

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held January 21, 2010 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Kristan Cole called the meeting to order at 3:10 p.m.

Boardmembers present and establishing a quorum were:

Ms. Kristan Cole, Chair
Mr. John Schirack, Vice Chair
Mr. Ben VanderWeele, Boardmember
Mr. Al Poindexter, Boardmember
Mr. Stuart Davies, Boardmember
Dr. Anthony (Tony) Nakazawa, Boardmember
Mr. Chris Flickinger, Boardmember (telephone)

Staff in attendance was:

Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Assistant
Ms. Candy Easley, Loan Officer
Mr. Ray Nix, Asset Manager
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Olga Lotosh, Accountant II ARLF, Financial Services
Ms. Cristin Cowles-Brunton, Supervisor, Financial Services
Ms. Amy Pettit, Development Specialist

B. APPROVAL OF AGENDA

Boardmember VanderWeele asked to have Amy Pettit speak about Alaska Grown marketing issues in the Reports/Correspondence portion of the meeting.

MOTION: Boardmember Poindexter moved to approve the agenda as amended.

Boardmember Nakazawa seconded.

No objections were received.

The agenda was approved as amended.

C. PUBLIC COMMENTS/SESSION

Michael Paschall, Managing Editor, Delta Wind Newspaper thanked Lora Haralson and staff for having the board packet information on the Division of Agriculture website.

Jenny VanderWeele, daughter in-law of Ben VanderWeele stated that the City of Palmer contacted Country Foods a third party vendor for the Department of

Corrections (DOC) because they were not purchasing Alaska grown produce. County Foods stated they were not aware of a local produce inventory and therefore could not know that far in advance what to order.

Director Havemeister stated she has been in contact with Country Foods through an agreement with DOC. DOC now provides the Division with a bid sheet on a weekly basis. The Division was made aware that there were local potatoes available that they not on the bid sheet. The Division contacted DOC who contacted Food Service of America, for Country Foods and now it is listed on their bid sheet as being available.

The Board discussed the 7% Alaskan produce preference statute.

AAG McFarlane stated the 7% preference statute says that if a vendor (Country Foods) is not buying Alaska produce with the 7% preference DOC can be contacted to hold up payment to the vendor. He stated he would write a letter for the Board of Agriculture & Conservation regarding the 7% preference statute.

MOTION: Boardmember Nakazawa moved to have the AAG McFarlane do research on the 7% preference statute and prepare a letter for the Board.

Boardmember Poindexter seconded.

VOTE: The motion passed without objection.

D. MINUTES OF PRECEDING MEETING November 12, 2009

MOTION: Vice Chair Schirack moved to approve the minutes of November 12, 2009.

Boardmember VanderWeele seconded.

No objections were received.

The minutes were approved.

E. REPORTS/CORRESPONDENCE

1. Division Update/Division Newsletter – Director Havemeister:

Boardmember Davies stated regarding the Invasive Weeds section in the Directors report that the Fairbanks Soil & Water board to write a letter regarding the Weed Bill that is being sponsored by Kevin Johnson out of Ketchikan. The Fairbanks Soil & Water did not write a letter because the Weed Bill will be administered by the Department of Fish & Game and they feel that Department of Natural Resources (DNR), Division of Agriculture should administer the Weed Bill.

Boardmember Flickinger stated that the Kodiak Soil & Water Board was also asked to write a letter and they declined for the same reason.

- \$600,000 funds update – Director Havemeister:
 - The BAC requested from DNR, Commissioner Irwin the \$600,000 be re-deposited back to the Agricultural Revolving Loan Fund (ARLF). The Commissioner’s office determined returning the \$600,000 to the ARLF did not meet the legislative intent of the appropriation. The Commissioner’s office did not agree with the Legislative Audit recommendations. The funds will lapse back to the General Fund (GF) June 30, 2010.
 - DNR has written a long term plan and within that is the Division of Agriculture’s plan which states we are asking for re-capitalization of the ARLF in the amounts of \$1.5 million in FY 2014, 2019 and 2020 which would be \$4.5 million over the next ten years for approval.

Mike Paschall indicated he spoke with Representative Harris office concerning the \$600,000 last year. Representative Harris would introduce legislation this session to order DNR to return the \$600,000 to ARLF. The Alaska Farm Bureau will also bring this up during their legislative trip to Juneau in February 2010.

Chair Cole will put a cover letter together to Representative Harris that states the BAC has been informed that the \$600,000 will not be deposited back to the ARLF and attach the letter that was sent to DNR Commissioner Irwin.

MOTION: Boardmember Poindexter moved to have Chair Cole draft a letter to Representative Harris for his assistance and attach the prior letter to Commissioner Irwin.

Boardmember Nakazawa seconded the motion.

VOTE: The motion passed without objection.

- Alaska Grown Policy update – Director Havemeister:
 - Stated she met with the local Farm Bureau Chapter November 18, 2009 to discuss the Alaska Grown Policy. The Farm Bureau and FFA had several concerns about the stop sale date and that it was too soon to liquidate all their products. The date was amended to December 31, 2010 which gives them an additional year.
 - The Farm Bureau would like a committee formed with possible options on how the Alaska Grown Program could operate.
 - Presented historical information regarding the Alaska Grown Program.

- Marketing & Alaska Grown update - Development Specialist Pettit:
 - Gave an update regarding the Marketing budget and the Alaska Grown program.

Boardmember Poindexter asked Development Specialist Pettit to gather information regarding what the Seafood industry receives for their budget.

AMENDED MOTION: Boardmember Poindexter moved to amend the motion regarding the \$600,000 refund request letter to Representative Harris to include that the Division could use some of those funds for the marketing program. Boardmember Nakazawa seconded the motion.

WITHDRAW AMENDED MOTION: Boardmember Poindexter withdrew the amended motion. Boardmember Nakazawa as the second agreed.

The Board held a discussion regarding the marketing program and writing a letter to the legislature regarding the marketing program funding.

AAG McFarlane stated a letter to the sponsors of HB252 Representative Alan Austerman, Representative Carl Gatto and Representative Mike Chenault, asking them to include funding for the Alaska Grown program to be added to the bill.

Chair Cole stated the Board should review HB252, contact the legislators who sponsor the bill and then draft a letter from the Board.

Boardmember Poindexter will draft a letter to the legislator sponsors of HB252.

- Strategic Plan Update – Director Havemeister:
 - Stated public input was requested last month.
 - After review of the comments, a meeting will be held with the strategic plan originators to update the plan.
- Department of Education – Director Havemeister:
 - The Division helps sponsor FFA, 4-H and Ag in the Classroom activities. She met with Jeff Werner, State FFA Advisor, who indicated he has spoken to the Commissioner of the Department of Education who indicated it is a district issue and not a Commissioner issue.

The Board held a discussion regarding a meeting with the Commissioner of Education and why FFA is not offered as a program in Alaska schools.

Chair Cole stated she will try to schedule a meeting with the Commissioner of Education.

2. Asset Report – Asset Manager Nix:

- Stated no offers for the Palmer Feed Mill Property (ARLF Sale #09-01) have been received.
- Stated the City of Palmer is in discussion again regarding the Convention Center and provided copies of their study for the Board.

Financial Services

- ARLF Personal Services FY 09 Clarification – Support Services Cowles Brunton:
 - An increase in personal services was from a vacant position that was filled late in FY08 resulting in higher FY 09 personal services.
- ARLF Receipt of cash balance interest – Support Services Cowles Brunton:
 - Cash balance interest on the ARLF was not established in original statute.

The Board held a discussion regarding amending the ARLF statute.

Chair Cole asked AAG McFarlane to research the ARLF charter.

- ARLF Financial Reports – ARLF Accountant Lotosh:
 - Stated the sale of the Mat Maid building was moved from the Trust account and is showing on the balance sheet.
 - Personal Services will now show the actual accumulation of expenses on the year end financials.

4. ARLF Applications in Process – Loan Officer Easley:

- The Board had no questions.

5. ARLF Loan Interest & Good Borrower Credit Rates – Loan Officer Easley:

- 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 2010.

MOTION: Boardmember VanderWeele moved to keep the interest rates for 2010 the same and no GBC credits for 2010.
Boardmember Nakazawa seconded the motion.

- Short term = 3.0%
- Chattel = 4.0%
- Development = 4.5%
- Irrigation = 4.5%
- Product Process = 4.5%
- Land Clearing = 4.5%
- Real Estate = 4.5%
- GBC = 0%

Loan Officer Easley stated the Board can change the ARLF loan interest rate at anytime however, the GBC by regulation is required to be set each year.

The Board had a discussion regarding the GBC rates.

Loan Officer Easley explained that the GBC credits cannot result in less than 5%.

VOTE: The motion passed without objection.

6. AAG Report – AAG McFarlane:

- The Board had no questions.

F. EXECUTIVE SESSION

Boardmember Davies disclosed that he has a conflict with Agricultural Investors, LLC – dba Tanana Valley Meats because he owns 1 1/5 share of the company and asked to be recused.

Chair Cole accepted Boardmember Davies disclosure and stated that Agricultural Investors, LLC – dba Tanana Valley Meats will be presented at the end of Executive Session and Boardmember Davies will recuse himself from the room during that discussion.

Chair Cole stated the Executive Session was held to consider loan applications, ARLF Account Aging report and financials.

MOTION: Vice Chair Schirack moved to go into Executive Session.
Boardmember Nakazawa seconded.

VOTE: The motion passed without objection.

The Executive Session for the Rouschar – F Loan, Agricultural Investors, LLC – dba Tanana Valley Meats – P Loan, Simineo – F Loan, Hartman Report, ARLF Account & Aging Report, and Miller – C & S modification included Chair Kristan Cole, Vice Chair Schirack, Boardmember Ben VanderWeele, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Tony Nakazawa, Director Franci Havemeister, AAG Robert McFarlane, and Administrative Assistant Lora Haralson.

Boardmember Davies did not attend the Execution Session portion when the Agricultural Investors, LLC – dba Tanana Valley Meats – P Loan was discussed.

The Executive Session for the Rouschar – F Loan, Simineo – F Loan, Hartman Report, ARLF Account & Aging Report, and Miller – C & S modification included Chair Kristan Cole, Vice Chair Schirack, Boardmember Ben VanderWeele, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Tony Nakazawa, Boardmember Stu Davies, Director Franci Havemeister, AAG Robert McFarlane, and Administrative Assistant Lora Haralson.

Boardmember Poindexter stated he did not receive the Board packet in the mail and is just now reviewing the information so he will abstain from voting on the loan actions.

PUBLIC SESSION ACTION ITEMS

7. Rouschar Development Loan Approved
MOTION: Vice Chair Schirack moved to approve the Steven F. & Carrie E. Roushar - F loan as recommended by the loan officer:
1. \$56,000 @ 4.50% for 30 years payable by monthly payments.
2. Secured by the 1st Deed of Trust on subject property.
3. Standard Lenders Title Insurance.
Boardmember Nakazawa seconded the motion.
VOTE: The motion passed with 6 yes votes and 1 abstained vote. Chair Cole, Vice Chair Schirack, Boardmember VanderWeele, Boardmember Nakazawa, Boardmember Flickinger and Boardmember Davies voted yes. Boardmember Poindexter abstained from the vote.

8. Agricultural Investors, LLC Product Processing Loan Approved
MOTION: Vice Chair Schirack moved to approve the Agricultural Investors, LLC - P loan as recommended by the loan officer:
1. \$186,500 @ 4.50% for 30 years payable by monthly payments.
2. Secured by the 1st Deed of Trust on subject property.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Loss Payee & Mortgagee

5. Corporate Resolution Authority for subject loan.
6. Majority Shareholder Scott & Maribeth Miller sign as Individuals on the Promissory Note.
Boardmember Nakazawa seconded the motion.

VOTE: The motion passed with 5 yes votes and 1 abstained vote. Chair Cole, Vice Chair Schirack, Boardmember VanderWeele, Boardmember Nakazawa, Boardmember Flickinger voted yes. Boardmember Poindexter abstained from the vote. Boardmember Davies did not vote on the motion due to a conflict of interest.

9. Simineo Development Loan Approved

MOTION: Vice Chair Schirack moved to approve the Delbert & Jackie M. Simineo - F loan as recommended by the loan officer:

1. \$250,000 @ 4.50% for 30 years payable by monthly payments.
2. Secured by the 1st Deed of Trust on subject property.
3. Standard Lenders Title Insurance.
4. Property Insurance ARLF Loss Payee & Mortgagee

Boardmember Nakazawa seconded the motion.

VOTE: The motion passed with 6 yes votes and 1 abstained vote. Chair Cole, Vice Chair Schirack, Boardmember VanderWeele, Boardmember Nakazawa, Boardmember Flickinger, Boardmember Davies voted yes. Boardmember Poindexter abstained from the vote.

10. Hartman Report

MOTION: Vice Chair Schirack moved to accept the loan officer's recommendation to assign to the Attorney General's Office for collection action, including foreclosure, with all collection costs included.

Boardmember VanderWeele seconded the motion.

VOTE: The motion passed with 6 yes votes and 1 abstained vote. Chair Cole, Vice Chair Schirack, Boardmember VanderWeele, Boardmember Nakazawa, Boardmember Flickinger, Boardmember Davies voted yes. Boardmember Poindexter abstained from the vote.

Miller Short-Term Modification Approved
MOTION: Vice Chair Schirack moved to approve the Scott R. & Maribeth R. Miller - S modification loan as recommended by the loan officer:

1. S-5442 Modification to include extending term 3 years with quarterly payments beginning April 15, 2010 with all other terms to remain the same.

Boardmember VanderWeele seconded the motion.

VOTE: The motion passed with 6 yes votes and 1 abstained vote. Chair Cole, Vice Chair Schirack, Boardmember VanderWeele,

