

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held March 4, 2010 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Kristan Cole called the meeting to order at 3:00 p.m.

Boardmembers present and establishing a quorum were:

Ms. Kristan Cole, Chair
Mr. John Schirack, Vice Chair
Mr. Ben VanderWeele, Boardmember
Mr. Al Poindexter, Boardmember
Mr. Stuart Davies, Boardmember
Dr. Anthony (Tony) Nakazawa, Boardmember
Mr. Chris Flickinger, Boardmember

Staff in attendance was:

Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Assistant
Ms. Candy Easley, Loan Officer
Mr. Ray Nix, Asset Manager
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Olga Lotosh, Accountant II ARLF, Financial Services
Mr. Douglas Warner, Development Specialist

B. APPROVAL OF AGENDA

Agenda modifications for Executive Session:

1. Remove (11) Alaska Chip Company per applicant.
2. Public Request for Executive Session: Scott Miller, Agricultural Investors, LLC Emergency Loan.
3. Public Request for Executive Session: Gareth Byers loan application.
4. Public Request for Executive Session: Karen Olson, Valley Dairy loan application.
5. Public Request for Executive Session: Wayne Brost, Valley Dairy loan application.
5. Boardmember Schirack asked to discuss loans.
6. Remove (14) Valley Dairy Inc., S Loan Modification.

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

Boardmember Nakazawa seconded.

No objections were received.

The modified agenda was approved.

C. PUBLIC COMMENTS/SESSION

Don Berberich, Mat-Su Chapter Farm Bureau President stated he has concerns regarding the recent changes in the Alaska Grown Program Logo. He discussed the Mat-Su Chapter Farm Bureau budget for 2010.

Arthur Keyes, Farmer stated he concerns regarding the changes in the Alaska Grown Program Logo.

Wayne Brost, dairy producer stated he is optimistic for the future of Matanuska Creamery.

Karen Olson, Valley Dairy Inc., stated she was concerned regarding the negativity campaign about the dairy and Matanuska Creamery for the past two years. She reviewed the history of Matanuska Maid and Matanuska Creamery.

Steve Gallagher, Alaska Rural Rehabilitation Corp. (AARC) and Alaska Farmland Trust Manager reviewed the Alaska Farmland Trust history, budget and asked the Board for a letter of support.

D. MINUTES OF PRECEDING MEETING

- January 21, 2010
- February 18, 2010

MOTION: Boardmember Davies moved to approve the minutes of January 21, 2010 and February 18, 2010.

Boardmember Flickinger seconded.

No objections were received.

The minutes were approved.

E. REPORTS/CORRESPONDENCE

1. Division Update/Division Newsletter – Director Havemeister:

Distributed to the board a letter written by AAG McFarlane regarding the 7% Alaskan produce preference statute.

Distributed to the Board the PowerPoint presentation and the Certified Seed Potato Program and Phytosanitary Export position for timber inspection that was provided to the House Finance Sub Committee and the Senate House Committee. The House Finance subcommittee closed out and put forth the Certified Seed Potato request but not the Phytosanitary Export position request.

Discussed and distributed HB383 that was introduced by Representative Ramras, the bill would move the Marketing/Inspection and the Plant Materials Center out of Division of Agriculture, Department of Natural Resources (DNR) and into Department of Commerce and Economic Development however the bill did not include the Agricultural Revolving Loan Program (ARLF).

She met with Representative Ramras and Farm Bureau members they assured her that the bill would not go anywhere this session it was strictly a talking tool within DNR.

The Long Range Plan was distributed to the Board and a meeting will be scheduled to review the plan.

2. Asset Report – Asset Manager Nix:

- Stated no offers for the Palmer Feed Mill Property (ARLF Sale #09-01) have been received.

3. Financial Services – ARLF Accountant Lotosh:

- The financial reports were reviewed.
- Boardmember Davies requested the Mt. McKinley Meat & Sausage Inventory Report to be included in the financial reports.

4. ARLF Applications in Process – Loan Officer Easley & Asset Manager Nix:

- The Board had no questions.

5. AAG Report – AAG McFarlane:

- Stated a private probate attorney has been hired to deal with the Hartman estate issue.

F. EXECUTIVE SESSION

Boardmember Davies disclosed that he has a conflict with Agricultural Investors, LLC – dba Tanana Valley Meats because he owns 1 1/5 share of the company and asked to be recused.

Chair Cole accepted Boardmember Davies disclosure and stated that Agricultural Investors, LLC – dba Tanana Valley Meats will be presented at the beginning of Executive Session and Boardmember Davies will recuse himself from the room during that discussion.

Chair Cole stated the Executive Session was held to consider loan applications and the AAG Report.

Boardmember Davies did not attend the Execution Session portion when the Agricultural Investors, LLC – dba Tanana Valley Meats – P Loan was discussed.

The Executive Session for the Agricultural Investors, LLC – F Loan, included Chair Kristan Cole, Vice Chair Schirack, Boardmember Ben VanderWeele, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Tony Nakazawa, Director Franci Havemeister, AAG Robert McFarlane, and Administrative Assistant Lora Haralson. Loan Officer Easley was asked to attend for a portion of the discussion.

Director Franci Havemeister did not attend the Executive Session portion when the Valley Dairy Inc. – S Loan was discussed.

The Executive Session for the Valley Dairy Inc., - S Loan included Chair Kristan Cole, Vice Chair Schirack, Boardmember Ben VanderWeele, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Tony Nakazawa, Boardmember Stu Davies, Asset Manager Ray Nix, AAG Robert McFarlane, and Administrative Assistant Lora Haralson.

The Executive Session for the Byers – S & C Loans & S Loan Modification included Chair Kristan Cole, Vice Chair Schirack, Boardmember Ben VanderWeele, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Tony Nakazawa, Boardmember Stu Davies, Director Franci Havemeister Asset Manager Ray Nix, AAG Robert McFarlane, and Administrative Assistant Lora Haralson.

The Executive Session for the Hoover – C Loan, Hawks Farm & Garden Center Inc. – S Loan, Warbelow-Tack – F Loan, Plant Kingdom, Inc. –F Loan, and East F & P Loan, included Chair Kristan Cole, Vice Chair Schirack, Boardmember Ben VanderWeele, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Tony Nakazawa, Boardmember Stu Davies, Director Franci Havemeister, AAG Robert McFarlane, and Administrative Assistant Lora Haralson.

At the end of the Executive Session other items were discussed. AAG Robert McFarlane and Administrative Assistant Lora Haralson were excused from the discussion.

PUBLIC SESSION ACTION ITEMS

- Agricultural Investors, LLC Emergency Short term Loan Approved
- MOTION:** Vice Chair Schirack moved to approve the \$50,000 Emergency S loan for Agricultural Investors, LLC and waive the controlled account.
Boardmember VanderWeele seconded.
- VOTE:** The motion passed without objection. Boardmember Davies recused from the vote because he disclosed that he has a conflict with Agricultural Investors, LLC – dba Tanana Valley Meats because he owns 1 1/5 share of the company.

6. Hoover Chattel Loan Approved
MOTION: Vice Chair Schirack moved to approve the Rodney A. & Dia L. Hoover – C loan as recommended by the loan officer:
1. \$55,650 @ 4.00% for 7 years payable by monthly payments.
2. Secured by the 1st Deed of Trust Hoover 20 acre lot.
3. Lenders Title Insurance.
Boardmember Nakazawa seconded the motion.
VOTE: The motion passed without objection.

7. Hawks Farm & Garden Center Inc. Short-term Loan Approved
MOTION: Vice Chair Schirack moved to approve the Hawks Farm & Garden Center Inc. - S loan as recommended by the loan officer:
1. \$50,000 @ 3.00% for 6 months payable by 4 payments.
2. Secured by the 1st Deed of Trust on subject property.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Loss Payee.
5. Waive Controlled Account.
Boardmember Flickinger seconded the motion.
VOTE: The motion passed without objection.

8. Warbelow-Tack Development Loan Approved
MOTION: Boardmember Davies moved to approve the Cyndie Warbelow-Tack - F loan as recommended by the loan officer:
1. \$113,000 @ 4.50% for 3.5 years payable by annual payments.
2. Secured by the 2nd Deed of Trust Lot 1 Windy Hill S/D.
3. Lenders Title Insurance.
4. Property Insurance ARLF Loss Payee & Mortgagee
Boardmember Nakazawa seconded the motion.
VOTE: The motion passed without objection.

9. Plant Kingdom, Inc. Development Loan Approved
MOTION: Boardmember Davies moved to approve the Plant Kingdom Greenhouse & Nursery Inc. – F loan as recommended by the loan officer:
1. \$125,000 @ 4.50% for 15.5 years payable by annual payments.
2. Secured by 1st Deed of Trust Lot 1 Windy Hill S/D
3. Lenders Title Insurance.
4. Property insurance with ARLF as Mortgagee & Loss Payee.
5. Waived Controlled Account.
Boardmember VanderWeele seconded the motion.
VOTE: The motion passed without objection.

10. East Development Loan Approved
MOTION: Vice Chair Schirack moved to approve the Michael W. & Dulce (Ben) East – F loan as recommended by the loan officer:
1. \$180,000 @ 4.50% for 30 years payable by monthly payments.

2. Secured by 1st Deed of Trust subject Talkeetna property.
 3. Standard Lenders Title Insurance.
 4. Property Insurance w/ARLF as Mortgagee and Loss Payee.
- Boardmember Poindexter seconded the motion.

VOTE: The motion passed without objection.

10. East Product Processing Loan Approved

MOTION: Vice Chair Schirack moved to approve the Michael W. & Dulce (Ben) East – P loan as recommended by the loan officer:

1. \$27,500 @ 4.50% for 15 years payable by monthly payments.
2. Secured by Standard Security Agreement & UCC filing Sap Evaporator & Processor.
3. Property insurance to include subject equipment.

Boardmember Poindexter seconded the motion.

VOTE: The motion passed without objection.

11. Alaska Chip Company LLC – Withdrawn by applicant.

12. ARLF Aging Report.
The Board had no questions.

13. Byers Short-Term Loan Approved

MOTION: Boardmember Poindexter moved to approve the Gareth J. & Angela S. Byers – S loan:

1. \$25,000 @ 3.00% payable by one annual payment of \$25,750 with a maturity date of March 1, 2011.

Boardmember Davies seconded the motion.

VOTE: The motion passed without objection.

13. Byers Chattel Loan – Withdrawn by applicant.

13. Byers S Loan Modification Approved

MOTION: Boardmember Poindexter moved to approve the Gareth J. & Angela S. Byers – S-5435 loan modification:

1. \$27,783.31 @ 3.00% payable by monthly payments of \$2,576 by Milk Check Assignment from Valley Dairy, Inc.

Boardmember VanderWeele seconded the motion.

VOTE: The motion passed without objection.

Chair Cole stated the intent of the Valley Dairy Inc., for the S loan was for a three year loan, however, the regulations are ambiguous and the Board is going to error on the side of caution and considers it a one year loan based upon the regulations. However, the board anticipates Valley Dairy Inc. to submit their loan for modification at the next board meeting to extend the loan an additional 2 years which is allowed by regulation.

14. Valley Dairy, Inc. Short-term loan Approved

MOTION: Vice Chair Schirack moved to approve the Valley Dairy, Inc. – S loan:

1. \$200,000 @ 3.00% payable by monthly payments of \$25,393.00, with monthly payments beginning August 1, 2010 and a loan maturity date of March 1, 2011.

Subject to:

- ARLF to retain security interest in all Valley Dairy, Inc. Accounts Receivable;
- ARLF to retain security interest in 40,000 lbs. of cheddar cheese;
- Updated payables list of vendors (producers) by provided by the ARLF;
- Producers will be paid directly from loan proceeds by the ARLF;
- Quarterly financial statements are to be provided to the board; and
- ARLF receipt of Valley Dairy, Inc. application to request extension of repayment on the \$200,000 S Loan prior to April 1, 2010 which (if approved) would allow the repayment to be made by monthly payments of \$6,570 beginning August 1, 2010 and have a loan maturity date of March 1, 2013.

Boardmember Nakazawa seconded the motion.

VOTE: The motion passed without objection.

G. NEW/OLD BUSINESS

Chair Cole stated she sent a letter to Representative Harris on behalf of the board regarding the \$600,000 funds going back to ARLF and no response has been received.

Boardmember Davies asked if Department of Corrections (DOC) had responded to the letter and resolution that was sent from the BAC, no response has been received.

H. BOARDMEMBER COMMENTS:

The board had no comments.

I. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation meeting will be in person held on Monday, April 5, 2010 at 3:30 p.m.

Agenda: Alaska Farmland Trust Letter of Support – Discussion Item.

Agenda: Statute and regulations regarding 1 year short term loans.

Agenda: Mt. McKinley Meat & Sausage Inventory.

J. ADJOURNMENT: The meeting was adjourned at 7:20 pm.