

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held January 15, 2008 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Kristan Cole called the meeting to order at 5:42 p.m.

Boardmembers present and establishing a quorum were:

Ms. Kristan Cole, Chair
Mr. Ben VanderWeele, Vice Chair
Mr. Ralph Carney, Member
Mr. Ray DePriest, Member
Mr. John Schirack, Member

Staff in attendance was:

Ms. Franci Havemeister, Director
Ms. Tina Otto, AAG, Dept. of Law via telephone
Ms. Candice Easley, Loan Officer
Ms. Lora Haralson, Administrative Assistant
Mr. Ray Nix, Asset Manager
Mr. Joe Austerman, DEC & Mat Maid

B. APPROVAL OF AGENDA

Chair Cole stated to amend the agenda to:

- Move H. New/Old Business to after Approval of Agenda so Mr. Campbell can speak regarding Pt. McKenzie potatoes.
- Move F. Creamery Corporation Shareholder Update to where New Business was so Mr. Austerman can give an update because he is coming from Anchorage.

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

VOTE: The motion passed without objection.

H. NEW/OLD BUSINESS

Pt. McKenzie Potato Update

Bill Campbell, Seed Potato Specialist from the Plant Materials Center presented a report regarding bacterial ring rot.

He indicated that it was very important that the State of Alaska reinstate a "Certified Seed Law" which was eliminated in 1989 to help monitor the potato situation. There is a national program being pushed by the National Potato Board, and with a few exceptions, all States have a certified seed law.

He stated the Pt. McKenzie prison farm has a 2% to 5% infection level of ring rot in their fields. He wrote a letter to the Prison Superintendent recommending that the prison farm get rid of all the potatoes on the farm and all farming equipment that would be in contact with the potatoes needed to be disinfected. He also recommended not planting potatoes in the same field because of the possibility of volunteers being left over in the fields, the equipment could come in contact with them and during cultivations procedures it would be spread through the fields. He suggested rotating fields for future planting and the response from the Prison Superintendent was they only have so much ground for potatoes and that it was not a good idea.

C. PUBLIC COMMENT (limit to 3 minutes)

Bill Allen, City Manager of City of Palmer, stated the City wants to purchase the Mat Maid property in Palmer and a preference right would be helpful.

Wayne Brost asked the Board about the Mat Maid disposal of property.

Karen Olsen, Alaska Farmers Stock Growers, stated a campaign will be announced regarding "Cheese Futures". Cheese can be purchased in advance and hopefully will be delivered on Mother's Day to help offset the dairy producer's loss of milk income during the dairy transition.

D. MINUTES OF PRECEDING MEETING

MOTION: Boardmember Carney moved to approve the minutes of December 7, 2007.

Vice Chair VanderWeele seconded.

VOTE: The motion passed without objection.

E. REPORTS/CORRESPONDENCE

1. Division Update

Director Franci Havemeister:

- Presented an update regarding Division activities.
- Stated the Division is looking at a long term agriculture plan for the State of Alaska with the goal to involve all sections within the Division of Agriculture, Farm Bureau and the agriculture industry.
- Reported that the judge ruled in favor of the Division of Agriculture in the Alaska Grown law suit. However, the Mat-Su Farm Chapter is going to bring the case before the State Supreme Court.
- Met with a Mat-Su School District official, Ray DePriest and Ben VanderWeele to promote more local vegetables in the schools.

2. Asset Report Ray Nix:
Palmer Property Appraisal Tract A-1

Asset Manager Ray Nix:

- Presented a report regarding obtaining an appraisal on the Palmer property real property and improvements.

Chair Cole stated that the appraisers be MAI (commercial appraiser) because they could also give the Board recommendations regarding the property.

MOTION: Boardmember Carney moved to authorize the Asset Manager to solicit bids for an appraisal for fair market value of the Palmer property with recommendations on how best to dispose of the Palmer real property and improvements.
Vice Chair VanderWeele seconded.

Discussion

Chair Cole asked if the Board has any interest in the appraiser being a MAI commercial appraiser.

AMENDED

MOTION: Boardmember Carney moved to amend to specify that the appraiser be a MAI appraiser.
Vice Chair VanderWeele seconded.

AMENDED

VOTE: The motion passed without objection.

MOTION RESTATED WITH AMENDMENT:

Boardmember Carney moved to authorize the Asset Manager to solicit bids for a MAI appraiser to obtain an appraisal for fair market value for the Palmer property with recommendations on how best to dispose of the Palmer real property and improvements.
Vice Chair VanderWeele seconded.

MAIN MOTION VOTE

WITH AMENDMENT: The motion passed without objection.

Asset Manager Ray Nix discussed that a significant amount of activity and interest has been received since the bid disposal. The Division would like to bring forth to the Board some options to consider maximizing the return to the State after an appraisal is done for the Palmer property and disposal options for the Anchorage property.

Chair Cole asked Asset Manager Nix to work with AAG Tina Otto regarding whether there is an allowable preference option for the Palmer property purchase as asked by City Manager Bill Allen.

Asset Manager Ray Nix stated he is currently working with Brad Thompson, Department of Administration Risk Management, to try and reduce charges incurred by the State as a result of the ARLF assets carrying insurance coverage for the Mat Maid facility in Anchorage and the Blow Mold facility in Palmer. The insurance coverage is for property damage to the improvements and specialized equipment in the rolling stock. Mr. Thompson believes he can save the State money by Risk Management carrying the policy.

Asset Manager Ray Nix stated the Mechanical Contractor for the boiler design at Mt. McKinley Meat & Sausage (MMM&S) would not work based on the size and configuration of the current system and the Division will not be moving forward with that design.

Asset Manager Ray Nix stated the financials for MMM&S Statement of Revenue shows a loss which is a click in time. The reports are generated on a month completion and the report is a cash basis only reporting system.

3. Financial Statements

The Board had received and reviewed the financials and had no questions.

4. Loan Officer Candy Easley ARLF Interest Rate/GBC Review

Loan Officer Easley reviewed the current interest rates comparable to the ARLF rates.

MOTION: Boardmember Carney moved to keep the interest rates at 5% and the GBC interest rate at 0%.

Boardmember Schirack seconded.

VOTE: The motion passed without objection.

G. EXECUTIVE SESSION

The Board moved to go into the Executive session for matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of a public entity. Items that will be discussed are ARLF loans and the Assistant Attorney General's Report. The session will include Boardmembers, Director Franci Havemeister, AAG Tina Otto (via telephone) and the Legislative Audit staff.

PUBLIC SESSION ACTION ITEMS

5. Baskin Loan Modification Approved

MOTION: Boardmember Carney moved to approve Merlene M. Baskin's loan modification request to re-amortize her ARLF loan #F-5139 to be payable by monthly payments of \$550 per month beginning January 1, 2008 until paid in full on or before April 1, 2013. All other terms of the loan are to remain the same.

Vice Chair VanderWeele seconded.

VOTE: The motion passed without objection.

6. AGO Assignment Approved

MOTION: Boardmember Carney moved to approve the ARLF Filla #AG-40045 be assigned to the Attorney General's Office for appropriate action, including foreclosure.

Boardmember Schirack seconded.

VOTE: The motion passed without objection

7. Elsberry Insurance Coverage Approved

MOTION: Having found reasonable cause Boardmember Carney moved to have the Director contact Risk Management to continue the insurance coverage that protects the ARLF interest in the Elsberry property.

Boardmember Schirack seconded.

VOTE: The motion passed without objection

8. Brost Loan Loan Modification Approved

MOTION: Boardmember Carney moved to approve Brost's loan modification request for re-amortization of either or both of their ARLF loans #F-5121 and #F5131 to lower the monthly payments with no other changes in loan terms in consideration of principal payments of approximately \$100,000.

Boardmember DePriest seconded.

VOTE: The motion passed without objection.

F. CREAMERY CORPORATION SHAREHOLDER UPDATE

Joe Austerman gave an update regarding the Matanuska Maid wind down.

- Stated the Blow Mold facility in Palmer will continue to operate for two more weeks.
- Reported there are no operations occurring in the Anchorage plant.
- Stated he has been discussing insurance coverage with Risk Management.
- Reported the current insurance extension is valid until February 16, 2008.

J. SET NEXT MEETING & AGENDA ITEMS

Chair Cole asked the Director to present a review of the current insurance policy and make recommendations to the Board.

The next meeting of the Board of Agriculture & Conservation will be held on Tuesday, February 19, 2008 at 5:30 p.m.

K. ADJOURNMENT

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

VOTE: The motion passed without objection.
The meeting was adjourned at 7:50 p.m.