

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held April 22, 2008 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Kristan Cole called the meeting to order at 5:35 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. Candice Easley, Loan Officer
Mr. Ray Nix, Asset Manager
Ms. Lora Haralson, Administrative Assistant

B. APPROVAL OF AGENDA

Chair Cole stated to amend the agenda to:

- Add under F. Alaska Farm Bureau Alaska Grown Loan Application.

MOTION: Boardmember Carney moved to approve the agenda as amended.
Boardmember DePriest seconded.

VOTE: The motion passed without objection.

C. PUBLIC COMMENTS/SESSION

Wayne Bowens, member of the Palmer Museum History & Art, stated they would like the Matanuska Maid historical memorabilia to remain in the Palmer area and not put up for auction.

David Holladay, Chair of Collections Committee for the Palmer Museum History & Art, gave a short introduction regarding the Palmer Museum and would like to have the Matanuska Maid historical items and the Matanuska Maid skater's outfit to remain in the community.

Chuck Logson, President of the Palmer Historical Society, stated he encourages the retention of the Matanuska Maid items that are of historical significance to remain in Palmer at the Palmer Museum. The Historical Society would like to have the opportunity to examine the memorabilia documents for identification and historical purposes.

Chris Stephens, Commercial Real Estate Broker from the firm of Bond Stephens & Johnson in Anchorage, stated he had submitted a proposal to be the marketing agent for the Anchorage property and would make himself available for any questions the Board may have.

Arthur Keyes, President Mat Su Chapter Farm Bureau, stated he submitted an ARLF loan application which was not approved and he was disappointed that his wasn't approved.

D. MINUTES OF PRECEDING MEETING

MOTION: Boardmember Carney moved to approve the minutes of February 26, 2008 and March 7, 2008.

Boardmember DePriest seconded.

VOTE: The motion passed without objection.

F. 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 Todd Elsberry for discussion of his loan only. Vice Chair VanderWeele will excuse himself from the room for the discussion of the Butte Farms, Inc. and Gold Nugget Farms, Inc. loans. Boardmembers, Director Franci Havemeister, Loan Officer Candy Easley, Administrative Assistant Lora Haralson and the Legislative Audit staff to be included.

PUBLIC SESSION ACTION ITEMS

9. Wrigley Short-term Loan Approved

MOTION: Boardmember Carney moved to approve the S-loan request for R & B Wrigley Partnership as recommended by the loan officer:

1. \$40,000.00 @ 5% 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 requirement.

Boardmember DePriest seconded.

VOTE: The motion was passed without objection.

10. Butte Farms, Inc. Short-term Loan Approved

MOTION: Boardmember Carney moved to approve the S-loan request for Butte Farms, Inc. as recommended by the loan officer:

1. \$95,000.00 @ 5% for 1 year.
2. Standard Security Agreement & UCC filing secured by equipment limited to 75% LTV.
3. Waive controlled account requirement.

Boardmember DePriest seconded.

VOTE: A quorum was established. The motion passed with 4 yes votes. Chair Cole, Boardmember DePriest, Boardmember Carney and Boardmember Schirack voted yes. Vice Chair VanderWeele excused himself from voting due to the borrower's request in a letter to Chair Cole that Vice Chair VanderWeele not be able to review their financial information because he is the borrower's prime competitor.

11. Gold Nugget Farms, Inc. Short-term Loan Approved

MOTION: Boardmember Carney moved to approve the S-loan request for Gold Nugget Farms, Inc. as recommended by the loan officer:

1. \$175,000 @ 5% for 1 year.
2. Standard Security Agreement & UCC filing secured by equipment limited to 75% LTV.
3. Waive controlled account requirement.

Boardmember Schirack seconded.

VOTE: A quorum was established. The motion passed with 4 yes votes. Chair Cole, Boardmember DePriest, Boardmember Carney and Boardmember Schirack voted yes. Vice Chair VanderWeele excused himself from voting due to the borrower's request in a letter to Chair Cole that Vice Chair VanderWeele not be able to review their financial information because he is the borrower's prime competitor.

12. Hoover Development Loan Approved

MOTION: Boardmember Carney moved to approve the F-loan request for Rodney A. & Dia L. Hoover as recommended by the loan officer:

1. \$313,200.00 % 5% 30 years payable by monthly payments.
2. Secured by 1st Deed of Trust Tract B Moose Haven Estates.
3. Secured by 1st Deed of Trust subject 10 acre unimproved parcel.
4. Property Insurance w/ARLF as Loss Payee.
5. Standard Title Insurance.

Boardmember Schirack seconded.

VOTE: The motion was passed without objection.

13. Northland Minerals, Inc. Lankford Collateral Release Approved

MOTION: Boardmember Carney moved to approve Northland Minerals, Inc. request that the ARLF release the subject 40 acre parcel as collateral for Lankford ARLF loans #F-7042 & #F-7042A.

Boardmember Schirack seconded.

VOTE: The motion was passed without objection.

Amendment 01: Memorandum of Understanding & Reimbursement Agreement

MOTION: Boardmember Carney moved to approve Amendment 01: Memorandum of Understanding & Reimbursement Agreement for completing post-closure obligations between the Creamery Corporation, the Board of Agriculture & Conservation and the Department of Natural Resources as presented.

Boardmember DePriest seconded.

VOTE: The motion passed without objection.

Alaska Farm Bureau Alaska Grown Loan Application

Chair Cole asked the Director to inquire with the Assistant Attorney General regarding the Alaska Farm Bureau loan application as to whether or not it meets the ARLF requirements.

Boardmember Carney asked that the inquiry response from the Assistant Attorney General be in writing.

E. REPORTS/CORRESPONDENCE

3. Division Update

Director Franci Havemeister:

- Presented an update regarding Division activities.
- Stated the ongoing litigation had been resolved regarding the Alaskan Grown lawsuit and the Division looks forward to working cooperatively with the Mat Su Farm Bureau.
- Discussed the potato program at the Plant Materials Center for FY 09.

4. Mt. McKinley Meat & Sausage

Director Franci Havemeister:

- Stated that the Department of Corrections (DOC) has expressed an interest in working with the Division of Agriculture to transfer to DOC the Mt. McKinley Meat & Sausage facility out to the new prison at Pt. MacKenzie.
- DOC is currently undergoing their planning schedule of the new facility.

- The Division is just in the beginning phase of the discussion. She stated she had met with Commissioner Schmidt and with Deputy Director Peeples.
- Deputy Director Peeples has requested additional information regarding statistics and additional information about Mt. McKinley Meat & Sausage.
- Discussions will be ongoing to see if the Division of Agriculture & DOC can become a partner regarding Mt. McKinley Meat & Sausage.
- The site could be at the new prison or the existing DOC farm. The location has not been determined.
- The prison projected completion date is 2010 or 2011.

6. Request from Palmer City Manager

Director Franci Havemeister:

- Stated Palmer City Manager Bill Allen has requested to use the Mat Maid dress and skates in the parade, this summer.
- He has indicated that he has the Mat Maid dress and skates in his possession. When it is located we will get pictures and make note of this inventory. After the parade we will get this memorabilia back in our possession.

7. Asset Report

Asset Manager Ray Nix:

- Presented the February/March 2008 Asset Report.
- Indicated the lessee for the Anchor Point Lease appraiser has backed out and Asset Manager Nix has provided the lessee with a list of approved appraisers to pursue.
- Stated that he had filed an appeal regarding the MOA 2008 tax assessment for the Mat Maid property in Anchorage because the assessment did not consider the reduced value of the improvements as a result of ceasing operations.
 - The MOA 2008 tax assessment was originally \$5,405,500;
 - The MOA 2007 tax assessment was \$5,025,000 resulting in tax of \$73,063.50; and
 - The MOA adjusted tax assessment is \$965,400 which could result in a savings of over \$50,000.00 to the ARLF for 2008.

8. Real Property Recommendation Plan

Asset Manager Ray Nix:

- Stated the Board has five options for disposal.
- Competitive sealed bid or public auction are recommended to maximize the best return to the State.
- Another option is the Board could choose a realtor for the sale of the properties.
- Suggested that the Board review the recommendation plan and make a determination of disposal at a later date.

Chair Cole:

- Stated the Board will not pursue the disposal of the properties until the equipment auction has been completed.

9. Financial Services

The Board had no questions regarding the financial reports.

G. NEW/OLD BUSINESS

(There was no new/old business).

A discussion was held regarding the public comments and requests received regarding the Matanuska Maid memorabilia and a decision will be made at a later date.

H. SET NEXT MEETING & AGENDA ITEMS

The Creamery Corporation Shareholder Annual Meeting will be held on Monday, June 16, 2008 at 9:30 a.m.

MOTION: Boardmember Carney moved to set the next Board of Agriculture & Conservation on Monday, June 16, 2008 at 10:00 a.m.
Vice Chair VanderWeele seconded.

VOTE: The motion passed without objection.

J. ADJOURNMENT

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

VOTE: The motion passed without objection.

The meeting was adjourned at 7:30 p.m.