

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

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

Boardmembers present and establishing a quorum were:

Ms. Kristan Cole, 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
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 of April 5, 2010 as amended.

Boardmember Poindexter seconded.

No objections were received.

The minutes were approved as amended.

E. REPORTS/CORRESPONDENCE

1. Division Update/Division Newsletter – Director Havemeister:

Director Havemeister stated:

- HB 70 Farm to School Program will be signed into law by the Governor on Tuesday, May 4, 2010 at 1:00 p.m. at Palmer High School.

- HB70 is to increase movement of Alaska Grown Product into the schools, to improve nutrition and enhance education in the schools.
- HB70 fiscal note was \$181,000.00 for one full-time Development Specialist position and a part-time Agriculture Inspector.
- A one- time increment (OTI) of \$200,000 was approved for the Seed Potato program at the Plant Materials Center (PMC). Larson Farms in Idaho has expressed interest in working with the farmers in Alaska to export seed potatoes to China.
- One new position and funding was approved to continue the Phytosanitary Inspection program.

2. Asset Report – Asset Manager Nix:

- No asset report.

3. Financial Services – ARLF Accountant Lotosh:

- The financial reports were reviewed.

Boardmember Davies stated the loss for Mt. McKinley Meat & Sausage (MMM&S) on the financials is through March 31, 2010 three months are left in the fiscal year.

Boardmember Nakazawa asked about doubtful accounts.

Accountant Lotosh stated allowance for doubtful accounts are accounts to be collected and to write off small balances from \$5.00 to \$10.00 for closed loans.

Boardmember VanderWeele asked if the ARLF had \$5.3 million available for loans.

Accountant Lotosh stated the \$5.3 million is the cash balance on the March 31, 2010 report. It is used to fund five positions, ARLF operating expenses and to fund loans.

4. ARLF Loan Interest Rate Review – Loan Officer Easley

The Board held a discussion and reviewed the current interest rates. The Board has determined that no changes will be made at this time.

5. ARLF Applications in Process – Loan Officer Easley:

- The Board had no questions.

6. AAG Report – AAG McFarlane:

- Presented information regarding loan regulations.
- AAG McFarlane will send the Board the regulations process.

The Board held a discussion regarding the regulation process.

F. EXECUTIVE SESSION

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

Boardmember VanderWeele disclosed that he has a conflict with Gold Nugget Farms and Butte Farms Inc. and asked to be recused.

Chair Cole accepted Boardmember VanderWeele disclosure and stated he will recuse him from the room during those discussions and that he will not vote on the Gold Nugget Farms and Butte Farms, Inc. loans.

The Executive Session for the Gold Nugget Farms and Butte Farms, Inc loans included Chair Kristan Cole, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Tony Nakazawa, Boardmember Stu Davies, Director Franci Havemeister, AAG Robert McFarlane, and Administrative Assistant Lora Haralson. Boardmember VanderWeele did not attend.

The Executive Session for the Williams Requests, Brost S loan & Request and the Fellman Request included Chair Kristan Cole, 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.

PUBLIC SESSION ACTION ITEMS

7. Williams Requests (2) Subdivision non objection Approved
and Collateral Release

MOTION: Boardmember Davies moved to approve the Thomas E. Williams request for subdivision non- objection of their ARLF loan collateral Pt. Mackenzie Tract 11 and subsequent collateral release of Tracts A, B & C Williams Farm Subdivision as recommended by the loan officer:

- 1. Matanuska Susitna Borough Subdivision Approval with Conditions.
- 2. State of Alaska, DNR/Division Lands Subdivision Non-Objection & Approval with Conditions.

Boardmember Nakazawa seconded the motion.

VOTE: The motion passed without objection.

8. Brost Short-term Loan Approved
MOTION: Boardmember Poindexter moved to approve the Wayne J. & Veronica Brost – S loan as recommended by the loan officer:
1. \$105,000 @ 3.00% 1 year payable by 2 payments.
2. Secured by 2nd Deed of Trust Pt. Mackenzie Tract 27.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Mortgagee & Loss Payee.
Boardmember Nakazawa seconded the motion.
VOTE: The motion passed without objection.

8. Brost Loan Request Approved
MOTION: Boardmember Nakazawa moved to approve the Wayne J. & Veronica Brost – #F-5180 loan modification as recommended by the loan officer:
1. Re-amortize current principal balance with applicable loan payment modification. All other loan terms to remain the same.
Boardmember VanderWeele seconded the motion.
VOTE: The motion passed without objection.

9. Gold Nugget Farms Short-term Loan Approved
MOTION: Boardmember Flickinger moved to approve the Gold Nugget Farms, Inc. - S loan as recommended by the loan officer:
1. \$175,000 @ 3.00% for 1 year payable by annual payment.
2. Secured by standard Security Agreement and UCC filing secured by equipment limited to 75% LTV.
3. Waive controlled account requirement.
Boardmember Davies seconded the motion.
VOTE: The motion passed without objection. Boardmember VanderWeele did not vote.

10. Butte Farms, Inc. Short-term Loan Approved
MOTION: Boardmember Poindexter moved to approve the Butte Farms, Inc. - S loan as recommended by the loan officer:
1. \$95,000 @ 3.00% for 1 year.
2. Standard Security Agreement & UCC filing on equipment limited to 74% LTV.
3. Waive controlled account requirement.
Boardmember Flickinger seconded the motion.
VOTE: The motion passed without objection. Boardmember VanderWeele did not vote.

9. Fellman Request Approved
MOTION: Boardmember Nakazawa moved to approve the modification request for no loan payments for nine months for the Fellman ARLF loan #F-5130 with subsequent monthly payments modified for proper loan amortization and all other terms of the loan to remain the same.
Boardmember Davies seconded the motion.
VOTE: The motion passed with 3 yes votes and 2 no votes. Boardmember Nakazawa, Boardmember Davies and Boardmember Flickinger voted yes. Boardmember VanderWeele and Boardmember Poindexter voted no.

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

G. NEW/OLD BUSINESS:

Loan Protocol – Director Havemeister:

- Stated the last ARLF Policy & Procedure (P&P) manual was done November, 1988 and staff will begin the process of updating the manual.
- Distributed a flow chart on the loan application process.

Asset Manager Nix:

- Stated if the loan applicant has borrowed before the loan application process goes much smoother as compared to a new borrower.
- The loan application depends on how thorough the applicant is when the documents are submitted.

The Board held a discussion.

HB 383 Discussion:

AAG McFarlane stated the bill did not pass and could to be re-introduced in the next legislative session.

Mt. McKinley Meat & Sausage (MMM&S) Director Franci Havemeister:

- Distributed a survey to be sent out to the Division newsletter email list for input on the continued operation of MMM&S.

The Board held a discussion.

Director Havemeister will develop an overview about MMM&S in the Division newsletter, including asking for comments or suggestions regarding the plant.

H. BOARDMEMBER COMMENTS:

(The Board had no comments.)

I. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation meeting will be held via teleconference on Thursday, July 8, 2010 at 3:30 p.m.

J. ADJOURNMENT: The meeting was adjourned at 7:43 pm.

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