

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held October 9, 2008 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Kristan Cole called the meeting to order at 2:30 p.m.

Boardmembers present and establishing a quorum were:

Ms. Kristan Cole, Chair
Mr. Ben VanderWeele, Vice Chair
Mr. John Schirack, Boardmember
Ms. Ruby Hollembaek, Boardmember
Mr. Omar Stratman, Boardmember
Mr. Ralph Carney, Boardmember
Mr. Al Poindexter, Boardmember (joined the meeting at 3:40 p.m.)

Staff in attendance was:

Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Assistant
Ms. Candy Easley, Loan Officer
Mr. Robert McFarlane, AAG, Dept. of Law
Mr. Ray Nix, Natural Resource Specialist
Mr. Erik Johnson, Natural Resource Specialist
Ms. Amy Pettit, Development Specialist
Ms. Bonnie Bladlow, ARLF Accountant, Support Services (via telephone)
Ms. Pauline Henrique, State Auditor, Legislative Affairs

B. APPROVAL OF AGENDA

Chair Cole amended the agenda to:

- Add under F. Executive Session – Mr. Brost
- Add prior to F. Executive Session – AAG McFarlane to explain the criteria for going into executive session and review the duties of the BAC for the new boardmembers.
- Add to Division Update – Eat Local Challenge

No objections were received to amend the agenda.

The agenda was approved as amended.

C. PUBLIC COMMENTS/SESSION

Don Brainard (via telephone) stated he is in favor of granting a loan to the Matanuska Creamery. He would like to see the dairy industry stable and grow in Alaska.

D. MINUTES OF PRECEDING MEETING

MOTION: Boardmember Carney moved to approve the minutes of September 9, 2008.

Boardmember Stratman seconded.

VOTE: The motion passed without objection.

E. REPORTS/CORRESPONDENCE

1. Division Update

Director Franci Havemeister

- Reviewed the Division of Agriculture activities report.

Eat Local Challenge

Development Specialist Amy Pettit

- Reviewed the "Eat Local Challenge" marketing project done in August.
- Performed with restaurants to promote Alaska Grown produce.
- Stated the program was a success and a good marketing tool.
- Stated in the future more planning will be done to include the wholesalers.

2. Grazing Leases

Natural Resource Specialist Erik Johnson

- Reviewed how grazing lease fees are determined.
- The State law is \$.03 per acre and there are no plans for change at this time.

Mt. McKinley Meat & Sausage (MMM&S)

Production Manager Frank Huffman

- Presented a verbal update to the Board.

3. Asset Report

Asset Manager Ray Nix reviewed the September 2008 ARLF asset report.

ARLF Disposal Palmer Property

Asset Manager Ray Nix:

- Reviewed the disposal options pursuant to the ARLF disposal regulations.
- Recommended timeline for disposal:
 - 10/13/08 Public Notice
 - 10/13/08 Brochure Issued
 - 12/01/08 Deadline for Submission of Bids (1 PM)
 - 12/01/08 Notice of Award to Purchase
 - 02/02/09 Deadline for Closing
- Recommended the BAC authorize the Director or designee to dispose of the ARLF real property located at 513 South Valley Way, Palmer, Alaska, by Competitive Sealed Bid with a minimum acceptable bid of \$1,318,000.

MOTION: Vice Chair VanderWeele moved to put the Palmer Matanuska Maid property up for sale through competitive sealed bid with the minimum bid amount of \$1,318,000.
Boardmember Stratman seconded.

AMENDED: Vice Chair VanderWeele amended the motion to add
MOTION: Cash only sale (No ARLF Financing), \$100,000 Bid Deposit and OTC offering in the event no response bid is received.
Boardmember Stratman seconded the amended motion.

The Board held a discussion regarding the appraised value and the minimum bid amount.

VOTE: The motion passed without objection.

4. Financial Services

ARLF Accountant Bladlow (via telephone)

- Reviewed the August 31, 2008 financial reports.

5. FY 08 Year End Financial Reports

ARLF Accountant Bonnie Bladlow (via telephone)

- Reviewed the FY 08 year end financial reports and graphs.

AAG Robert McFarlane

- Reviewed with boardmembers the reasons to go into Executive Session and the BAC duties as outlined by the statutes and regulations.

Wayne Brost asked if he could bring other members of the public into the executive session with him.

Chair Cole stated that was his decision.

F. FIRST EXECUTIVE SESSION

MOTION: Boardmember Carney moved to go into the Executive session to consider the Looney loan and the concerns of Mr. Brost regarding financial outlook.

The session for the Looney loan will include Chair Kristan Cole, Vice Chair Ben VanderWeele, Boardmember John Schirack, Boardmember Ralph Carney, Boardmember Ruby Hollembaek, Boardmember Omar Stratman, Boardmember Al Poindexter, Director Franci Havemeister, State Auditor Pauline Henrique, AAG Robert McFarlane, Loan Officer Candy Easley and Administrative Assistant Lora Haralson.

The session regarding concerns of Mr. Brost regarding financial outlook will include Wayne Brost, Kyle Beus, Scott Johannes, Karen Olson, Dean Stewart USDA Rural Development, Chair Kristan Cole, Vice Chair Ben VanderWeele, Boardmember John Schirack, Boardmember Ralph Carney, Boardmember Ruby Hollembaek, Boardmember Omar Stratman, Boardmember Al Poindexter, Director Franci Havemeister, State Auditor Pauline Henrique and AAG Robert McFarlane.
Boardmember Stratman seconded.

VOTE: The motion was passed without objection.

PUBLIC SESSION ACTION ITEMS

6. Looney – C Loan Chattel Loan Approved

MOTION: Boardmember Carney moved to approve the James P. & Julia W. Looney, Sr. C Loan as recommended by the loan officer:

1. \$16,800 @ 5% - 7 years payable by monthly payments.
2. Secured by standard Security Agreement & UCC filing on equipment limited to 75% LTV.

Boardmember Stratman seconded.

VOTE: The motion was passed without objection.

G. NEW/OLD BUSINESS

BAC Strategic Planning Committee

- Chair Cole had stated that the Board wanted to accomplish more to promote agriculture and a BAC strategic planning committee would be established.
- The first committee meeting will consist of Boardmember Hollembaek, Boardmember Schirack, Boardmember VanderWeele and Director Havemeister.

MOTION: Vice Chair VanderWeele moved to direct the Director to request the application for ARLF to become an approved lender with USDA/Rural Development.
Boardmember Carney seconded.

VOTE: The motion was passed without objection.

H. BOARDMEMBER COMMENTS

Vice Chair VanderWeele stated that he wants to take the board to the next level and do more than approve ARLF loans.

Boardmember Poindexter stated the board needs to locate legislators to rewrite the statutes to give the BAC more authority.

Boardmember Stratman stated the board needs to broaden their responsibility and format a plan prior to the Farm Bureau meeting so they can ask for their help.

Chair Cole stated we need to get the statutes and regulations changed to allow the BAC to do more than what they are doing now.

I. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation will be held on Thursday, November 13, 2008 at 5:00 p.m.

Agenda Items:

- Director Franci Havemeister, BAC Strategic Planning Committee Update

J. ADJOURNMENT

MOTION: Boardmember Schirack moved to adjourn.
Boardmember Carney seconded.

VOTE: The motion passed without objection.

The meeting was adjourned at 4:47 p.m.