

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

The regular meeting of the Board of Agriculture & Conservation (BAC) was held May 5, 2011 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 1:05 p.m.

Boardmembers present and establishing a quorum were:

Mr. Ben VanderWeele, Chair  
Mr. John Schirack, Vice Chair  
Mr. Al Poindexter, Boardmember (arrived at 1:10 p.m.)  
Mr. Stuart Davies, Boardmember  
Ms. Deidre Berberich, Boardmember  
Mr. Chris Flickinger, Boardmember (via telephone)

Staff in attendance was:

Mr. Ed Fogels, Deputy Commissioner, DNR  
Ms. Franci Havemeister, Director  
Ms. Candy Easley, Loan Officer  
Ms. Lora Haralson, Administrative Assistant  
Mr. Robert McFarlane, AAG, Dept. of Law  
Ms. Olga Lotosh, ARLF Accountant  
Ms. Cristin Cowles-Brunton, Financial Services

**B. APPROVAL OF AGENDA**

Public Comments:

Move Alaska Manufacturing Extension Partnership, Inc. (AMEP) before City of Palmer.

Executive Session:

Item #12 Management of the ARLF  
Item #13 Gerry Marlow – Mid State meat financials  
Item #14 AMEP & Matanuska Creamery Corporation financials  
Item #15 Gareth Byers – to address his loan

**MOTION:** Boardmember Berberich moved to approve the agenda as amended.

**SECOND:** Boardmember Davis seconded the motion.  
No objections were received.

**The agenda was approved as amended.**

### **C. PUBLIC COMMENTS/SESSION**

Lynn Gattis from Gattis Farms testified she would like the agenda posted in advance of the meeting so it could be reviewed before the meeting. She stated that agriculture needs a vision and it should come from the Commissioner of DNR.

#### Alaska Manufacturing Extension Partnership Inc. (AMEP) Presentation:

Tom Myers, AMEP, distributed a packet in regards to a plan for the Matanuska Creamery. He stated that currently the Matanuska Creamery plan is to re-organize and move the Creamery so that it becomes a long term net asset to the State of Alaska and the farming community. Listed below are some of the highlights of the plan:

- Initial start up of Matanuska Creamery.
- Goal is to not only become engaged but remain engaged.
- Make dairy farming a viable option.
- Within the next 24 months expand producers.

If the Creamery can't get out of the current facilities they will go under in less than a year, many producers will have no choice but to begin reducing herds and dairy in Alaska will no longer be viable.

Option #1: Do we move it out to a private agriculture land where it separates them out from the public.

Option #2: Move Creamery into the Mat Maid blow building in Palmer, re-organize and get the greatest amount of production with the least amount of labor.

#### City of Palmer – Mat Maid Property Presentation:

Doug Griffin, City Manager, City of Palmer and Richard Best Deputy Mayor City of Palmer stated that bonds were approved in October, 2010 to purchase 7 parcels and the biggest tract is held by the ARLF (3 acres). They are concerned about the Creamery moving to the Mat Maid property in Palmer and they would like to be involved with any further discussions. Richard Best stated that the council was concerned about the City septic and sewer system. Currently, the property is not zoned and would have to come before City of Palmer Planning and Zoning Commission to be re-zoned for the Creamery.

### **E. MINUTES OF PRECEDING MEETING**

**MOTION:** Boardmember Davies moved to approve the minutes of March 31, 2011.

**SECOND:** Boardmember Poindexter seconded the motion.

**VOTE:** The motion passed without objection.

## **F. REPORTS/CORRESPONDENCE**

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

- HB 97 Invasive species passed and was signed into law on April 21, 2011.
- The Certified Potato Program was passed at \$220,000 and it is now wrapped into general funding.
- May 3<sup>rd</sup> was Alaska Ag Day and the Division placed ads in the newspapers throughout the State. The Anchorage Daily News reported 113,684 hits. The advertising was very successful this year.

### 2. Financial Services Olga Lotosh:

- Reviewed the March 2011 financials.

Distributed an ARLF cash flow projection scenario.

### 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 May 2011 report.

## **F. EXECUTIVE SESSION**

**MOTION:** Chair VanderWeele moved to go into Executive Session to discuss the Management of the ARLF, Mid-State Meats, ACMEP-Matanuska Creamery, Williams – S & C Loans, Brost – S Loan, Church of the Living Word – C Loan, Byers – S Loan and Modification, AAG Report and the ARLF Aging Report.

**No objections were received.**

The Executive Session for the Management of the ARLF included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Deidre Berberich, Boardmember Chris Flickinger (via telephone) and Deputy Commissioner Ed Fogels.

The Executive Session for the discussion of Mid-State Meats included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Deidre Berberich Boardmember Chris Flickinger (via telephone), Deputy Commissioner Ed Fogels, AAG Robert McFarlane, Director Franci Havemeister and Administrative Assistant Lora Haralson. Member of the public present was Gerry Marlow, Mid-State Meats.

The Executive Session for the AAG report included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Deidre Berberich Boardmember Chris Flickinger (via telephone), Deputy Commissioner Ed Fogels, AAG Robert McFarlane, Director Franci Havemeister and Administrative Assistant Lora Haralson.

The Executive Session for the discussion of ACMEP and the Matanuska Creamery financials included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Deidre Berberich, Boardmember Chris Flickinger (via telephone), Deputy Commissioner Ed Fogels, AAG Robert McFarlane, Director Franci Havemeister and Administrative Assistant Lora Haralson. Members of the public present were Tom Myers, ACMEP and Karen Olson, Matanuska Creamery.

The Executive Session for the discussion of the Gareth Byers S Loan and loan modification included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Deidre Berberich, Boardmember Chris Flickinger (via telephone), Deputy Commissioner Ed Fogels, AAG Robert McFarlane, Director Franci Havemeister and Administrative Assistant Lora Haralson. Members of the public present were Gareth Byers.

The Executive Session for the Williams – S & C Loans, Brost – S Loan, Church of the Living Word Inc., 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 (via telephone), AAG Robert McFarlane, Deputy Commissioner Ed Fogels, Director Franci Havemeister, Loan Officer Candy Easley and Administrative Assistant Lora Haralson.

## **PUBLIC SESSION ACTION ITEMS**

**7. Williams Short-Term Approved**  
**MOTION:** Boardmember Davies moved to approve the Thomas E. William – S Loan as recommended by the loan officer:  
1. \$70,000 @ 3.00% - 1 year payable by 3 payments.  
2. Secured by 1<sup>st</sup> Deed of Trust Tract B Williams Farms Subdivision.  
3. Waive controlled account.  
**SECOND:** Boardmember Poindexter seconded the motion.  
**VOTE:** The motion passed without objection.

**7. Williams Chattel Approved**  
**MOTION:** Boardmember Davies moved to approve the Thomas E. William – C Loan as recommended by the loan officer:  
1. \$64,000 @ 4.00% - 7 years payable by annual payments.  
2. Secured by 2<sup>nd</sup> Deed of Trust Tract B Williams Farms Subdivision.  
**SECOND:** Boardmember Berberich seconded the motion.  
**VOTE:** The motion passed without objection.

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

**9. Church of the Living Word Chattel Approved**  
**MOTION:** Boardmember Davies moved to approve the Church of the Living Word, Inc. aka White Stone Farms – C Loan as recommended by the loan officer:  
1. \$76,000 @ 4.00% - 7 years payable by monthly payments.  
2. Secured by standard Security Agreement and UCC Filing on equipment limited to 75% LTV.  
3. Waive controlled account.  
**SECOND:** Vice Chair Schirack seconded the motion.  
**VOTE:** The motion passed without objection.

**10. Byers**

**Modification**

**Approved**

- MOTION:** Boardmember Berberich moved to approve the Gareth J. & Angela S. Byers – loan modification as recommended by the loan officer:
1. ARLF Byers Loan #S-5445 – reasonable cause determination pursuant 11 AAC 39.940. Good financial standing requirement:
    - Borrowers past due amounts have been greatly reduced.
    - Outstanding accounts receivables are substantial.
    - General state of the dairy industry.
  2. Extend term one year payable by monthly payments.
  3. Secured by Standard Security Agreement with UCC filings on all Byers livestock and replacements, all Byers equipment and replacements, all Accounts Receivables, Assignment Valley Dairy, Inc. Note Receivable and Valley Dairy, Inc. & Mt. McKinley Meat & Sausage Product Assignments.
  4. Byers payoff ARLF Loan #S-5435
  5. Byers pay current ARLF Loan #C-5244
- SECOND:** Boardmember Poindexter seconded the motion.
- VOTE:** The motion passed without objection.

**10. Byers**

**Short-term**

**Approved**

- MOTION:** Boardmember Berberich moved to approve the Gareth J. & Angela S. Byers – S loan:
1. BAC Reasonable Cause Determination pursuant to 11 AAC 39.940. Good financial standing requirement:
    - Borrowers past due amounts have been greatly reduced.
    - Outstanding accounts receivables are substantial.
    - General state of the dairy industry.
  2. Secured by Standard Security Agreement with UCC filings on all Byers livestock and replacements, all Byers equipment and replacements, all Accounts Receivables, Assignment Valley Dairy, Inc. Note Receivable and Valley Dairy, Inc. & Mt. McKinley Meat & Sausage Product Assignments.
  3. Property Insurance with ARLF as Lien holder and Loss Payee for all livestock, including, dairy cows and replacements and 1998 NH TS110 Tractor pursuant to 11 AAC 39.231(b).
- SUBJECT TO:**
1. Quarterly payments.
  2. Use of controlled account.
- SECOND:** Boardmember Poindexter seconded the motion.
- VOTE:** The motion passed without objection.

## **MANAGEMENT OF THE ARLF**

**MOTION:** Boardmember Poindexter moved that the ARLF requests complete financial statements from loan applicants including profit and loss statements, balance sheets and tax returns for the prior year with projections for the coming year. Additionally, a review provided by the division of collateral assessments for machinery, equipment and real estate.

**SECOND:** Boardmember Davies seconded the motion.

**VOTE:** The motion passed without objection.

Boardmember Davies stated Agricultural Investors will come to an agreement with Mid State Meats for a long-term lease.

## **AMEP/VALLEY DAIRY INC.**

**MOTION:** Boardmember Poindexter moved to encourage the Valley Dairy with the assistance of AMEP to make an application for the modification if their loan and the ARLF will need additional collateral for any new loans.

**MOTION DIED LACK OF SECOND.**

AAG McFarlane and Director Havemeister will work with AMEP and Valley Dairy, Inc. regarding an application.

## **G. NEW/OLD BUSINESS:**

*(The Board had no new/old business to discuss).*

## **H. BOARDMEMBER COMMENTS:**

Boardmember Davies stated he will continue to discuss Mt. McKinley Meat & Sausage.

Boardmember Flickinger discussed the current price of cattle.

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

The next meeting will be determined at a later date.

**J. ADJOURNMENT:** The meeting was adjourned at 6:40 p.m.