

**A. ESTABLISHMENT OF QUORUM AND ROLL CALL**

The regular meeting of the Board of Agriculture & Conservation (BAC) was held December 19, 2013 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 1:05 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)  
Ms. Deidre Berberich, Board member  
Mr. Chris Flickinger, Board member (telephone) joined at 1:20 p.m.  
Mr. Troy Shelden, Board member (telephone)

Staff in attendance was:

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  
Mr. Wyn Menefee, DNR, ML&W (telephone)

**B. APPROVAL OF AGENDA**

The changes and or additions were made to the agenda.

- Move section G Executive Session to after section C Public comments.
- Add Alaska Farmers Cooperative to section H New/Old Business.
- Add agriculture disaster declaration discussion to section H New/Old Business.

**MOTION:** Vice Chair Schirack moved to approve the agenda with changes.

**SECOND:** Board member Berberich seconded the motion.

No objections were received.

The agenda was approved.

**C. PUBLIC COMMENTS/SESSION**

Brad Fluetsch stated has an ARLF loan application that will be presented today to create a Peony Farm in Juneau Alaska and is available for any questions.

**D. MINUTES OF PRECEDING MEETINGS**

## **October 10, 2013 Draft Meeting Minutes**

**MOTION:** Vice Chair Schirack moved to approve the minutes of October 10, 2013.

**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?

- Board member Poindexter stated he might have a potential conflict of interest for the Fluetsch & Dye F loan for a peony farm because he also grows peonies on the Kenai Peninsula.
- AAG McFarlane asked Board member Poindexter if he could vote fairly on the loan.
- Board member Poindexter stated yes he could.
- AAG McFarlane determined that Board member Poindexter does not have a conflict of interest because he grows peonies on the Kenai Peninsula and not in Juneau.

### **F. REPORTS/CORRESPONDENCE**

#### **Wyn Menefee Mining Land and Water Chief Operations on behalf of Deputy Commissioner Fogels for HB77 Review:**

HB77 consists of making changes permitting, safeguarding general permits, appeals, water statute changes, land sales, leasing provisions and technical fixes of statutes. The main public concerns are general permitting, water reservations and appeals.

#### **Director Havemeister:**

1. Division Update/Division Newsletter:
  - Presented the Director's monthly report.
  - Reviewed the Governor's FY2015 approved budget regarding agricultural issues.
  - Announced that Stoney Wright Manager at the Plant Materials Center is retiring.

- Stated HB207 is currently being re-written and it will be sent to the Board upon completion.

**Director Havemeister presented the ARLF section on behalf of Loan Officer Swanson:**

2. Presented the ARLF Interest Rates

The ARLF interest rates in comparison to other agriculture lending agencies were reviewed.

*(The Board had no questions).*

3. Reviewed the Applications in Process

*(The Board had no questions).*

4. Asset Report

The December 2013 asset report was reviewed.

*(The Board had no questions).*

Kenai Spur Property Disposal

**MOTION:** Board member Berberich moved to list the Kenai Spur property with a local realtor in Kenai that would bring the biggest recovery to the ARLF and would be in the best interest of the State of Alaska. The Division of Agriculture is authorized to dispose of the Kenai property pursuant to the requirements of 11 AAC 39.720.

**SECOND:** Vice Chair Schirack seconded the motion.

**VOTE:** The motion passed without objection.

Mt. McKinley Meat & Sausage Equipment Disposal

**MOTION:** Vice Chair Schirack moved to dispose of equipment located at Mt. McKinley Meat & Sausage for scrap would bring the biggest recovery to the ARLF and would be in the best interest of the State of Alaska. The Division of Agriculture authorized the disposal of the equipment pursuant to the requirements of 11 AAC 39.720. If the Division is unable to find a buyer, the Division will dispose of the equipment by sending it to State Surplus with no recovery to ARLF.

**SECOND:** Board member Berberich seconded the motion.

**VOTE:** The motion passed without objection.

**ARLF Accountant Lotosh:**

5. Financial Reports

The November 2013 ARLF financials were reviewed.

*(The Board had no questions).*

**AAG McFarlane:**

**6. Public Session Report**

The public session report was presented.

**G. EXECUTIVE SESSION**

The Executive Session for the Fluetsch & Dye – F loan, Mugrage S & F loans, Petrov – F loan modification, AGG Executive Session Report and the Aging/Delinquency report included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden (telephone), Board member Al Poindexter (telephone), AAG Robert McFarlane, Director Franci Havemeister, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

**PUBLIC SESSION ACTION ITEMS**

**8. Fluetsch & Dye                      Development Loan                      Deferred**

**MOTION:** Board member Berberich moved for the Bradley Fluetsch and Kathy Dye – F Loan to be sent back to Loan Officer Swanson to rework the loan request without consideration of the Tract B1 property it doesn't appear to meet the requirements of a farm development loan.

**SECOND:** Vice Chair Schirack seconded the motion.

**VOTE:** The motion passed without objection.

**9. Mugrage                                      Short-Term Loan                                      Approved**

**MOTION:** Board member Berberich moved to approve the Scott & Julia Mugrage – S loan as listed below:

1. \$200,000.00 @ 3.00% payable by quarterly payments commencing after the first draw on the loan and cross collateralized from the real estate on the F loan.
2. UCC Financing Statement.

**SECOND:** Board member Flickinger seconded the motion.

**DISCUSSION:** Board member Shelden asked why not annual payments? Chair VanderWeele stated that quarterly payments are easier to make than an annual payment of \$200,000.00.

**VOTE:** The motion passed with five yes votes and one no vote. Chair VanderWeele, Vice Chair Schirack, Board member Berberich,

Board member Poindexter and Board member Flickinger voted yes.  
Board member Shelden voted no.

**9. Mugrage Development Loan Approved**

**MOTION:** Vice Chair Schirack moved to approve the Scott & Julia Mugrage – F loan as recommended by the Loan Officer:

1. \$420,000.00 @ 4.50% for 30 years payable by quarterly payments.
2. A complete certified appraisal, appraising the property at no less than \$561,000.00.
3. Secured by Deed of Trust.
4. Standard Lenders Title Insurance.
5. Property insurance with ARLF as Mortgagee & Loss Payee.

**SECOND:** Board member Berberich seconded the motion.

**VOTE:** The motion passed without objection.

**10. Petrov Loan Modification Approved**

**MOTION:** Board member Flickinger moved to approve the Vladimir Petrov loan modification as recommended by the Loan Officer:

1. To remove Ms. Smith as his co-borrower with the conditions as stated.
2. Quit claim deed signed by Ms. Smith.
3. Modification of Deed of Trust.
4. Modification of promissory note.

**SECOND:** Board member Shelden seconded the motion.

**VOTE:** The motion passed without objection.

**H. NEW/OLD BUSINESS:**

Alaska Farmers Cooperative

Director Havemeister stated the Alaska Farmer's Cooperative is interested in purchasing the property. The Director will provide information regarding the property at the next BAC meeting.

Agriculture disaster declaration discussion

Director Havemeister asked if the Board would support an agriculture disaster declaration for hay producers. The ARLF regulations state a loan can be modified on a case by case basis for an agriculture disaster. The ARLF has not received any requests from borrowers regarding the hay issue.

**MOTION:** Vice Chair Schirack moved that an ARLF hay disaster would be considered on a case by case basis presented to the BAC.  
**SECONDED:** Board member Berberich seconded the motion.  
**VOTE:** The motion passed without objection.

Chair VanderWeele asked how to change a no net agriculture land loss similar to how wetland are handled could it be acre for acre.

Director Havemeister stated it would need to be introduced by the legislature.

AAG McFarlane will provide a report at the next BAC meeting.

**I. BOARD MEMBER COMMENTS:**

Board member Flickinger made comments regarding the Chirikof Island cattle issue being discussed by the United States Department of the Interior Fish and Wildlife Service. Board member Flickinger has been to Chirikof Island and the 500 cattle have a good value and could be used as a meat resource if necessary. The habitat damage from the cattle as stated in the articles being distributed is from when the Amy was on Chirikof they spilled fuel and left oil drums. The Kodiak Soil & Water Conservation feels the cattle should be allowed to stay on Chirikof Island.

The Board held a discussion.

The Board will send a letter to the US. Fish and Wildlife Service regarding the cattle on Chirikof Island.

**J. SET NEXT MEETING & AGENDA ITEMS:**

The next Board of Agriculture & Conservation meeting will be held on Thursday, January 23, 2014 at 1:00 p.m.

**K. ADJOURNMENT:**

The meeting was adjourned at 4:25p.m.