

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held February 26, 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. Al Poindexter, Board member
Mr. Stuart Davies, Board member
Ms. Deidre Berberich, Board member
Mr. Chris Flickinger, Board member (telephone)
Mr. Troy Shelden, Board member

Board member absent:

Mr. John Schirack, Vice Chair

Staff in attendance was:

Mr. Ed Fogels, DNR Deputy Commissioner (telephone)
Ms. Kathlene Rowell, DNR Special Assistant
Ms. Franci Havemeister, Director
Mr. Curt Sandvik, Administrative Officer II
Ms. Lora Haralson, Administrative Officer I
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Amanda Swanson, ARLF Loan Officer
Ms. Olga Lotosh, ARLF Accountant
Ms. Anna Tchernykh, Lead Auditor, Legislative Audit (telephone)

B. APPROVAL OF AGENDA

MOTION: Board member Poindexter moved to approve the agenda.

SECOND: Board member Berberich seconded the motion.

No objections were received.

The agenda was approved.

C. PUBLIC COMMENTS/SESSION

Glen Price, Attorney for the City of Palmer stated the Department of Environmental Conservation (DEC) was dragging their feet with the environmental study for the Palmer Mat-Maid block. He asked if the Board could write a letter or a resolution to be sent to the administration or the

legislature supporting the City of Palmer efforts to have the environmental study done as soon as possible.

Deputy Commissioner Fogels stated he will assist with this process and a letter from the board is not needed at this time.

D. MINUTES OF PRECEDING MEETINGS

December 5, 2012 Draft Meeting Minutes

MOTION: Board member Davies moved to approve the minutes of December, 5, 2012.

SECOND: Board member Poindexter seconded the motion.

VOTE: The motion passed without objection.

January 22, 2013 Draft Meeting Minutes

MOTION: Board member Davies moved to approve the minutes of January 22, 2013.

SECOND: Board member Flickinger 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?

- Director Franci Havemeister stated she will recuse herself from the Executive Session if Valley Dairy, Inc. is discussed.

F. REPORTS/CORRESPONDENCE

Director Havemeister:

1. Division Update/Division Newsletter:

Stated she and Deputy Commissioner Ed Fogels attended the Delta Farm Forum on February 23, 2013 where he made opening comments. She thanked the Commissioner's office for their continued involvement with Agriculture.

Director Havemeister attended the presentation from Commissioner Dan Sullivan for the Department of Natural Resources in Juneau for the legislature

but she has not asked to testify before any committees at this time.

DRAFT

ARLF Loan Officer Swanson:

2. Presented the ARLF Interest Rates & Good Borrower Credit

- Reviewed the current interest rates comparable to the ARLF rates and recommended no change in the ARLF Loan Interest Rates and 0% on the Good Borrower Credit (GBC) Rate for 2013.

MOTION: Board member Poindexter moved to keep the interest rates for 2013 the same and no GBC credits for 2013.

SECOND: Board member Davies seconded the motion.

- Short term = 3.00%
- Chattel = 4.00%
- Development = 4.50%
- Irrigation = 4.50%
- Product Process = 4.50%
- Land Clearing = 4.50%
- Real Estate = 4.50%
- GBC = 0.00%

VOTE: The motion passed without objection.

3. Applications in Process

Reviewed the applications in process.

The board held a discussion regarding the statutes and regulations and what is allowed for the loans. The discussion was held because of a loan request from Jeff Johnson – Home Grown LLC that did not qualify.

The board held a discussion regarding the \$3,000,000.00 allocated to the Department of Commerce, Community and Economic Development (DCCED) Nutritional Alaskan Food in Schools (NAFS) Grant Program and why local produce has not been purchased. The grant program has reimbursed up to around \$400,000.00 to school districts with 75% of those funds being used to purchase fish.

The board will send a letter to Commissioner Sullivan regarding NAFS to encourage purchase of more local produce.

4. Asset Report

Reviewed the February 2013 asset report.

MOTION: Board member Poindexter moved for good cause to sell the Gold Watch which is the only remaining item from Mat-Maid Creamery at the Valley Dairy auction.

SECOND: Board member Davies seconded the motion.

VOTE: The motion passed without objection.

Loan Officer Swanson reviewed the Valley Dairy, Inc. auction process:

The board held a discussion.

Loan Officer Swanson Cheese Disposal Update:

A report was presented along with pictures regarding the cheese disposal process of the cheese located in the outside trailer and the cheese located in the facility. She stated the cheese located in the facility has mouse infestation with droppings and burrows inside the cheese boxes.

The board held a discussion.

Chair VanderWeele asked to have a written statement from the Department of Environmental Conservation (DEC) determining that the cheese located in the inside unit is not fit for human consumption.

AAG McFarlane will obtain the statement from DEC.

MOTION: Board member Davies moved to dispose and destroy of all remaining cheese in the outside trailer and the inside the refrigeration unit.

SECOND: Board member Shelden seconded the motion.

VOTE: The motion passed without objection.

ARLF Accountant Lotosh:

5. Financial Reports

Presented the January 31, 2013 financials.

The board held a discussion regarding an allowance for doubtful accounts and the trust account.

AAG McFarlane:

6. Public Session Report

Stated the Valley Dairy, Inc. auction is a public auction and anyone can bid including the Board.

G. EXECUTIVE SESSION

MOTION: Board member Davies moved to go into Executive Session to Review the ARLF Aging/Delinquency report, AAG Report and the Hoover Loan – Re-Amortization request.

SECOND: Board member Flickinger seconded the motion.

VOTE: The motion passed without objection.

The Executive Session for the Hoover – Loan Re-Amortization and the ARLF Aging/Delinquency Report included Chair Ben VanderWeele, Board member Stuart Davies, Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden, Board member Al Poindexter, Ms. Anna Tchernykh, Lead Auditor, Legislative Audit (telephone), Mr. Ed Fogels, DNR Deputy Commissioner (telephone), Ms. Kathlene Rowell, DNR Special Assistant, AAG Robert McFarlane, Director Franci Havemeister, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

The Executive Session for the AAG Executive Session Report included Chair Ben VanderWeele, Board member Stuart Davies, Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden, Board member Al Poindexter, Ms. Anna Tchernykh, Lead Auditor, Legislative Audit (telephone), Mr. Ed Fogels, DNR Deputy Commissioner (telephone), Ms. Kathlene Rowell, DNR Special Assistant, AAG Robert McFarlane, ARLF Loan Officer Amanda Swanson, Administrative Officer Curt Sandvik and Administrative Officer Lora Haralson. Director Franci Havemeister left the room when Valley Dairy, Inc. was discussed.

H. PUBLIC SESSION ACTION ITEMS

7. Hoover Promissory Note Modification Approved

MOTION: Board member Shelden moved to approve the Rodney & Dia Hoover promissory note modification as recommended by the Loan Officer.

SECOND: Board member Berberich seconded the motion.

VOTE: Motion passed without objection.

I. NEW/OLD BUSINESS:

Frontiersman update from article printed in November:

DNR Special Assistant Kathlene Rowell stated DNR Commissioner Sullivan had a meeting with the Frontiersman that would include more communication with

the DNR Commissioners office before an article is written from the Frontiersman.

Deputy Commissioner Ed Fogels stated a broad discussion was held and a pledge was received from the Frontiersman to improve communication.

J. BOARD MEMBER COMMENTS:

Director Havemeister stated the Commissioner's office has received communication from the Farmers Cooperative in Delta Junction that leases the property for \$1.00 per year are interested in purchasing the property.

Deputy Commissioner Fogels stated he had a conversation with Mike Schultz to acquire the property, but does not know how much they are willing to pay.

Board member Davies indicated the Farmers Cooperative is in good repair.

Deputy Commissioner Fogels stated the Delta Junction Forum was a productive meeting. The Alaska Farm Bureau meeting went well and is a central part of what the Commissioner's office wants to move forward with a plan for agriculture. Subcommittee meetings have been held and he would like to attend the land subcommittee meeting. He is supportive of the resolution from Representative Stoltze to form an interagency food policy group. HB 89 from Representative Seaton deals with Invasive species and is focused on aquatic invasive and with our efforts on Elodea getting more attention.

Chair VanderWeele stated at the Mat-Su Farm Bureau meeting they voted to send a letter to the President of the statewide Alaska Farm Bureau that they oppose funding a lobbyist in Juneau trying to form a Department of Agriculture.

Deputy Commissioner Fogels stated he has met with the John Harris who is the lobbyist and there are quite a few issues John is dealing with that are broader than just the formation of the Department of Agriculture.

Chair VanderWeele stated on the Kenai Peninsula raw milk is being sold which is making people sick and is another black eye for agriculture.

Board member Davies stated an article from the University of Alaska Fairbanks said that pasteurizing goat milk is not hard to do.

Chair VanderWeele stated he had heard talk that the ARLF should go to the Department of Commerce?

Deputy Commissioner Fogels said that Representative Feige introduced to HB

121 which is to develop commercial agriculture and commercial fisheries.

Chair VanderWeele stated he doesn't like the regulations making it mandatory to have eight BAC meetings per year and why does the AAG have to attend all the BAC meetings?

Director Havemeister said the AAG should attend all BAC meetings and there have been a lot of issues the AAG has had to deal with.

Deputy Commissioner Fogels stated he praises the board's efforts and having the AAG attend the meetings.

Board member Poindexter states he is comfortable having an attorney at the meetings because sometimes the board has issues where we need his assistance.

Board member Poindexter stated the board needs to educate the public about what the ARLF is and what the board does. He asked that an article in the newspapers could be published.

Board member Davies agreed that there is a misconception of what the board does and even other state agencies don't understand the board's purpose. He said he likes the AAG attending the board meetings.

Deputy Commissioner Fogels indicated that DNR submitted a flat line budget to the legislature.

K. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation meeting will be held on Tuesday, April 9, 2013 at 1:00 p.m.

L. ADJOURNMENT:

The meeting was adjourned at 3:30 p.m.