

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

The regular meeting of the Board of Agriculture & Conservation (BAC) was held May 28, 2009 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Kristan Cole called the meeting to order at 4:30 p.m.

Chair Cole welcomed new Boardmembers Stuart Davies and Anthony Nakazawa to the Board.

Boardmembers present and establishing a quorum were:

Ms. Kristan Cole, Chair  
Mr. Ben VanderWeele, Vice Chair  
Mr. John Schirack, Boardmember  
Mr. Al Poindexter, Boardmember  
Mr. Stuart Davies, Boardmember  
Dr. Anthony (Tony) Nakazawa, Boardmember

Staff in attendance was:

Ms. Franci Havemeister, Director  
Ms. Lora Haralson, Administrative Assistant  
Ms. Candy Easley, Loan Officer  
Mr. Ray Nix, Asset Manager  
Mr. Frank Huffman, Manager Mt. McKinley Meat & Sausage  
Ms. Amy Pettit, Development Specialist  
Mr. Robert McFarlane, AAG, Dept. of Law

**B. APPROVAL OF AGENDA**

Chair Cole amended the agenda to:

- Add Amy Pettit who will present an update regarding the “2009 Eat Local Challenge” to E. Reports/Correspondence.
- Ray Nix and Frank Huffman will present the Mt. McKinley Meat & Sausage Committee Report under the Asset Report.

MOTION: Vice Chair VanderWeele moved to approve the agenda as amended.  
Boardmember Schirack seconded.

No objections were received.

**The agenda was approved as amended.**

**C. PUBLIC COMMENTS/SESSION**

Marie Bater, from Homer stated she is a shellfish farmer and the President of the Kachemak Shellfish Growers Incorporated. She gave an overview of the shellfish industry. The Kachemak Shellfish will be making an application for a loan within the next year to help with their new mariculture facility in Homer.

Mike Schultz, from Delta Junction representing the Alaska Farmers Cooperative Incorporated, which is owned by the Agricultural Revolving Loan Fund, stated the Alaska Farmers Cooperative Incorporated would like to own the facility instead of renting. He gave an overview of the Cooperative which has been in existence for 25 to 30 years and has 30 members.

Wayne Brost, Valley Dairy gave an update of the dairy. He stated that is going very well but the dairy needs more dairy producers to make it work.

Larry Dooley, North Pole stated he has a farm development plan change contract amendment for the Board's consideration. He gave an overview of the farm and why they need the farm plan amended.

#### **D. MINUTES OF PRECEDING MEETING**

**MOTION:** Boardmember Poindexter moved to approve the minutes of April 9, 2009.

Boardmember Schirack seconded.

No objections were received.

**The minutes were approved.**

#### **E. REPORTS/CORRESPONDENCE**

##### 1. Division Update

Director Franci Havemeister

- Reviewed the Director's Report & Division Newsletter.

##### 2. Division of Ag & Mariculture

Director Franci Havemeister

- Discussions were held regarding if mariculture falls under the Division of Agriculture.
- AAG McFarlane indicated regulations state that shellfish was included and loans can be made from the Agricultural Revolving Loan Fund.
- AAG McFarlane stated the best way to see if the loan would qualify is to send in a pre-determination application to see if it qualifies.

The Board held a discussion regarding the purpose of the Agricultural Revolving Loan Fund and what qualifies as a loan.

##### 3. ADL 402576 Land Contract Amendment

Director Franci Havemeister

- Presented an overview of the land contract amendment request for the Dooleys to change the clearing requirements.

**MOTION:** Boardmember Nakazawa moved to approve the contract modification.

Boardmember Schirack seconded.

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

#### 4. Mt. McKinley Meat & Sausage (MMM&S)

Asset Manager Ray Nix

- Presented the pros and cons of keeping MMM&S as an asset of the ARLF or transferring the plant to the Department of Corrections.

Production Manager Frank Huffman

- Reviewed the history and the importance of inmate labor from the Department of Corrections and how it relates to the meat plant.

The Board held a discussion regarding MMM&S.

Chair Cole stated after discussion the Board does not want to move the plant to Department of Corrections or sell it.

The MMM&S committee which consists of Director Havemeister, Boardmember Schirack, Asset Manager Nix and Production Manager Huffman will recommend a proposal for cost savings for the plant at the next Board meeting.

#### 2009 Eat Local Challenge

Development Specialist Amy Pettit

- Presented a review of the 2009 Eat Local Challenge. She asked the Board to send her any ideas for this year's challenge which will occur in August.

#### 5. Asset Report

Asset Manager Ray Nix

- Reviewed the April/May 2009 Asset Report.
- Stated that the City of Palmer will be paying for an updated appraisal and will submit a proposal to the Board for the purchase of the ARLF Palmer Mat Maid property.
- Recommended the Board not pursue disposal of the Alaska Farmers Cooperative at this time. Also, recommended that the Board remain receptive to receipt of proposals for purchase consideration.
- Indicated the Fromong/Wartburg – Contract Financing application is not complete and will be submitted at the next Board meeting.

#### 6. Financial Reports

*(The Board had no questions).*

## **F. EXECUTIVE SESSION**

**MOTION:** Boardmember Schirack moved to go into Executive Session to consider loans, loan applications and AAG report.  
Vice Chair VanderWeele seconded.

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

Michael Paschall, Alaska Farm & Ranch News questioned the purpose for the AAG Report to be discussed in Executive Session.

AAG McFarlane will contact Michael to discuss why his report is included in the Executive Session.

The session for the Gattis contract modification request, included Richard Gattis, applicant, Chair Kristan Cole, Vice Chair Ben VanderWeele, Boardmember John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Tony Nakazawa, Director Franci Havemeister, AAG Robert McFarlane and Administrative Assistant Lora Haralson.

The session for the Williams, R & B Wrigley, Skidmore, Holland, and Hobbs Loans and the AAG Report included Chair Kristan Cole, Vice Chair Ben VanderWeele, Boardmember John Schirack, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Tony Nakazawa, Director Franci Havemeister, AAG Robert McFarlane and Administrative Assistant Lora Haralson.

## **PUBLIC SESSION ACTION ITEMS**

Chair Cole stated the following items were reviewed in Executive Session:

- ARLF applications in process.
- The AAG Report regarding matters that are attorney client privilege.
- Gattis – Contract Modification Request
- Williams – F Loan
- R & B Wrigley PTRS – S Loan
- Skidmore – F Loan
- Holland – F Loan
- Hobbs – F Loan

9. Gattis Contract Modification Declined

Chair Cole stated that when the Board met in February they applied new rates to loans that are under AS 03.10.020 and no discussion was held to apply the same rates to asset disposal installment contracts. Irrespective of that, the Board policy in the past has been that they have not modified asset disposal installment contracts for interest rate reductions. There was one exception one time when a one- time interest rate reduction which was approved because it was determined to be in the best interest of the State to do so.

**MOTION:** Boardmember Schirack moved to decline the Gattis Contract modification request as stated by Chair Cole.

Boardmember Nakazawa seconded.

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

10. Williams – F Loan Development Loan Approved

**MOTION:** Boardmember Schirack moved to approve the Williams – F loan as recommended by the loan officer:

1. \$207,500 @ 4.50% for 30 years payable by 3 payments annually.

2. Secured by 1<sup>st</sup> Deed of Trust on subject property.

3. Property Insurance w/ARLF as Mortgagee & Loss Payee.

4. Payoff ARLF Loan #F-7058

Boardmember Nakazawa seconded.

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

11. R & B Wrigley PTRS- S Loan Short-Term Loan Approved

**MOTION:** Boardmember Schirack moved to approve the R & B Wrigley PTRS – 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 Davies seconded.

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

12. Skidmore – C Loan Chattel Loan Approved

**MOTION:** Boardmember Schirack moved to approve the Skidmore – C loan as recommended by the loan officer:

1. \$9,000 @ 4.00% for 7 years payable by monthly payments.

2. Secured by standard Security Agreement & UCC filing for equipment limited to 75% LTV.

3. Payoff applicable AK USA FCU loan.

Boardmember Davies seconded.

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



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

The next regular meeting will be a teleconference meeting for the Board of Agriculture & Conservation and will be held on Thursday, July 9, 2009 at 4:30 p.m.

**J. ADJOURNMENT**

**MOTION:** Boardmember Schirack moved to adjourn.  
Vice Chair VanderWeele seconded.

**VOTE:** The motion passed without objection.  
The meeting was adjourned at 7:00 p.m.