



**NEW MEXICO STATE UNIVERSITY BOARD OF REGENTS
SPECIAL MEETING
November 29, 2018 at 1:30pm**

Regents Room of the Educational Services Building
NMSU Las Cruces Campus, 1780 East University Avenue
Las Cruces, New Mexico

Regents of New Mexico State University

Chair Debra Hicks, Vice Chair Kari Mitchell, Secretary/Treasurer Jerean Hutchinson, Chris Saucedo, Margie Vela

Non-Voting Advisory Members - Faculty Senate Chair Becky Corran, Employee Council Chair Monica Dunivan, ASNMSU President Emerson Morrow

University Officials - Chancellor Dan E. Arvizu, Ph.D., John Floros, Ph.D., Senior Vice President Andrew Burke, Ed.D., General Counsel Lizbeth Ellis, J.D.

AGENDA

The Board of Regents meeting is available by webcast through the link at <http://panopto.nmsu.edu/bor/>

A. Call to Order, Chair Debra Hicks

Meeting called to order at 1:35 PM

1. Introductions

Introduction of the Media, Associate Vice President Justin Bannister

No media present at start of meeting, but Algernon D'Ammassa (LC Sun News) arrived moments later and was announced by Chair Hicks. A press conference is expected at 3 PM.

2. Confirmation of Quorum, Chair Debra Hicks

Regents Hicks, Mitchell, and Hutchinson were present. Regents Saucedo and Vela were absent.

3. Approval of the Agenda, Chair Debra Hicks

Regent Mitchell moved to move items C 1 and C3 to Action item to allow for discussion of these items. Second by Regent Hutchinson. Motion passed unanimously.

4. Public Comment, Associate Vice President Justin Bannister

Duke Rodriguez (Ultra Health) spoke in support of the proposed Hemp rule, and indicated that investments have been made in the opportunity to grow hemp in New Mexico.

Leonard Salgado (member NM Hemp Association) spoke in support of Hemp rules and regulations and congratulated Brad Lewis for his work on the project. Mr. Salgado noted he gave a presentation to the New Mexico Acequia Association and he noted their apparent support for Hemp cultivation.

Jill Browning (Former Director, NM Hemp Association) spoke in support of the Hemp rules and regulations being proposed, noting that monetizing Hemp is complicated and multifaceted. There is an importance in noting many different rules that coincide with hemp cultivation, to include production of different types of products other than CBD oil. It was also noted that educational efforts regarding these opportunities are warranted.

B. Approval of the Minutes, Chair Debra Hicks

1. Special Meeting (Work Session) on October 3, 2018

Motion to approve as presented entered by Regent Mitchell with a second from Regent Hutchinson. Motion

passed unanimously.

2. Regular Meeting on October 3, 2018

Motion to approve as presented entered by Regent Hutchinson with a second from Regent Mitchell. Motion passed unanimously.

3. Special Meeting (Work Session) on November 19, 2018

Motion to approve as presented entered by Regent Hutchinson with a second from Regent Mitchell. Motion passed unanimously.

4. Confirmation of Prior Closed Executive Session regarding contract addenda, performance evaluations, and performance incentive compensation for Chancellor Dan Arvizu and President John Floros on November 19, 2018 at 1:00pm

Regent Hicks, Mitchell, and Hutchinson confirmed. Regent Vela and Saucedo were not present in the board room.

C. Consent Items, Chair Debra Hicks

Motion to approve the consent items as amended entered by Regent Hutchinson with a second from Regent Mitchell. Motion passed unanimously. *Note items C1 and C3 were removed from consent per previous motion.*

1. MOVED TO ACTION ITEMS FROM CONSENT ITEMS- New Rule for Industrial Hemp Cultivation, Cabinet Secretary & Director Jeff Witte

Secretary Witte thanked his team for their work. Brad, Tiffany, Kristie started working as soon as they were legally able to do so after the super court overturned Gov. Martinez's veto of previous Hemp legislation.

U.S. Senate and House Ag committee have announced they have a tentative agreement on the farm bill, pending CBO approval.

The new rule will go into effect Dec. 11th.

NMDA made recent changes to rule to address smaller parcels so that they can be considered as one if they are within 2.5-mile radius (non-contiguous) where land is used under same operation with same intent.

Fee structure is \$800 fee cap for annual license and \$900 for continuous license (such as greenhouse). Looking to implement \$650 annual production license. It is assumed that fee will not cover costs of regulation. NMDA will ask board for permission to go forward with legislative request for additional funding to cover costs.

This is the most significant rulemaking since change in size of loafs of bread with respect to public input and interest.

With anticipated Farm Bill rules, which would remove Hemp from schedule I, it is assumed that USDA approval will go forward smoothly, but NMDA anticipates that with new laws that there will be additional need to come before the board to change the NM rules to reflect these changes.

It was noted that Hemp is not a "slam dunk" and care needs to be taken with cultivation.

Valued added processing and other Hemp related activities are not part of this rule making.

Regent Hutchinson asked for clarification and noted that no money has been appropriated for regulation of

Hemp so far, and Secretary Witte confirmed. It looks promising for this legislative session to get such funding.

Regent Hutchinson requested an analysis of regulatory process and how well we did to effectively regulate, but also the economic analysis of the entire farm to market process.

Regent Hutchinson asked regarding the effect of turnover of crops because those crops didn't meet the THC standards and that should be part of the analysis.

Regent Mitchell noted her appreciation for the work done on this by NMDA and says it's a big day for New Mexico. Mitchell emphasized the need to educate – regarding the difference between Hemp and Cannabis. Regent Mitchell asked Sec. Witte to speak to the difference between Hemp and Cannabis. Sec. Witte noted that THC levels less than .3 percent is Hemp under our proposed rule. Samples are taken periodically by farmers and regulators. Law enforcement is well trained on the difference. The public will need to be educated, in addition to farmers. If Hemp is taken off of Schedule I narcotics list, it will take some of the risk out of the cultivation aspects.

Regent Mitchell called for a year-end and annual report including number of license issued in first 90 days. Mitchell would like to see an education/outreach plan for public, industry, legislators, and law enforcement. Would like to see a plan and a specific request from legislators. Regent Mitchell called for a percent of gross receipts from Hemp cultivation in addition to funding the education/outreach plan to come back to NMSU.

Announcement make statement that we (NMSU) are "research Center of Excellence" and "we are open for business".

Chancellor Arvizu noted that this is an exciting day for New Mexico and NMSU and Agrobusiness for economic development opportunity it represents. Would add a group of investors as a group to engage where the value-added nature of hemp cultivation and production in New Mexico. Based on conversations in ABQ about sustainability, there was conversation regarding a high level of receptivity and many legislators seem to be in favor of moving forward. One legislative priority is to have matching funds for economic development around this issue and others.

President Floros noted that this is a tremendous opportunity, because of profitability but also sustainability, such as water use. NMSU has the capacity and can create the capacity with state support, to develop better varieties, production methods, and other value-added components.

Sec. Witte noted that this is an opportunity to start off right with this crop. We (New Mexico) can succeed where others have not been able to under similar rules. A farm to consumer regulatory framework would be favorable for investors. It's important for industry to be involved in the process. Piecemeal process is not sufficient and will take 3 – 5 years. Comprehensive process preferred.

Chair Hicks asked, from the association perspective, has the rule addressed the most critical items that have come through the hearings?

Jill Browning (Former Director, NM Hemp Association) spoke to the issue stating that the rules are good. This crop is expensive, for small farmers there are different solutions, such as farming associations. It's the job of the industry to pull together.

Chair Hicks noted other matters that we need to address other than fee and plot size. Transportation and testing are some concerns. The number of derivative products were also mentioned.

Regent Hutchinson noted that we are on the farming side of the issue, but what is landscape of the states that do both farming and processing? Do we need to go outside New Mexico for processing?

Sec. Witte responded that processing is not illegal in New Mexico, but there needs to be proper structure for regulation (framework) to proactively regulate the industry to protect the industry.

Duke Rodriguez (Ultra Health) stated that New Mexico has a robust medical cannabis market already. Mr. Rodriguez indicated that his firm partners with an Israeli firm on production processing currently. For states that started production in 2016 – 2017, in their first year they produced between 0 – 500 acres. Their Israeli partners they are working with indicated that they would be willing to process everything we can produce in New Mexico and they would do the processing in New Mexico.

Hutchinson asked what other states are doing with their production regulation? Sec. Witte responded that Utah is moving in that direction. Regent Hutchinson followed up regarding CBD oil and asked if there were standards? Mr. Rodriguez responded that the focus has been on protections and standards, such as the .3 percent THC standard, it has put producers at ease. If the Farm Bill goes through as proposed, Hemp will move more freely and there will be less concerns.

Motion to approve the New Rule for Industrial Hemp Cultivation entered by Regent Mitchell with a second from Regent Hutchinson. Motion passed unanimously.

Chair Hicks thanked the industry representatives and NMDA for their efforts.

Sec. Witte thanked the board for taking the time to look at the issue and discuss it in-depth.

2. **Repeal of NMAC 21.9.2 Agriculture and Ranching Soil and Water Conservation Districts Conducting a Referendum and NMAC 21.9.3 Agriculture and Ranching Soil and Water Conservation Districts Conducting an Election of District Supervisors, Cabinet Secretary & Director Jeff Witte**
3. **MOVED TO ACTION ITEMS FROM CONSENT ITEMS - Approval of Employment Contract Addenda for Chancellor Dan Arvizu and President John Floros, Chair Debra Hicks**

Contract Addenda presented to members of the board.

Regent Mitchell thanked the Chancellor and President for their work on going to an incentive-based compensation program.

Regent Mitchell noted the requested updates:

- Exhibit B (Note section under item 2)– Annual update noted, but there will be a Dashboard with continuous tracking. Quarterly evaluation of progress on metrics is expected.

- More specific reference to dashboard is needed.
- System vs. University should be noted more specifically on the contract addendum for Chancellor and President respectively.

Regent Hutchinson thanked the team involved in the performance evaluation and metrics process. Regent Hutchinson noted the importance of the “development” of the dashboard.

For exhibit B Item VII (A8) – Integrate 6 pillar performance - Alumni giving needs to be added as there appears to be an omission.

Regent Hutchinson noted that Exhibit B Section II appears to have duplication in Exhibit B Section III. Was that intentional? President Floros responded yes, it was intentional because the items listed applies to both areas.

Regent Mitchell noted that the key to the dashboard is to include leading indicators – The expectation of the January meeting of the board will be to see draft of 2025 plan with defined and measurable lead indicators.

Chair Hicks summarized requested revisions:

- a. Change note to quarterly update rather than annual update (Under Exhibit B II)
- b. Use System vs. University language for President and Chancellor respectively.
- c. Address specifically the dashboard and use of the word “develop” a must, dashboard to include lead indicators.
- d. Under Exhibit B Item VII A8, add Alumni giving to the pillars.

Chancellor Arvizu noted that performance criteria are already in the metrics in Exhibit A (the metrics) related to incentive compensation.

Motion to approve the contract addenda for Chancellor Arvizu and President Floros with the aforementioned revisions entered by Regent Mitchell and second by Regent Hutchinson, Motion passed unanimously.

D. Action Items, Chair Debra Hicks

Items C1 and C2 were moved to action items per previous motion.

1. None.

E. Comments and Announcements, Chair

Working toward a date in January where the board will meet again. In receipt of resolution from ASNMSU regarding Indigenous Peoples Day.

1. “Gun’s Up” – Good News for NMSU!

Regent Hutchinson praised the Aggies for defeating Miners in a recent basketball game.

2. Upcoming Board of Regents Meetings

December 7, 2018

F. Adjournment, Chair

Meeting adjourned at 2:45 PM

Meeting Minutes Approved on December 7, 2018 by the New Mexico State University Board of Regents.



Debra P. Hicks
Board of Regents Chair



Jerean C. Hutchinson
Board of Regents Secretary/Treasurer