

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held March 31, 2011 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 1:00 p.m.

Boardmembers present and establishing a quorum were:

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

Staff in attendance was:

Mr. Ed Fogels, Deputy Commissioner, DNR
Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Assistant
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Olga Lotosh, ARLF Accountant
Ms. Cristin Cowles-Brunton, Financial Services
Mr. Frank Huffman, MMM&S Manager

B. APPROVAL OF AGENDA

MOTION: Boardmember Poindexter moved to approve the agenda.
Boardmember Flickinger seconded the motion.
No objections were received.

The agenda was approved.

C. PUBLIC COMMENTS/SESSION

Richard Best, Deputy Mayor, City of Palmer stated the City of Palmer wanted to be added to the next BAC agenda to discuss the negotiations for purchasing the Mat Maid property.

E. MINUTES OF PRECEDING MEETING

MOTION: Boardmember Davies moved to approve the minutes of February 22, 2011 as amended.
Boardmember Poindexter seconded the motion.

No objections were received.

The minutes were approved as amended.

F. REPORTS/CORRESPONDENCE

1. Division Update/Division Newsletter – Director Franci Havemeister:

- Stated the continuation of the PMC Potato program had passed out of the House Legislative Committee in the amount of \$220,000. It will be discussed next in the Senate Legislative Committee.

HB 191 – State Department of Agriculture:

Deputy Commissioner Fogels stated the Department of Natural Resources (DNR) will discuss HB 191 with the Senate conference members when it is presented.

Director Havemeister will give the Board an update on HB 191 at the next BAC meeting.

HB 195 – Use of Pesticides and Broadcast Chemicals:

Director Havemeister stated HB 195 was presented to the legislature regarding language cleanup on regulation and use of pesticides and broadcast chemicals.

Deputy Commissioner Fogels stated DNR will work with the Department of Environmental Conservation (DEC) on HB 195.

2. Financial Services Olga Lotosh:

- Reviewed the February 2011 financials.

Cristin Cowles-Brunton addressed the inaccuracies in the March Alaska Business Magazine and the ARLF is revolving as intended.

Boardmember Berberich had a question regarding an interest bearing account for ARLF.

Cristin Cowles-Brunton stated ARLF interest is going into the GF fund. It is not in a separate interest bearing account.

The Board asked what staff was paid out of the ARLF budget.

Financial Services:

Accountant Lotosh -50%

Stacy Queriquel – 20% - MMM&S through Reimbursable Service Agreement (RSA) billings

Dept. of Law:

AAG McFarlane – through RSA billings

Division of Agriculture:

1 – Loan Officer

1- Office Assistant

3-Production Managers MMM&S

AAG McFarlane will research how the ARLF can get an interest bearing account established.

Chair VanderWeele: How do we find out if the ARLF is self-sufficient?

Cristin Cowles-Brunton: Stated \$150,000 net income each year is in ARLF which includes all expenses.

Mt. McKinley Meat & Sausage (MMM&S) Discussion – Production Manager Frank Huffman:

Boardmember Davis asked how can MMM&S continue to operate at a loss due to competing with private industry.

Boardmember Poindexter stated the losses are getting less and less each year.

Production Manager Huffman stated that more agricultural production needs to be involved. Last year the meat plant saw an increase in custom animals which increased the cash flow.

Boardmember Berberich: What is the capacity for the plant?

Production Manager Huffman stated the meat plant's capacity is 50 animals per day and they have had it up to 30%. The plant design is better for pigs.

Boardmember Flickinger stated that transportation is an issue for Kodiak.

Director Havemeister discussed a letter for MMM&S from Homer Middle School thanking them for their assistance.

3. ARLF Loan Interest Comparison – Loan Officer Easley:

(The Board had no questions).

4. ARLF Applications in Process – Loan Officer Easley:

(The Board had no questions).

5. AAG Report – AAG McFarlane:

Reviewed the March 2011 AAG report.

HB 202 was reviewed and distributed to the Board.

Executive Session Disclosures:

Chair VanderWeele stated he will remove himself from the room during the Executive Session and will excuse himself from the vote due to a potential conflict of interest for Gold Nugget Farms, Inc. – S Loan and Butte Farms, Inc. – S Loan.

F. EXECUTIVE SESSION

MOTION: Chair VanderWeele moved to go into Executive Session to discuss Gold Nugget Farms, Inc. S-Loan, Butte Farms, Inc. – S Loan, Wrigley Farms, LLC – S & C loans and the ARLF Aging Report.
No objections were received.

The Executive Session for the Gold Nugget Farms, Inc. - S Loan and Butte Farms Inc. – S Loan included Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Deidre Berberich, Boardmember Chris Flickinger, AAG Robert McFarlane, Deputy Commissioner Ed Fogels, Director Franci Havemeister and Administrative Assistant Lora Haralson. Chair Ben VanderWeele left the meeting for these two loans.

The Executive Session for the Wrigley Farms, LLC – S & C loans and the ARLF Aging Report included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Deidre Berberich, Boardmember Chris Flickinger, AAG Robert McFarlane, Deputy Commissioner Ed Fogels, Director Franci Havemeister and Administrative Assistant Lora Haralson.

PUBLIC SESSION ACTION ITEMS

6. Gold Nugget Farms, Inc. Short-Term Approved

MOTION: Boardmember Berberich moved to approve the Gold Nugget Farms, Inc. – S Loan as recommended by the loan officer:
1. \$175,000 @ 3.00% - 1 year payable by annual payment.
2. Standard Security Agreement & UCC filing secured by equipment limited to 75% LTV.
3. Waive controlled account requirement.

SUBJECT TO:

- 1. Correction and resubmission of financial statements presented with the loan packet.
- 2. Clarification of collateral and review of asset values by loan officer with possible increase of assets to meet CTV requirement.

Boardmember Davies seconded the motion.

VOTE: The motion passed with 5 yes votes. Vice Chair Schirack, Boardmember Poindexter, Boardmember Davies, Boardmember Flickinger and Boardmember Berberich voted yes. Chair VanderWeele excused himself from the vote due to a potential conflict of interest.

7. Butte Farms, Inc. Short-Term Approved

MOTION: Boardmember Berberich moved to approve the Butte Farms, Inc. - S Loan as recommended by the loan officer:

1. \$95,000 @ 3.00% 1 year.
2. Standard Security Agreement & UCC filing on equipment limited to 75% LTV.
3. Waive controlled account requirement.

SUBJECT TO:

1. Correction and resubmission of financial statements presented with the loan packet.
2. Clarification of collateral and review of asset values by loan officer with possible increase of assets to meet CTV requirement.

Boardmember Davies seconded the motion.

VOTE: The motion passed with 5 yes votes. Vice Chair Schirack, Boardmember Poindexter, Boardmember Davies, Boardmember Flickinger and Boardmember Davies voted yes. Chair VanderWeele excused himself from the vote due to a potential conflict of interest.

8. Wrigley Farms, LLC Short-Term Approved

MOTION: Boardmember Poindexter moved to approve the Wrigley Farms, LLC - S Loan as recommended by the loan officer:

1. \$50,000 @ 3.00% 1 year payable by monthly payments.
2. Standard Security Agreement & UCC filing on equipment limited to 75% LTV.
3. Waive controlled account

SUBJECT TO:

1. Correction and resubmission of financial statements presented with the loan packet.
2. Clarification of collateral and review of asset values by loan officer with possible increase of assets to meet CTV requirement.

Boardmember Davies seconded the motion.

VOTE: The motion passed without objection.

8. Wrigley Farms, LLC Chattel Approved

MOTION: Boardmember Davies moved to approve the Wrigley Farms, LLC - C Loan as recommended by the loan officer:

1. \$8,000 @ 4.00% 3 years payable by monthly payments.
2. Standard Security Agreement & UCC filing on equipment limited to 75% LTV.
3. Waive controlled account

SUBJECT TO:

1. Correction and resubmission of financial statements presented with the loan packet.

2. Clarification of collateral and review of asset values by loan officer with possible increase of assets to meet CTV requirement.

Boardmember Flickinger seconded the motion.

VOTE: The motion passed without objection.

G. NEW/OLD BUSINESS:

Director Havemeister letter for MMM&S from Homer Middle School:
(Discussed prior)

AAG McFarlane ARLF finance policy:

A regulation is needed to change the policy. Listed below is the process:

- Board needs to decide what regulations they want.
- Give to AAG and the Dept. of Law to open a regulations file.
- The regulations file is assigned to the AAG to review.
- Notice is given to the public with a 30 day comment period.
- A public hearing should be conducted.
- The regulations file is submitted to Lt. Governor for signature and becomes a regulation (3-6 months minimum).

The AAG will email the Board a checklist procedure email the Board.

The Board held a discussion and determined they would address the regulation process in the fall.

Boardmember Davies MMM&S continued discussion:
(Discussed prior)

Boardmember Davies Valley Dairy:
(Discussed in Executive Session)

Boardmember Davies Filing vacant board position:

Director Havemeister stated the office of the Boards and Commissions has an applicant and are hoping to get nomination to the Governor soon.

Boardmember Davies ARLF Policy Manual:

Director Havemeister distributed the draft copy to the Board and asked for comments back to Administrative Assistant Haralson by April 14, 2011.

Boardmember Davies Discussion of Policy versus regulation:
(Discussed prior by AAG)

Boardmember Davies Dept. of Corrections – get their attention letter:
Boardmember Davies stated we need financial Support from Department of Corrections (DOC) for the inmate labor.

Deputy Commissioner Fogels will talk to the DNR Commissioner to talk to the DOC Commissioner and will report back to the BAC.

Boardmember Davies Legislative/Governor - Letter issues relevant to funding of ARLF:

Director Havemeister stated a response was received and the FY 12 Governor's budget has already been established.

Boardmember Berberich Interest bearing account for ARLF funds:
(Discussed prior)

H. BOARDMEMBER COMMENTS:

HB 191 Discussions:

Deputy Commissioner Fogels stated DNR doesn't have a position, however, if the legislative choose to keep the Division of Agriculture in DNR more attention will be given to the Division. Also, HB 191 funding is the same for a Division or Department.

Boardmember Poindexter stated he is encouraged by the new DNR administration, however, is concerned about the future for the Division of Agriculture when another administration is appointed.

Alaska Strategic Plan:

Boardmember Davies stated Alaska can't feed itself and is currently dependent on outside food sources.

Boardmember Poindexter stated that the Alaska Farmer's Markets can produce more but there are no storage facilities.

Deputy Commissioner Fogels stated he is working on an Alaska strategic plan with Director Havemeister that will address these issues.

I. SET NEXT MEETING & AGENDA ITEMS

The next meeting will be held on May 5, 2011 1:00 p.m.

J. ADJOURNMENT: The meeting was adjourned at 4:20 p.m.