

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held March 21, 2012 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 1:00 p.m.

Board members present and establishing a quorum were:

Mr. Ben VanderWeele, Chair
Mr. John Schirack, Vice Chair
Mr. Al Poindexter, Board member
Mr. Stuart Davies, Board member
Ms. Deidre Berberich, Board member
Mr. Chris Flickinger, Board member

Staff in attendance was:

Mr. Ed Fogels, Deputy Commissioner, DNR
Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Officer
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Amanda Swanson, ARLF Loan Officer
Ms. Olga Lotosh, ARLF Accountant
Mr. Erik Johnson, Natural Resource Specialist

B. APPROVAL OF AGENDA

MOTION: Board member Davies moved to approve the agenda.

SECOND: Board member Poindexter seconded the motion.
No objections were received.

The agenda was approved.

C. PUBLIC COMMENTS/SESSION

Doug Griffin, City of Palmer stated they are beginning negotiations for the Mat Maid block and obtaining a new appraisal. The Department of Environmental Conservation (DEC) will be doing a ground assessment regarding the site and any environmental issues.

Glen Price, City of Palmer stated the City is drafting a Memorandum of Understanding (MOU) with the Department of Natural Resources (DNR), the

City of Palmer and the Agricultural Revolving Loan Fund (ARLF) regarding a land exchange.

Board member Davies stated:

- Purchasing the property would be a faster option.
- He would hate to see the City of Palmer put an effort into an MOU, appraisal and land exchange if the Board does not want to go forward.
- The Board needs to decide if we want to participate in a land exchange.

Vice Chair Schirack stated DNR has not made any statements or presented any information to the Board regarding the land exchange.

E. MINUTES OF PRECEDING MEETING

January 30, 2012 Meeting Minutes

MOTION: Board member Davies moved to approve the minutes of January 30, 2012.

SECOND: Board member Flickinger seconded the motion.

DISCUSSION:

Board Member Davies: Stated on Page 11 of 13 of the January 30, 2012 paragraph number five. He meant to say “It was a total bureaucratic function that reports everything in **a food security. Replaced the word “storage” with “a food security”**”.

VOTE: The motion passed without objection.

F. REPORTS/CORRESPONDENCE

Director Havemeister:

1. Division Update/Division Newsletter:
 - Stated Loan Officer Swanson has attended agriculture conferences to promote the ARLF program.
 - A Potato meeting was scheduled for March 22, 2012 and invited Board to attend.
 - HB 202 – “An Act relating to the sale of food products by the producer to the consumer” teleconference was held today at 3:15 in Labor and Commerce Committee.
 - HCR 24 – “Relating to the establishment and operation of a state food resource development working group” Introduced by Representative Stoltze.

- HB 191 – "An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservation and the Department of Natural Resources; and providing for an effective date." She will let the Board know when the hearing has been scheduled.
- The Director's Report will be updated to add that ARLF Loan Officer Swanson attended the Produce Growers Conference.

ARLF Loan Officer Swanson:

2. ARLF Interest Rates

Reviewed the current interest rates and reported that Farm Service Agency has lowered their interest rates. All the other institutions remained the same.

3. Applications in Process

(The Board had no questions).

4. Asset Report

- Reviewed the February/March asset report.

Palmer Feed Mill Property ARLF Sale #09-01:

Stated several realtors have been contacted for a 7% or 8% fee. The realtors indicated it could take six months to a year to find a buyer.

MOTION: Board member Davies stated the Loan officer should pursue discussions with the realtor regarding the sale of the Palmer Feed Mill Property.

SECOND: Board member Flickinger seconded the motion.

DISCUSSION:

Vice Chair Schirack stated he would like to have discussions with DNR regarding the land exchange with the City of Palmer.

Deputy Commissioner Ed Fogels joined the meeting at 1:44 pm.

Deputy Commissioner Fogels stated the land exchange is not a simple process. It requires time, appraisals and resources. Land exchanges take more than 6 months to several years. The Board would need to decide if they wanted to do a land exchange agreement.

Board member Davies stated the Palmer Feed Mill property is an ARLF asset and DNR should get direction from the Board before a land exchange agreement is initiated. He doesn't agree with the land exchange and the Board needs to make a decision.

Chair VanderWeele stated the land exchange needs to be at least class 2 soils quality or forget it. The City of Palmer needs to write a check for the Palmer property.

Natural Resource Specialist Johnson stated there are 3,000 acres in the Mat-Su area but not all in one location. The acres are spread across the State and have class 3 to 4 soil quality. Some of the land is classified as settlement land and would need to be changed to agriculture land and would require public notice.

Board member Davies stated if the Board agrees to the land exchange then ARLF would be waiting for the land to go through the exchange process and the land would need to be sold before the ARLF could receive the funds.

Board member Poindexter stated we should list it with a realtor and if it gets sold before the land exchange that would be great.

Chair VanderWeele stated the ARLF is not going to wait ten years for land exchange.

Deputy Commissioner Fogels stated it takes staff and resources for the land exchange project. DNR could start slowly with minimal staff time currently DNR does not have the staff to devote full-time for the land exchange.

MOTION

AMENDED: Board member Davies stated the Loan Officer to proceed with the RFP as listed in the board packet.

SECOND: Board member Flickinger seconded the amended motion.

DISCUSSION:

Board member Poindexter stated he hopes the motion doesn't take the effort from the DNR off the table to pursue the land exchange. This motion is not precluding that effort.

Deputy Commissioner Fogels replied if there is no interest in buying the Palmer Feed Mill property then DNR will continue with the land exchange.

VOTE: The motion passed without objection.

Loan Officer Swanson stated she will send the RFP out for review and let the Board know the outcome.

Mat-Maid Memorabilia:

MOTION: Board member Davies moved to approve the public notice for the sale of the Mat-Maid Coins and Seiko Watch. Submit miscellaneous old equipment to the State Lost/Destroy department. Keep the butter churn and pictures in the Division of Agriculture Office and keep the clothes and miscellaneous items in storage.

SECOND: Board member Berberich seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: The motion passed without objection.

ARLF Accountant Lotosh:

5. Financial Report

- Reviewed the February 2012 financials.

Board member Davies asked if all the Mt. McKinley Meat sales were Alaska Grown products.

Board member Flickinger stated the Alaska Meat Company provided more than 12,000 pounds of Alaska Grown beef.

Chair VanderWeele asked about the money from the Creamery Corporation that needs to be deposited in the ARLF.

Director Havemeister stated she understood the Creamery Corporation was waiting for outstanding IRS issues regarding pension funds and waiting for a bill for the tailing insurance.

Chair VanderWeele replied that was not what was agreed on at the December 20, 2011 meeting. The money needs to be given to the ARLF.

AAG McFarlane stated he contact Creamery Corporation Attorney, Jon Givens and asked if some of the money could be given to the ARLF now. Jon Givens stated he would need to check with Creamery Corporation Chair Kristan Cole. AAG McFarlane will follow up with Jon Givens.

Deputy Commissioner Fogels stated he will work with staff and AAG McFarlane to help resolve the issue.

Chair VanderWeele stated the Creamery Corporation is not a state organization and he will talk to the Creamery Corporation Attorney Jon Givens.

AAG McFarlane:

6. Public Session Report

Loan Officer Swanson will look at Hans Geier property and equipment when it is accessible and then will work out a payment schedule.

Deputy Commissioner Fogels stated Representative Stoltze will spur agencies to promote Alaska Grown products which will widen and formalize agencies to use the products through HCR24.

Executive Session Disclosures:

Director Franci Havemeister removed herself from the room/discussion and vote during the Havemeister – F Loan and the Valley Dairy, Inc. update on the cheese inventory due to potential conflicts of interest.

F. EXECUTIVE SESSION

MOTION: Board member Poindexter moved to go into Executive Session to review the ARLF Aging/Delinquency report, AAG Report, ARLF loans for Veach, Hawk Farm & Garden, Inc., Williams, Havemeister and the Valley Dairy Inc. cheese update

SECOND: Board member Davies seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: The motion passed without objection.

The Executive Session for the Havemeister Loan included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Al Poindexter, Board member Stuart Davies, Board member Deidre Berberich, Board member Chris Flickinger, AAG Robert McFarlane, Deputy Commissioner Ed Fogels, ARLF Loan Officer Amanda Swanson, and Administrative Officer Lora Haralson. Ty Havemeister member of the public attended. Director Franci Havemeister was not in the room for this discussion.

SECOND: Board member Berberich seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: The motion passed without objection.

11. Williams Short-Term Approved
MOTION: Vice Chair Schirack moved to approve the Thomas E. Williams - S loan as recommended by the loan officer:

1. \$60,000.00 @ 3.00% 1 year payable by three payments beginning August 1, 2012.
2. Secured by 1st place Deed of Trust Pt. McKenzie Tract B.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Mortgagee & Loss Payee.
5. Waiver of Homestead Rights signed by spouse.

SECOND: Board member Davies seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: The motion passed without objection.

12. Havemeister Development Approved

MOTION: Board member Poindexter moved to approve the Bob & Jean Havemeister - F loan as recommended by the loan officer:

1. \$200,000.00 @ 4.50% 30 years payable by annual payments of \$12,283.00.
2. Secured by 2nd place Deed of Trust.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Mortgagee & Loss Payee.

SECOND: Board member Davies seconded the motion.

SUBJECT TO: Quarterly payments not annual payments starting March 22, 2013 in the amount of \$3,097.00.

DISCUSSION: *(No discussion was held.)*

VOTE: The motion passed without objection.

13. Valley Dairy Inc. Update on Cheese Inventory:

Valley Dairy, Inc.

MOTION: Board member Berberich moved that Valley Dairy Inc. make the following three payments on the three loans, C Loan \$3,000.00; S Loan \$884.00; F Loan \$2,319.00 by March 30, 2012. This will bring the C and S loan current through March 2012. Further if any future payments are missed all three loans will be automatically referred to the Attorney General's Office for collection without further action required by this board.

SECOND: Board member Poindexter seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: The motion passed without objection.

G. NEW/OLD BUSINESS:

Director Havemeister stated HB 191 is scheduled for March 26, 2012 at 1:00 p.m.

H. BOARD MEMBER COMMENTS:

(The Board had no comments).

I. SET NEXT MEETING & AGENDA ITEMS

The next scheduled meeting will be held on Friday, April 27, 2012 at 1:00 p.m.

J. ADJOURNMENT:

The meeting was adjourned at 5:27 p.m.