

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held January 20, 2011 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 2:43 p.m.

Boardmembers present and establishing a quorum were:

Mr. Ben VanderWeele, Chair
Mr. John Schirack, Vice Chair
Mr. Al Poindexter, Boardmember
Mr. Stuart Davies, Boardmember
Ms. Deidre Berberich, Boardmember
Mr. Chris Flickinger, Boardmember (via telephone)

Staff in attendance was:

Ms. Lora Haralson, Administrative Assistant
Ms. Candy Easley, Loan Officer
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Cristin Cowles-Brunton, Financial Services (via telephone)
Ms. Amy Pettit, Development Specialist II

B. APPROVAL OF AGENDA

Boardmember Davies asked to add Mt. McKinley Meat & Sausage to G. New/Old Business.

Vice Chair Schirack asked to add Valley Dairy to F. Executive Session.

MOTION: Boardmember Poindexter moved to approve the agenda as amended.

Boardmember Davies seconded the motion.

No objections were received.

The agenda was approved as amended.

C. PUBLIC COMMENTS/SESSION

Boardmember Davies as a member of the public gave an update on Agricultural Investors situation. He stated that the facility is now being operated by Mid-State meats by a lease agreement and they are current on their rent. The USDA final inspection for the facility should be done on January 20, 2011.

D. MINUTES OF PRECEDING MEETING

MOTION: Boardmember Poindexter moved to approve the minutes of October 13, 2010.

Boardmember Davies seconded the motion.

No objections were received.

The minutes were approved.

E. REPORTS/CORRESPONDENCE

1. Division Update/Division Newsletter/Eat Local Challenge:
Director Havemeister was not in attendance.

The Board asked to review the ARLF P & P manual prior to being finalized.

Eat Local Challenge – Development Specialist Pettit:

- Presented an update regarding the Eat Local Challenge “Lessons Learned” from the 2010 campaign.
- A planning meeting is scheduled for February 7, 2011 for the 2011 Eat Local Challenge.
- The previous focus has been for restaurants to purchase Alaska Grown products.
- Dave Thorn, Alaska Root Sellers is the broker for getting Alaska Grown products to the restaurants.
- Reported that maybe in the future the Alaska Railroad will sponsor an event to promote specialty crops “Eat Local Crops” and a special event might be held at the Alaska State Fairgrounds with activities to highlight specialty grown crops.

2. Asset Report City of Palmer Mat Maid Letter:
(The Board had no questions about the Mat Maid Letter).

Chair VanderWeele stated he attended a City of Palmer meeting regarding the Mat Maid property and had nothing to report at this time.

3. Financial Services Cristin Cowles-Brunton:

- Reviewed the December 2010 financials.
- Stated that Mt. McKinley Meat & Sausage (MMM&S) income was higher in December.

Boardmember Poindexter asked how much money is currently available for loans.

Ms. Cowles-Brunton stated that \$4,800,000 is available.

Boardmember Poindexter asked if there is anything that the Board can do to re-capitalize the Agricultural Revolving Loan Fund (ARLF).

Loan Officer Easley stated by regulation the Board is supposed to approve the ARLF budget before it goes to the Department of Natural Resources (DNR). She recommended that in FY13 the ARLF draft budget is approved by the Board before it is sent into DNR. The Board can also invite legislators to attend BAC meetings to discuss the re-capitalization of the fund.

Loan Officer Easley stated the ARLF used to revolve and now it does not. The last time the fund was re-capitalized was in 1986. Funds were put aside for collateral property (to take back operations) and those funds are not available now.

Boardmember Poindexter suggested the Board write a letter to the House Resource Committee to re-capitalize the ARLF for this year.

Vice Chair Schirack stated with the change of administration this might be a good time to make a pitch or educate the legislators on what has happened in the past to DNR.

4. ARLF Loan Interest Comparison – Loan Officer Easley:
(The Board had no questions).

5. ARLF Loan Interest & Good Borrower Credit Rates – Loan Officer Easley:

- Reviewed the current interest rates comparable to the ARLF rates and recommended no change in the ARLF Loan Interest Rates and 0% on the Good Borrower Credit (GBC) Rate for 2011.

MOTION: Boardmember Davies moved to keep the interest rates for 2011 the same and no GBC credits for 2010.

Boardmember Poindexter seconded the motion.

- Short term = 3.0%
- Chattel = 4.0%
- Development = 4.5%
- Irrigation = 4.5%
- Product Process = 4.5%
- Land Clearing = 4.5%
- Real Estate = 4.5%
- GBC = 0%

VOTE: The motion passed without objection.

6. ARLF Applications in Process – Loan Officer Easley:

Stated one loan is in process. The bulk of loan application requests will come in February and March.

Boardmember Poindexter stated approving loans for re-financing from commercial banks are using loan funds that could be used to invest in new developmental loans. He wants to develop a policy regarding re-financing because of the ARLF current loan balance. He does not support re-financing. He asked to table the discussion until the next BAC meeting.

7. AAG Report – AAG McFarlane:

Reviewed the AAG report and stated that Hans Grier is ahead on his payments.

Executive Session Disclosures:

Chair VanderWeele stated he would like to attend the Executive Session regarding the Alaska Chip Co., but he will excuse himself from the vote.

AAG McFarlane stated he preferred that Chair VanderWeele and Vice Chair Schirack not attend the Executive Session regarding the Alaska Chip Co. due to a potential conflict of interest.

Vice Chair Schirack stated he will remove himself from the room during the Executive Session and will excuse himself from the vote.

Boardmember Poindexter stated he wanted Chair VanderWeele and Vice Chair Schirack to attend because they might have an insight into the loan.

F. EXECUTIVE SESSION

MOTION: Boardmember Poindexter moved to go into Executive Session to discuss Valley Dairy Financials, Alaska Chip Co. LLC, Collateral Substitution Request and the ARLF Aging Report.
Boardmember Davies seconded the motion.

The Executive Session for the Valley Dairy financials discussion included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stu Davies, Boardmember Deidre Berberich, Boardmember Chris Flickinger (via telephone), AAG Robert McFarlane and Administrative Assistant Lora Haralson. Members of the public from Valley Dairy (Wayne Brost, Karen Olsen and Gareth Byers) to attend this portion of the Executive Session.

The Executive Session for the Alaska Chip Co. LLC, Collateral Substitution Request included Chair Ben VanderWeele, Boardmember Al Poindexter, Boardmember Stu Davies, Boardmember Deidre Berberich, Boardmember Chris Flickinger (via telephone), AAG Robert McFarlane, Loan Officer Candy Easley attended a portion of this session and Administrative Assistant Lora Haralson. Vice Chair John Schirack left the meeting for the discussion.

The Executive Session for the ARLF Loan Aging report included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stu Davies, Boardmember Deidre Berberich, Boardmember Chris Flickinger (via telephone), AAG Robert McFarlane and Administrative Assistant Lora Haralson.

PUBLIC SESSION ACTION ITEMS

8. Alaska Chip Company, LLC Collateral Substitution Approved

MOTION: Boardmember Poindexter moved to approve the Alaska Chip Company, LLC Collateral Substitution Request as recommended by the loan officer:

1. Substitute Alaska Chip Company, LLC. ARLF loan #P-1004 collateral of 2nd Deed of Trust on Carney Anchorage SRF with 2nd Deed of Trust on Carney Wasilla SFR Rental property.

Boardmember Davies seconded the motion.

ROLL CALL

VOTE: The motion passed with 4 yes votes. Boardmember Poindexter, Boardmember Davies, Boardmember Berberich and Boardmember Flickinger voted yes. Chair VanderWeele and Vice Chair Schirack excuse themselves from the vote due to a potential conflict of interest.

G. NEW/OLD BUSINESS:

ARLF General Funding Letter & Resolution:

MOTION: Boardmember Poindexter moved to approve the ARLF general funding letter and resolution as amended.

The motion passed without objection.

Mt. McKinley Meat & Sausage Discussion:

The Board held a discussion regarding the operation of the plant.

- The Board asked the Director to provide at the next meeting what the current prices are for the meat and if the prices include freight.
- The Board asked the Director to provide information about what Country Foods pays for the meat.
- Boardmember Davies will provide a plan for MMM&S.

H. BOARDMEMBER COMMENTS:

Boardmember Davies stated Ed Arobio would like to serve on the BAC.

I. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation meeting will be held on February 22, 2011 at 2:30 p.m. Items for the agenda will be ARLF budget and ARLF refinance policy.

The March meeting will be held on March 31, 2011 at 2:30 p.m.

J. ADJOURNMENT: 7:44 p.m.