

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held April 9, 2013 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 (telephone) joined at 1:50 p.m.
Mr. Stuart Davies, Board member (telephone)
Ms. Deidre Berberich, Board member
Mr. Chris Flickinger, Board member (telephone)
Mr. Troy Shelden, Board member

Staff in attendance was:

Ms. Kathlene Rowell, DNR Special Assistant (telephone)
Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Officer I
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Amanda Swanson, ARLF Loan Officer
Ms. Olga Lotosh, ARLF Accountant (telephone)
Ms. Olga Krivonosova, Legislative Audit
Ms. Amy Pettit, Development Specialist

B. APPROVAL OF AGENDA

MOTION: Vice Chair Schirack moved to approve the agenda.

SECOND: Board member Berberich seconded the motion.

No objections were received.

The agenda was approved.

C. PUBLIC COMMENTS/SESSION

Wayne Brost, Pt. McKenzie farmer stated he would like to see the land contract interest rates reduced.

Board member Davies stated that agricultural covenants need to go away as

soon as possible and he is in the process of writing a report and that it is a tremendous concern to him. He stated farming has gone away and if people were in control of their land farming could grow.

Chair VanderWeele asked if the DNR Commissioner's office had contacted the Department of Environmental Conservation (DEC) regarding the City of Palmer's issues for the Mat Maid property located in Palmer.

Special Assistant Kathleen Rowell stated they have contacted Glen Price from the City of Palmer but, he was out of the State as to what the Department of Natural Resources can do to assist with the DEC issue. She will follow up with Glen Price.

D. MINUTES OF PRECEDING MEETINGS

February 26, 2013 Draft Meeting Minutes

MOTION: Board member Flickinger moved to approve the minutes of February 26, 2013.

SECOND: Board member Davies seconded the motion.

VOTE: The motion passed without objection. Vice Chair Schirack abstained from the vote because he was not in attendance for the February 26, 2013 meeting.

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?

- Director Franci Havemeister stated she will recuse herself from the Executive Session regarding the Brost- S loan.

F. REPORTS/CORRESPONDENCE

Amy Pettit, Development Specialist:

Reviewed a research program done by Solstice Advertising regarding the producer and consumer perspectives. The full report is available on the Division of Agriculture website.

Director Havemeister:

1. Division Update/Division Newsletter:

HCR001 – State Food Resource Development Group has passed the legislature and is now at the Governor's office for his signature.

In the Farm to School Program there was an error in the fiscal note for a four year program with three years of funding. The Governor's FY 14 budget included the funding but the House proposal cut the funding and the Senate budget version kept the funding as proposed in the Governor's budget. A conference committee meeting will be held today to see if the funding will be re-instated. There are 1.5 positions within the Marketing Program that are funded with the Farm to School Program funds.

- Stated the 28th Legislative Session ends April 14, 2013.
- The Division will host the Governor's picnic on July 19, 2013.
- Alaska Agriculture Day will be May 7, 2013.

Board member Davies stated he reviewed HB 77 which has changes to AS 38 and asked if the revisions affect farmers.

Director Havemeister replied that HB 77 does not affect agriculture leases.

Board member Poindexter joined the meeting at 1:50 p.m.

ARLF Loan Officer Swanson:

2. Presented the ARLF Interest Rates

FSA has increased their interest rates on all loans and ARLF is still competitive with other agricultural lenders.

Board member Sheldon asked if lowering the interest rates further promote agriculture. The Board will hold a discussion in the future regarding the current ARLF inventory and what the effect would be to change the interest rates.

3. Reviewed the Applications in Process

(The Board had no questions regarding the applications in process).

Director Havemeister stated there is a perception in the community that ARLF does not have available funds to lend.

Chair VanderWeele encouraged the Division to promote the ARLF as a lending facility.

4. Asset Report

Reviewed the March 2013 asset report.

Valley Dairy Inc. Auction

- Division Direct Costs Total \$ 84,571.71
- Auction Sales \$135,399.75
- Less Meat Plant Purchases \$ 4,225.00
- Total Recovery Less Direct Costs \$ 46,603.04

ARLF Accountant Lotosh:

5. Financial Reports

Presented the February, 2013 financials.

The Board held a discussion regarding MMM&S expenses and when the Valley Dairy, Inc. revenue from the auction will be applied towards Valley Dairy, Inc. loans.

AAG McFarlane:

6. Public Session Report

Stated a tentative settlement with the landlord for the Valley Dairy, Inc. facility has been reached. A settlement was reached with Myers Refrigeration for his claims and he has released the mechanic liens that were placed on Valley Dairy, Inc.

G. EXECUTIVE SESSION

MOTION: Board member Shelden moved to go into Executive Session to review the Hawks S loan, East C loan, Brost S loan, ARLF Aging/Delinquency report and the AAG Report.

SECOND: Board member Flickinger seconded the motion

The Executive Session for the Hawks S loan and East C loan included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Stuart Davies (telephone), Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden, Board member Al Poindexter (telephone), Ms. Olga Krivonosava, Legislative Audit, Ms. Kathlene Rowell, DNR Special Assistant (telephone), AAG Robert McFarlane, Director Franci Havemeister, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

8. East Chattel Loan Approved

MOTION: Board member Shelden moved to approve the Michael & Dulce East – C loan as recommended by the Loan Officer:

1. \$20,000.00 @ 4.00% for seven years payable by monthly payments beginning June 15, 2013.
2. Secured by UCC Financing Statement.
3. Property Insurance listing ARLF as payee.

SECOND: Board member Flickinger seconded the motion.

ROLL CALL

VOTE: The motion passed with five yes votes. Board member Poindexter (telephone) voted yes, Board member Flickinger (telephone) voted yes, Board member Berberich voted yes, Board member Shelden voted yes and Vice Chair Schirack voted yes. Board member Davies had not rejoined the meeting by the telephone.

Board member Davies rejoined the meeting by telephone.

9. Brost Short-Term Loan Approved

MOTION: Board member Berberich moved to approve the Wayne & Veronica Brost – S loan as recommended by the Loan Officer:

1. \$100,000.00 @ 3.00% payable by an annual payment of full balance due one year from date of loan closing.
2. Secured by Deed of Trust Pt MacKenzie Tract 27.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Mortgagee & Loss payee.

SECOND: Vice Chair Schirack seconded the motion.

ROLL CALL

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

H. NEW/OLD BUSINESS:

The Board held a discussion regarding an agricultural plan.

Director Havemeister stated the DNR Commissioner's office wanted to establish committees based on discussions from the Annual Farm Bureau meeting. The committees are research/education and land issues.

Chair VanderWeele stated the public needs to be informed regarding the Board of Agriculture and Conservation roles and the funding that is available from the Agricultural Revolving Loan Fund (ARLF).

Director Havemeister will ensure the ARLF will attend as many meetings as possible to inform the public.

I. BOARD MEMBER COMMENTS:

Vice Chair Schirack indicated that the Havemeister Dairy will purchase milk from the producers if they have the market to sell it.

J. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation meeting will be held on May 10, 2013 at 1:00 p.m.

K. ADJOURNMENT:

The meeting was adjourned at 4:12 p.m.