

**A. ESTABLISHMENT OF QUORUM AND ROLL CALL**

The regular meeting of the Board of Agriculture & Conservation (BAC) was held April 5, 2010 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Kristan Cole called the meeting to order at 3:30 p.m.

Boardmembers present and establishing a quorum were:

Ms. Kristan Cole, Chair (telephone)  
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  
Mr. Ray Nix, Asset Manager  
Mr. Robert McFarlane, AAG, Dept. of Law  
Ms. Olga Lotosh, Accountant II ARLF, Financial Services

**B. APPROVAL OF AGENDA**

**MOTION:** Boardmember VanderWeele moved to approve the agenda.  
Boardmember Nakazawa seconded.

No objections were received.

**The agenda was approved.**

**C. PUBLIC COMMENTS/SESSION**

*(No public comments were made).*

**D. MINUTES OF PRECEDING MEETING**

**MOTION:** Boardmember Davies moved to approve the minutes March 4, 2010 as amended.

Boardmember Flickinger seconded.

No objections were received.

**The minutes were approved as amended.**

**E. REPORTS/CORRESPONDENCE**

1. Division Update/Division Newsletter – Director Havemeister:

Boardmember VanderWeele asked if the Division was contacted prior to HB383 being introduced?

Boardmember Davies asked if the Agricultural Revolving Loan Fund (ARLF) was included in the bill and if the Division had a position on the bill?

Director Havemeister stated she was informed of the bill after it was introduced and the ARLF was included. The Division does not have a position on HB383.

Chair Cole stated the Board should contact Representative Neuman regarding HB383 before the next session starts.

2. Asset Report – Asset Manager Nix:

- No asset report.

3. Financial Services – ARLF Accountant Lotosh:

- The financial reports were reviewed.

Boardmember Davies asked why there was a \$29,705 loss for Mt. McKinley Meat & Sausage (MMM&S) over the last month. He would like producer input regarding keeping the plant open.

Asset Manager Nix stated the accounting system is a click in time, items could be sold and the funds have not yet been collected.

Chair Cole stated Boardmember Davies and Director Havemeister will get together to produce a questionnaire or informational document to send to the producers for their input. She asked Director Havemeister to talk with the new Boardmembers regarding MMM&S history.

Boardmember Poindexter asked if the Director could contact the Alaska Job Corps Center regarding possible employment or training at MMM&S.

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

- The Board had no questions.

5. AAG Report – AAG McFarlane:

- Stated HB326 has a provision to return the \$600,000 to the ARLF.

**F. EXECUTIVE SESSION**

Scott Miller asked to address the Executive Session regarding his F-loan request.

Boardmember VanderWeele disclosed that he has a conflict with Alaska Chip Company and asked to be recused.

Chair Cole accepted Boardmember VanderWeele disclosure and stated he will recuse him from the room during that discussion and that he will not vote on the Alaska Chip Company Loan.

Boardmember Davies disclosed he has interest in Agricultural Investors, LLC and he will be voting on the Miller – F Loan.

Chair Cole accepted Boardmember Davies disclosure and stated he will be voting on the Miller – F loan.

**VOTE:** Boardmember VanderWeele moved to go into Executive Session to consider loan applications.

Boardmember Nakazawa seconded the motion.

The board moved into Executive Session.

The Executive Session for the Alaska Chip Company, LLC S Loan, included Chair Kristan Cole, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Tony Nakazawa, Director Franci Havemeister, AAG Robert McFarlane, Asset Manager Ray Nix and Administrative Assistant Lora Haralson. Boardmember VanderWeele did not attend.

The Executive Session for the Van Whye – F Loan, and the Wrigley Farms, LLC – F & S Loans included Chair Kristan Cole, 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. Loan Officer Easley was asked to attend for a portion of the discussion.

The Executive Session for the Valley Dairy Inc., - S Loan modification and the Miller F Loan, included Chair Kristan Cole, 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.

#### **PUBLIC SESSION ACTION ITEMS**

6. Alaska Chip Company, LLC Short-term Loan Approved

**MOTION:** Boardmember Davies moved to approve the Alaska Chip Company, LLC – S loan as recommended by the loan officer:

1. \$60,000 @ 3.00% for 1 year payable by monthly payments.
2. Secured by standard Security Agreement with UCC filing on plant processing equipment, office furniture, plant fixtures, raw materials & accounts receivables.
3. Collateral Assignment of Plant Property Lease with Property Owner subordination for personal property rights.
4. Secured by 2<sup>nd</sup> Deed of Trust on 5 acre lot Wasilla (ARLF 1<sup>st</sup> #P-1004).
5. Secured by 3<sup>rd</sup> Deed of Trust on SFR Anchorage (ARLF 2<sup>nd</sup> #P-1004).
6. Standard Lenders Title Insurance.
7. Property Insurance with ARLF as Mortgagee & Loss Payee.
8. Majority shareholders Ralph & Darcy Carney sign as co-borrowers w/Alaska Chip Company, LLC.

Boardmember Poindexter seconded the motion.

**ROLL CALL**

**VOTE:** The motion passed with 4 yes votes. Boardmember Davies, Boardmember Poindexter, Boardmember Nakazawa, Boardmember Flickinger voted yes. Boardmember VanderWeele was not in the Executive Session on the Alaska Chip Company loan and did not participate in any of the discussion or voting on the loan.

7. Van Whye Development Loan Approved

**MOTION:** Boardmember VanderWeele moved to approve the Terry & Tamara Van Wyhe – F loan as recommended by the loan officer:  
1. \$350,000 @ 4.50% 30 years payable by monthly payments.  
2. Secured by the 1<sup>st</sup> Deed of Trust on subject farm.  
3. Standard Lenders Title Insurance.  
4. Property Insurance with ARLF as Mortgagee & Loss Payee.  
Boardmember Nakazawa seconded the motion.

**Discussion:**

Boardmember Davies will be voting no because the borrower would not be in jeopardy of losing his farming operation by not receiving the loan.

**ROLL CALL**

**VOTE:** The motion passed with 3 yes votes and 2 no votes. Boardmember Davies and Boardmember Flickinger voted no. Boardmember VanderWeele, Boardmember Nakazawa and Boardmember Poindexter voted yes.

8. Wrigley Farms, LLC Short-term Loan Approved

**MOTION:** Boardmember VanderWeele moved to approve the Wrigley Farms, LLC - S loan as recommended by the loan officer:  
1. \$40,000 @ 3.00% for 1 year payable by monthly payments.  
2. Secured by standard Security Agreement and UCC filing on equipment limited to 75% LTV.  
3. Waive controlled account.  
Boardmember Poindexter seconded the motion.

**ROLL CALL**

**VOTE:** The motion passed with 5 yes votes. Boardmember VanderWeele, Boardmember Davies, Boardmember Poindexter, Boardmember Nakazawa and Boardmember Flickinger voted yes.

8. Wrigley Farms, LLC Development Loan Approved

**MOTION:** Boardmember Nakazawa moved to approve the Wrigley Farms, LLC - F loan as recommended by the loan officer:  
1. \$460,000 @ 4.50% for 25 years payable by monthly payments.  
2. Secured by 1<sup>st</sup> Deed of Trust Delta Tract C-2.  
3. Standard Lenders Title Insurance.  
4. Property Insurance with ARLF as Mortgagee & Loss Payee.  
Boardmember Poindexter seconded the motion.

**ROLL CALL**

**VOTE:** The motion passed with 4 yes votes and 1 no vote. Boardmember VanderWeele, Boardmember Poindexter, Boardmember Nakazawa and Boardmember Flickinger voted yes. Boardmember Davies voted no.

9. ARLF Aging Report.  
*The Board had no questions.*

10. Valley Dairy Inc. Short-term Loan modification Approved  
**MOTION:** Boardmember Davies moved to approve the Valley Dairy Inc. – S loan modification as recommended by the asset manager:  
1. Modify repayment terms of S-5444 Promissory Note to monthly payments of \$6,570.00, with monthly payments beginning August 1, 2010 and a loan maturity date of March 1, 2013.  
Boardmember Flickinger seconded the motion.

**ROLL CALL**

**VOTE:** The motion passed with 5 yes votes. Boardmember Poindexter, Boardmember Nakazawa, Boardmember VanderWeele, Boardmember Flickinger and Boardmember Davies voted yes.

11. Miller Development Loan Approved  
**MOTION:** Boardmember Flickinger moved to approve the Scott R. and Maribeth R. Miller – F loan as recommended by the asset manager:  
1. \$240,000 @ 4.50% payable by monthly payments of \$1,219 beginning May 1, 2010 with a maturity date of April 30, 2040.  
Boardmember Nakazawa seconded the motion.

**ROLL CALL**

**VOTE:** The motion passed with 4 yes votes and 1 abstained vote. Boardmember Poindexter, Boardmember Nakazawa, Boardmember VanderWeele and Boardmember Flickinger. Boardmember Davies abstained.

**G. NEW/OLD BUSINESS:**

Alaska Farmland Trust Letter of Support:

Boardmember Poindexter stated the Matanuska Susitna Borough assembly is considering at their next meeting whether to support the Alaska Farmland Trust.

Boardmember VanderWeele stated the next meeting is within 24 hours. In years passed the borough set aside \$300,000 for Alaska Farmland Trust, last year it was cut down to \$100,000. Alaska Farmland Trust is asking for \$600,000 for this year.

**MOTION:** Boardmember Poindexter moved to approve a letter in support of Alaska Farmland Trust to be presented at the Matanuska Susitna Borough meeting tomorrow.  
Boardmember Davies seconded the motion.

Administrative Assistant Lora Haralson will prepare the letter and send after Boardmember VanderWeele approves.

**ROLL CALL**

**VOTE:** The motion passed with 5 votes. Boardmember VanderWeele, Boardmember Poindexter, Boardmember Davies, Boardmember Nakazawa and Boardmember Flickinger voted yes.

Statute and Regulations regarding 1 year short term loans:

AAG McFarlane will prepare information and it will be presented at the next meeting.

**H. BOARDMEMBER COMMENTS:**

Boardmember Poindexter stated he has concerns regarding methods and reasons for denying loans. The loan fund is dwindling; it might be a time for the board to discuss the possibility of not funding refinanced loans.

Boardmember Davies asked the Director to identify loan policies.

Director Havemeister stated at the last BAC meeting the board had questions regarding loan protocol (i.e., time frame for check dispersal, closing on approved loans, loans that need to be processed in an equitable manner, et cetera). She will work with financial services and the loan officer to have a document to present to the board at the next meeting.

**I. SET NEXT MEETING & AGENDA ITEMS**

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

Agenda Items:

New/Old Business: Loan Protocol document – Director Havemeister

New/Old Business: HB383 discussion - Board

New/Old Business: MMM&S producer response – Director Havemeister

New/Old Business: AAG McFarlane: Statute and Regulations regarding 1 year short term loans

**J. ADJOURNMENT: The meeting was adjourned at 6:25 pm.**