

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

A regular meeting of the Board of Agriculture & Conservation (BAC) was held December 1, 2016 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 10:00 a.m.

Board members present and establishing a quorum were:

Mr. Ben VanderWeele, Chair
Mr. John Schirack, Vice Chair
Mr. Chris Flickinger, Board member (telephone)
Ms. Deidre Berberich, Board member
Mr. Troy Shelden, Board member (telephone)
Mr. Jason Smith, Board member (telephone)

Board members absent were:

Ms. Roxy Marcy, Board member

Staff in attendance was:

Ms. Ed Fogels, Deputy Commissioner DNR (telephone)
Mr. Arthur Keyes, Director
Ms. Brienne Blackburn, Natural Resource Manager II
Ms. Lora Haralson, Administrative Officer I
Mr. Daniel Wilkerson, AAG, Dept. of Law (telephone)
Ms. Amanda Swanson, ARLF Loan Officer

Public in attendance was:

Wayne Brost
Ray Nix
John Anderson (telephone)
Amy Seitz (telephone)
Janet Otto (telephone)
Suzanna Caldwell (telephone)
John Prevo (telephone)
Todd Pettit (telephone)

B. APPROVAL OF AGENDA

MOTION: Board member Flickinger moved to approve the agenda.

SECOND: Vice Chair Schirack seconded the motion.

VOTE: The motion passed without objection.

C. PUBLIC COMMENTS/SESSION

Wayne Brost stated in his opinion a Cooperative will not be able to keep Mt. McKinley Meat & Sausage (MMM&S) in operation. The plant needs someone 24 -7 and who has deep pockets to get it to survive. If anyone can make MMM&S continue operations he congratulates them.

Ray Nix stated he worked for the Division of Agriculture for 10 years and hopes the Board takes action that will allow a USDA stamp in Southcentral Alaska.

John Anderson stated he was upset to find out that MMM&S will be turning into a kill floor only effective December 15, 2016 and why wasn't the public notified. This is an insult to all producers that rely on the plant. He spoke to Arthur last week he didn't not deny it. He asked the Board what is their resolution for cut and wrap for re-sale and why hasn't there been any outreach to producers to notify them.

Second, John Anderson asked who will be covering the losses for the plant from December 15, 2016 to June 30, 2017. Unfortunately, many of the documents that he had to review are not current. He asked what the costs versus revenue will be to run the kill floor. In 2015 for six months the utility costs were \$63,000 and he imagines the costs have gone up to \$70,000 or \$75,000 for six months of utilities. If they kill conservatively 650 pigs, 125 beef and 25 mix that would give you a revenue of \$73,025 barely breaking even. Now let's throw in salary for three managers working 40 hours per week from December 15th to June 30th. The new managers are making almost \$25.00 per hour not including benefits and have combined salaries of \$84,000. Where is the revenue and who is going to cover the loss? If the ARLF covers the loss and decides how the plant is going to be run for the next six months, the Division of Agriculture who makes the operating decision's can surely step up to cover the losses.

John Anderson stated that this brings up his next issue he would encourage the Board of Agriculture & Conservation if they decide to award Mike's Meats proposal then set a deadline of March 1st. Greg already has one employee working at MMM&S and the current managers have worked outside with Mike's Meats so a transition would be easy. If you go with the Cooperative he would encourage a penalty past March 1, 2016 which could be a cost share of losses from March 1st to June 30th for example.

John Anderson asked where is the current financial report? Last one was from May and Olga provided a memo claiming it would not be available until September or early October. It is now December and when he asked Lora at the Division of Agriculture where the report is, she said it is still not ready. His question is when will it be ready; it is almost 6 months into the new fiscal year?

Finally, John Anderson stated something needs to be done for people to call back in after the Executive Session. It is unreasonable for the public not to

know what is going on. When the BAC goes into Executive Session, there needs to be a plan in place to notify the public when to call back in to listen for the public session.

D. MINUTES OF PRECEDING MEETINGS

Board of Agriculture & Conservation Draft minutes October 24, 2016.

MOTION: Vice Chair Schirack moved to approved the October 24, 2016 minutes.

SECOND: Board member Berberich seconded the motion.

VOTE: The motion passed without objection.

E. CONFLICT OF INTEREST DISCLOSURES

Chair VanderWeele stated now is the time for conflict disclosures. You have the agenda outlining pending business and we will be going into executive session later to address loan requests. Does any member have a conflict to disclose relating to any business before the board?

No conflicts were reported.

E. REPORTS/CORRESPONDENCE

Director Keyes:

Stated he has received written notices of resignation from the three employees at Mt. McKinley Meat & Sausage. One employee's last day is December 1, 2016 and the other two employee's last day will be December 15, 2016. Approval was received for three long-term, non-perm employees. One employee is currently working with the two current. Today we received approval for two short-term, non-perm employees and hopefully will have those two employees before December 12, 2016.

Board member Shelden asked if the meat plant would only do the kill floor and not processing. Also on December 15, 2016 will the inmates be going away?

Director Keyes stated he will keep the kill floor open, Hazard Analysis Critical Control Point (HACCP) plan and the USDA stamp. The Division is doing everything it can to staff Mt. McKinley Meat & Sausage as soon as possible. He can't commit to getting rid of the inmates on December 15, 2016.

Natural Resource Manager II Blackburn stated we have the option to hire a Department of Corrections Officer to work at the meat plant if the inmates kept working.

Loan Officer Swanson:

Palmer Feed Mill Property ARLF Sale #09-01:

Matanuska Brewing Company would like to request a 60-day extension on the purchase agreement with ARLF which is due to expire December 28th, 2016 in order to finalize financing. The bank Matanuska Brewing is going through for financing ordered an appraisal, which is standard lending practice, and the appraisal is scheduled to be completed shortly. Once the appraisal is complete then they just need final approval from the Small Business Administration. Matanuska Brewing Company does not think they will need the full 60 days but the additional time will allow some flexibility with finalizing documents and closing the sale of the property.

MOTION: Board member Shelden moved to allow the extension of the sale on the Mat-Maid Property

SECOND: Board member Berberich seconded the motion.

ROLL CALL

VOTE: The motion passed with five yes votes. Vice Chair Schirack voted yes, Board member Berberich voted yes, Board member Shelden voted yes (telephone), Board member Flickinger voted yes (telephone) and Board member Smith voted yes (telephone).

MOTION: Vice Chair Schirack moved to go into executive session.

SECOND: Board member Berberich seconded the motion.

F. EXECUTIVE SESSION

The Executive Session for the MMM&S discussion and Request for Proposal for Mt. McKinley Meat & Sausage included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden (telephone), Board member Jason Smith (telephone), Ed Fogels DNR Deputy Commissioner (telephone), Arthur Keyes Director, Daniel Wilkerson AAG, Natural Resource Manager II Brianne Blackburn, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

PUBLIC SESSION

MOTION: Board member Berberich moved to decline the Mike's Quality Meats proposal due to it not meeting the minimum requirements in the RFP, especially the minimum price.

SECOND: Vice Chair Schirack seconded the motion.

ROLL CALL

VOTE: The motion passed with five yes votes. Vice Chair Schirack voted yes, Board member Berberich voted yes, Board member Shelden voted yes (telephone), Board member Flickinger voted yes (telephone) and Board member Smith voted yes (telephone).

MOTION: Vice Chair Schirack moved to decline the Mt. McKinley Meat Cooperative RFP due to lack of financial viability.

SECOND: Board member Berberich seconded the motion.

ROLL CALL

VOTE: The motion passed with four yes votes and one no vote. Vice Chair Schirack voted yes, Board member Berberich voted yes, Board member Shelden voted no (telephone), Board member Flickinger voted yes (telephone) and Board member Smith voted yes (telephone).

MOTION: Board member Shelden moved to immediately put the meat plant over the counter for \$410,000.00 with preference given to proposers who plan to continue operating it as a meat plant.

SECOND: Board member Flickinger seconded the motion.

ROLL CALL

VOTE: The motion passed with five yes votes. Vice Chair Schirack voted yes, Board member Berberich voted yes, Board member Shelden voted yes (telephone), Board member Flickinger voted yes (telephone) and Board member Smith voted yes (telephone).

G. NEW/OLD BUSINESS

There was no new/old business.

H. BOARD MEMBER COMMENTS

Vice Chair Schirack stated that Frank Huffman's last day at the meat plant was today and he wanted to thank him for his 32 years of service and wish him the best in his next adventure in retirement.

I. SET NEXT MEETING & AGENDA ITEMS:

The next meeting will be determined at a later date.

J. ADJOURNMENT: The meeting was adjourned at 1:10 p.m.