangus shows and Mini Hereford shows. There are breeders here in

the state who are willing to donate heifers for kids to bring here and donate prize money for those kids up to \$5,000.

She spoke to the president of the Mini Hereford Association who is thrilled to have the opportunity to come here except we scheduled our show on top of Amarillo. If we moved our show to the following Sunday when we're showing open cattle anyway we would be able to draw a lot more people.

We are working hard on Cattle Growers' day which we worked with Mr. Mourning and they've been in touch with Sabrina but we don't have ticket prices yet. It will be September 20, 2014, the day of open show and junior show. Her vision is to give board members a package deal so that we give them two entry passes and a parking pass good for two or three days with the goal of bringing them in for the sale and keeping them until Sunday. Ms. Cowan indicated that Brenda is working on a Soil Conservation District day. The Farm Bureau has booked their meeting at a hotel but we could still do a Farm Bureau day as they buy tickets for their folks to come out. She said she has been contacted by Fair staff asking for a lot of money which they are willing to do. Cattle Growers and Farm Bureau has solicited donations for the calf scramble for the last ten years and put that together. Last year and this year they are asking for \$10,000 and we will raise that money again. We've got to work on the educational component and she indicated she would take responsibility for that.

She appreciates Ms. Dorsey's comments about directing our passion to the sale but in today's world of lawyers they have to take a cautious approach. She was approached by Mr. McCall recently and he offered his foundation to the committee and they accepted on the condition that they could see bylaws and financials because they are all business people. Mr. McCall advised later that they should meet with Don Embridge rather than him, however Mr. Embridge is a CPA and couldn't meet until after April 15 so several folks are willing to do that.

Ms. Cowan said she was deeply concerned about the email that went out Friday that said she was now in charge of the Fair sale. She had notified staff earlier in the week that it wasn't correct. The letter was four pages long but she didn't read past the first page. There are lots of good things happening but we have serious communications problems. She is meeting with Dan frequently but it is not translating down to staff.

Mike Hanagan:

Mr. Hanagan introduced himself and indicated that he was previously under contract with the Fair as a volunteer as the swine superintendent. Warren Metzger was the assistant swine superintendent. He said he got an email about a week and a half ago that his services were no longer needed because management wouldn't hire anyone with kids showing. He understands that but thinks there is a transparency problem. The rules always seem to change as far as the

junior livestock program goes. He knows that for a lot of people it isn't a priority and they have lots of things on their agenda and he appreciates that, but said it is a passion for a lot of them in the room and for the many kids that bring their animals up. They spend a lot of money in Albuquerque and a lot of money to get them here. If they feel they are being railroaded they will go somewhere else. His daughter is in college in agriculture and involved in communications and she would like to come speak for the youth. His kids' favorite Fair is in Denver and we should be more like that. We should try to appeal to people whether they are from Artesia or Albuquerque. It bothers him that he was informed he was no longer needed in a half paragraph email. And others who had volunteered found out by reading the premium book rather than receiving a call or an email and there is something wrong with that communication. He teaches his kids to communicate and feels there is a problem if adults can't do so. He wishes Beverly would have brought concerns to him. As it relates to upper management, he wants to know who made the decision that no one involved with kids should be in the positions of authority.

Chairman Kennedy thanked Mr. Hanagan and indicated the agenda was complete and asked for a motion to adjourn.

Adjourn:

Commissioner Sanchez introduced a motion to adjourn, Commissioner Brown seconded the motion. The Commission voted unanimously to adjourn the meeting at approximately 12 p.m.