

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held August 25, 2010 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 3:12 p.m.

Boardmembers present and establishing a quorum were:

Mr. Ben VanderWeele, Chair
Mr. John Schirack, Vice Chair
Mr. Al Poindexter, Boardmember
Mr. Stuart Davies, Boardmember
Mr. Chris Flickinger, Boardmember

Staff in attendance was:

Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Assistant
Ms. Candy Easley, Loan Officer
Mr. Ray Nix, Asset Manager
Ms. Amy Pettit, Development Specialist - Marketing
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Olga Lotosh, Accountant II ARLF, Financial Services (telephone)

B. APPROVAL OF AGENDA

MOTION: Boardmember Flickinger moved to approve the agenda as amended.

Boardmember Poindexter seconded.

No objections were received.

The agenda was approved as amended.

C. PUBLIC COMMENTS/SESSION

(No public comments were made).

D. MINUTES OF PRECEDING MEETING

MOTION: Boardmember Poindexter moved to approve the minutes of July 8, 2010 as corrected.

Boardmember Flickinger seconded.

No objections were received.

The minutes were approved as corrected.

E. REPORTS/CORRESPONDENCE

1. Division Update/Division Newsletter – Director Havemeister:

Boardmember Davies asked about the progress on the ARLF Policy Manual.

Director Havemeister stated the Division is waiting for Division of Habitat to move so employee space will be available not only for a position to assist with the ARLF Policy Manual but also, new employees that will be hired soon.

Director Havemeister stated there are two BAC vacancies open from the resignation of Kristan Cole and Anthony Nakazawa. The two positions represent General Business/Financial Experience and Statewide Agriculture Promotion Organization Representative. Please submit names to her or the Governor's Boards & Commissions if you know of anyone who is interested in serving.

2. Asset Report – Asset Manager Nix:

- An email regarding leasing the Mat Maid Building was discussed.
- The Board asked Asset Manager Nix to follow up and report at the next BAC meeting regarding the lease.

3. ARLF Disposal Kenai Spur Property – Asset Manager Nix:

MOTION: Boardmember Davies moved to approve the disposal subject to the following conditions:

1. ARLF Contract Financing.
2. Minimum of \$1,400 bid deposit.
3. Minimum of 10% down payment.
4. Terms not to exceed 15 years.
5. Seven percent interest rate.
6. Purchase price of \$14,000.

Boardmember Poindexter seconded the motion.

VOTE: The motion passed without objection.

4. Financial Services – ARLF Accountant Lotosh:

- The Board had no questions.

5. ARLF Loan Interest Comparison – Loan Officer Easley

- The Board had no questions.

6. ARLF Applications in Process – Loan Officer Easley & Asset Manger Nix:

- The Board had no questions.

7. AAG Report – AAG McFarlane:

- The Board had no questions.

Boardmember Davies disclosed he has an interest in the Agriculture Investors, LLC and will remove himself from the Executive Session during that discussion.

F. EXECUTIVE SESSION

Boardmember Davies stated the Executive Session was held to consider loan applications.

The Executive Session for the Hecker F loan and the Schmitz Modification included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Stu Davies, Director Franci Havemeister, AAG Robert McFarlane, Loan Officer Candy Easley, Asset Manager Ray Nix and Administrative Assistant Lora Haralson.

The Executive Session for the Ag Investors, LLC - Modification, included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Chris Flickinger, Director Franci Havemeister, AAG Robert McFarlane, Asset Manager Ray Nix and Administrative Assistant Lora Haralson. Todd Elsberry and Hank Bartos members of the public requested to attend by telephone for a portion of the meeting. Boardmember Stu Davies did not attend due to a conflict of interest.

The Executive Session for the Valley Dairy Financials included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Stu Davies, AAG Robert McFarlane, Asset Manager Ray Nix and Administrative Assistant Lora Haralson. Karen Olsen member of the public requested to attend. Director Franci Havemeister did not attend due to a conflict of interest.

PUBLIC SESSION ACTION ITEMS

8. Hecker Development Loan Approved

MOTION: Boardmember Davies moved to approve the David H. Hecker & Todd A. & Stacy M. Hecker – F loan as recommended by the loan officer:

1. \$411,000 @ 4.50% for 30 years payable by monthly payments.
 2. Secured by 1st Deed of Trust Pt. Mackenzie Tract 10.
 3. Standard Lenders Title Insurance.
 4. Property Insurance w/ARLF as Mortgagee & Loss Payee.
- Boardmember Poindexter seconded the motion.

VOTE: The motion passed without objection.

9. Schmitz Modification Approved
MOTION: Boardmember Davies moved to approve the David R. & Betty J. Schmitz request for subdivision non-objection of their ARLF loan collateral and subsequent collateral release of Tract A Second Chance Subdivision. Subject to:
1. Fairbanks North Star Borough Subdivision Conditional Approval.
2. State of Alaska, DNR/Division Lands Subdivision Non-Objection & Conditional Approval.
Boardmember Flickinger seconded the motion.
VOTE: The motion passed without objection.

10. Ag Investors, LLC Modifications Declined
MOTION: Boardmember Flickinger moved to deny the request to modify the current deed of trust and decline permission to lease Tanana Valley Meat facility to a new LLC entity Alaska Ranchers Meat Company.
Vice Chair Schirack seconded the motion.
VOTE: The motion passed with 4 yes votes and 1 abstained vote. Chair VanderWeele, Boardmember Flickinger, Boardmember Poindexter and Vice Chair Schirack voted yes. Boardmember Davies abstained due to conflict of interest.

MOTION: Boardmember Poindexter moved to reconsider the last motion.
Vice Chair Schirack seconded the motion.

VOTE: The motion passed with 4 yes votes and 1 abstained vote. Chair VanderWeele, Boardmember Flickinger, Boardmember Poindexter and Vice Chair Schirack voted yes. Boardmember Davies abstained due to conflict of interest.

RECONSIDERED

MOTION: Boardmember Poindexter moved to deny the request to modify the current deed of trust and decline permission to lease Tanana Valley Meat facility to a new LLC entity Alaska Ranchers Meat Company. The denial was due to an incomplete application.
Boardmember Flickinger seconded the motion.

VOTE: The motion passed with 4 yes votes and 1 abstained vote. Chair VanderWeele, Boardmember Flickinger, Boardmember Poindexter and Vice Chair Schirack voted yes. Boardmember Davies abstained due to conflict of interest.

G. NEW/OLD BUSINESS:

Emergency Loan Committee:

MOTION: Boardmember Flickinger moved to nominate Director Franci Havemeister, Chair Ben VanderWeele and Vice Chair John Schirack to serve on the BAC Emergency Loan Committee.

Boardmember Poindexter seconded the motion.

MOTION: The motion passed without objection.

H. BOARDMEMBER COMMENTS:

The Board held a discussion regarding Mt. McKinley Meat & Sausage. A committee was formed to research the current operation of the plant. The committee Boardmembers are: Stu Davies, Chris Flickinger, Al Poindexter and John Schirack.

I. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation meeting will be held on Wednesday, October 13, 2010 at 2:30 p.m.

J. ADJOURNMENT: The meeting was adjourned at 6:50 pm.