

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

The regular meeting of the Board of Agriculture & Conservation was held May 17, 2007 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Rhonda Boyles called the meeting to order at 9:38 a.m.

Boardmembers present and establishing a quorum were:

Ms. Rhonda P. Boyles, Chair  
Mr. Edward Kern, Vice Co-Chair  
Mr. Bruce Willard, Vice Co-Chair  
Mr. William E. Burton, Member  
Mr. Carrol J. Martin, Member (via telephone)  
Mr. Paul Shoen, Member  
Mr. McLaren Carter, Member

Staff in attendance was:

Mr. Larry DeVilbiss, Director  
Ms. Candy Easley, Loan Officer  
Ms. Lora Haralson, Administrative Assistant  
Mr. Ray Nix, Natural Resource Specialist  
Ms. Tina Otto, AAG, Dept. of Law  
Mr. Dan Saddler, Special Assistant to the Commissioner, DNR (via telephone)

**B. APPROVAL OF AGENDA**

MOTION: Boardmember Carter moved to approve the agenda with changes noted.

CHANGES: Move G. Mat Maid Shareholder Update under D. Reports/Correspondence. Under H. Executive Session add Elsberry loan issues.

Vice Co-Chair Kern seconded.

VOTE: The motion passed without objection.

**C. APPROVAL OF MINUTES**

MOTION: Vice Co-Chair Kern moved to approve the minutes of April 12, 2007 with changes noted on page 2 of 4 under I. PUBLIC SESSION MOTION add the word (Matanuska Maid). The minutes of April 24, 2007 were approved with no changes.

Boardmember Carter seconded.

VOTE: The motion passed without objection.

#### **D. REPORTS/CORRESPONDENCE**

##### Director's Report – Director Larry DeVilbiss:

3. Activity Update was reviewed.
  - discussed the seed potato program and funding; and
  - Informed the board he had submitted his resignation effective May 31, 2007.
4. MMM&S Report.
  - Gave an update on MMM&S projected costs.
5. Budget highlights.
  - \$600,000 was appropriated from the legislature for Mat Maid.
  - \$1,000,000 from general funds for operation of the Division and PMC.
  - \$50,000 was not funded for ARLF asset review.
6. Asset Report:
  - Asset Manager Ray Nix reviewed the March 2007 asset report.
7. Financial Reports:
  - Loan Officer Easley reviewed the financial reports.

#### **G. MAT MAID SHAREHOLDER UPDATE**

Boardmember Carter reviewed a letter from the Creamery Corporation dated May 9, 2007 to the BAC as the sole shareholder to request the BAC to procure an expression of interest. The Creamery Corporation's idea was to try to move Mat Maid into the private sector. The \$600,000 appropriation from the legislature will help Mat Maid to operate for a period of time.

Discussion was held.

#### **E. PUBLIC COMMENTS/SESSION**

Rob Wells made comments regarding Mat Maid, the dairy industry and the new Robert Wells & Co. milk processing facility progress.

Craig Trytten made comments regarding Mat Maid and the dairy industry.

The meeting recessed at 12:10 p.m.

The meeting reconvened at 1:16 p.m.

**MOTION:** Vice Co-Chair Kern moved that in reference to the Creamery Corporation letter dated May 9, 2007 request for us to procure expression of interest we do not consider this an option at this time. We encourage the Creamery Corporation to operate within the guidelines of our April 24, 2007 motion in obtaining legislative funding, provide an independent review of operating income and expenses every 30 days, obtain independent expert advice to develop a plan to maximize asset value and implement cost cutting measures. The Creamery Corporation may wish to

obtain expressions of interest as part of their plan to maximize asset value along with alternative business models. The BAC expects this information to be available prior to October 1, 2007 to allow the BAC to make a decision on the future of Matanuska Maid.

Boardmember Carter seconded.

VOTE: The motion passed with 4 yes votes, 1 no vote and 2 abstained votes. Chair Boyles, Vice Co-Chair Kern, Boardmember Martin and Boardmember Shoen voted yes. Boardmember Carter voted no. Vice Co-Chair Willard and Boardmember Burton abstained.

The motion will be sent in the form of a letter to the Chairman of the Creamery Corporation Board of Directors from the Chair of the Board.

#### **F. NEW BUSINESS**

*(No new business was discussed.)*

#### **H. EXECUTIVE SESSION**

MOTION: Boardmember Carter moved to go into Executive Session for matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity. To discuss the AAG report and the Elsberry loan issues. The session will include Boardmembers, AAG Tina Otto, Director Larry DeVilbiss, Loan Officer Candy Easley, DNR Special Assistant Dan Saddler and Administrative Assistant Lora Haralson  
Vice Co-Chair Willard seconded.

VOTE: The motion passed without objection.

#### **I. PUBLIC SESSION**

MOTION: Boardmember Carter moved that Todd R. & Sherrie L. Elsberry provide the previously requested documentation stated in the letter dated April 24, 2007 from the Division of Agriculture. We are providing you an additional 30 days from May 17, 2007 to answer the request. Failure to comply will result in denial.

Vice Co-Chair Willard seconded.

VOTE: The motion passed without objection

#### **J. UNFINISHED BUSINESS**

*(There was no unfinished business.)*

#### **K. PUBLIC SESSION**

*(There was not another public session held.)*

#### **L. BOARDMEMBER COMMENTS**

Vice Co-Chair Kern stated the process of moving Mat Maid and MMM&S into the private sector is frustrating.

Vice Co-Chair Willard stated nothing will change until there is a positive outlook for agriculture.

Boardmember Carter stated the agriculture industry needs support. He will promote agriculture and encourage the State to do the same.

Boardmember Burton stated the Board needs to support and privatize Mat Maid and MMM&S. The producers are dependent on these entities.

Boardmember Shoen stated as long as a cheap food supply is available in the food markets the need for local food is not an issue. However, if there were a major disaster that issue can change overnight.

Boardmember Martin stated organic producers in Sacramento dairy producers are getting 4 to 6 times as much for their milk.

Chair Boyles stated a BAC meeting at the Plant Materials Center would be nice. The Board also needs a tour of MMM&S. She asked the Board to please read Extreme Conditions by "Stromeyer", specifically and the chapter on hay and barley. Also, she stated that the State does indirectly support agriculture.

Chair Boyles re-stated the statute regarding the Board's role for the vacancy of the Division of Agriculture, Director Position.

**M. OTHER MATTERS OR CORRESPONDENCE**

*(No other matters or correspondence.)*

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

The next BAC meeting will be held on July 18, 2007 or July 25, 2007.

**O. ADJOURNMENT**

The meeting was adjourned at 3:15 p.m.