

**DIVISION OF AGRICULTURE
BOARD OF AGRICULTURE & CONSERVATION**

**REGULAR
MEETING MINUTES
October 13, 2010**

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held October 13, 2010 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 2:40 p.m.

Boardmembers present and establishing a quorum were:

Mr. Ben VanderWeele, Chair
Mr. John Schirack, Vice Chair
Mr. Al Poindexter, Boardmember
Mr. Stuart Davies, Boardmember
Mr. Chris Flickinger, Boardmember

Staff in attendance was:

Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Assistant
Mr. Ray Nix, Asset Manager
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Olga Lotosh, Accountant II ARLF, Financial Services

B. APPROVAL OF AGENDA

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

Add to G. NEW/OLD BUSINESS - Letter to Senators and Representatives regarding funding for Mt. McKinley Meat & Sausage.

Boardmember Davies seconded.

No objections were received.

The agenda was approved as amended.

C. PUBLIC COMMENTS/SESSION

Gary Sonnichsen, Alaska Farmers Cooperative stated he hoped the Cooperative could be owned by a private entity and not the State of Alaska.

David Ferdinand, Alaska Farmers Cooperate gave some brief background regarding the Alaska Farmers Cooperative.

D. MINUTES OF PRECEDING MEETING

MOTION: Boardmember Davies moved to approve the minutes of August 25, 2010.

Boardmember Flickinger seconded.

No objections were received. The minutes were approved.

E. REPORTS/CORRESPONDENCE

1. Division Update/Division Newsletter – Director Havemeister:

- Stated a Farm to School position has been advertised and it will close within the next two weeks. The Division anticipates making a hire soon.
- A new inspection position for the phytosanitary timber certification has been advertised.
- A Request for Proposal has been submitted to the State procurement office to begin the process of soliciting proposals to provide technical writing services for the Agricultural Revolving Loan Fund Policy and Procedure Manual.
- The Division of Agriculture office space located in the back of the division will be not be available until the Division of Habitat physically moves to Fish & Game. It is anticipated that will occur by January, 2011.

Vice Chair Schirack stated he would like to know when seeds are available for sale at the Plant Materials Center (PMC) and would also like to be put on the master email list for the Division newsletter.

Director Havemeister stated she will check with PMC regarding the Fall Seed sale notice and will ensure all BAC members are on the master email list for the Division newsletter.

Chair VanderWeele asked why hard copies of the Division newsletter are not sent in the mail anymore.

Director Havemeister will check to see how much it would cost to send hard copies of the Division newsletter in the mail.

Chair VanderWeele asked how many people signed up for the seed export to China in Delta Junction.

Director Havemeister stated there are 3 producers from Delta Junction.

Chair VanderWeele stated the Eat Local Challenge next year should have more advertising.

2. Asset Report – Asset Manager Nix:

- Gave a verbal update.
- Email from the Mat Maid lease for seed export potato storage withdrew the request.
- A 3 million dollar bond passed with the City of Palmer. The Mat Maid property was part of that bond however, it is still currently for sale from the Agricultural Revolving Loan Fund.
- The Kenai property sale will be publically noticed on the Division of Agriculture website and newspapers throughout the State on October 22, 2010.

ARLF Accountant Lotosh:

3. Financial Reports

The July and August Financial Reports were reviewed.

ARLF Accountant Lotosh:

4. ARLF FY10 Year End Reports:

The FY10 ARLF year end reports were reviewed.

Vice Chair Schirack stated he wants an account of the contractual services breakdown costs for Mt. McKinley Meat & Sausage (MMM&S).

ARLF Accountant Lotosh will do a breakout accounting and email to the Board members.

Boardmember Davies asked how is freight charged at MMM&S?

Chair VanderWeele stated freight should be included in the cost of the product.

Director Havemeister will check on how the freight is charged and will let the board know.

5. ARLF Loan Interest Comparison – Loan Officer Easley

Vice Chair Schirack stated he would like to review the ARLF loan interest rates.

The Board will review the ARLF loan interest rates in January 2011.

6. ARLF Applications in Process – Asset Manger Nix:

- The Board had no questions.

7. AAG Report – AAG McFarlane:

AAG McFarlane stated the Hartman foreclosure sale was terminated and the past due payments were brought up to date. A probate attorney was hired for a cost of \$5,000.00 and it will be added to the Hartman loan.

Boardmember Disclosure:

Boardmember Davies disclosed he has less than 5% shares in the Agriculture Investors, LLC and will attend the Executive Session but will not vote on loan actions regarding Agriculture Investors, LLC.

AAG McFarlane stated Boardmember Davies in the past has recused himself from Agricultural Investors, LLC discussion in Executive Session and AAG McFarlane recommended that Boardmember Davis not attend this Executive Session.

Chair VanderWeele stated he would like Boardmember Davies to attend the Executive Session and the other Boardmembers stated that they would also like Boardmember Davies to attend the Executive Session due to his expertise with the Agricultural Investors, LLC.

F. EXECUTIVE SESSION

MOTION: Vice Chair Schirack stated the Executive Session was held to consider loan applications and the aging report.
Boardmember Poindexter seconded the motion.

VOTE: The motion passed without objection.

The Executive Session for the Ag Investors, LLC - Modifications, included Chair Ben VanderWeele, Vice Chair John Schirack, Boardmember Al Poindexter, Boardmember Chris Flickinger, Boardmember Davies, Director Franci Havemeister, AAG Robert McFarlane, Asset Manager Ray Nix and Administrative Assistant Lora Haralson. Hank Bartos, from Ag Investors, LLC attended a portion of the meeting by telephone.

PUBLIC SESSION ACTION ITEMS

8. Ag Investors, LLC Modifications Decline

MOTION: Boardmember Poindexter moved to decline the Agricultural Investors, LLC modifications as recommended by the Asset Manager:

1. Of allowing release of collateral or sale of ARLF assets utilized as collateral for S-5446 or F-5190;
 2. Of allowing merging short term operating loan S-5446 into long term loan F-5190;
 3. Of deferring/suspending any ARLF payments for one (1) year;
- Vice Chair Schirack seconded the motion.

VOTE: The motion passed without objection. Boardmember Davies did not vote.

8. Ag Investors, LLC Modifications Approved

MOTION: Boardmember Poindexter moved to approve the Agricultural Investors, LLC modifications as recommended by the Asset Manager:

1. Allowing AGI to lease the facility to a group of producers identified as Mid State Meats; subject to review and approval of lease documents by the Division of Agriculture.
- Boardmember Flickinger seconded the motion.

VOTE: The motion passed without objection. Boardmember Davies did not vote.

8. Ag Investors, LLC Modifications Approved

MOTION: Boardmember Poindexter moved to approve the Agricultural Investors, LLC modifications as recommended by the Asset Manager:

1. Modifying S-5446 by extending the maturity date of S-5446 to March 1, 2013, payable by monthly payments beginning March 1, 2011;

Vice Chair Schirack seconded the motion.

VOTE: The motion passed without objection. Boardmember Davies did not vote.

8. Ag Investors, LLC Modifications Approved

MOTION: Vice Chair Schirack moved to approve the Agricultural Investors, LLC modifications as recommended by the Asset Manager:

1. Allowing deferment of F-5190 payments for a period of 6 months beginning November 1, 2010 and extending thru April 2011.
2. Subject to: ARLF receipt of Agricultural Investors, LLC monthly Statements of Revenue & Expenses

Boardmember Poindexter seconded the motion.

VOTE: The motion passed without objection. Boardmember Davies did not vote.

Boardmember Davies and Boardmember Flickinger left the meeting.

G. NEW/OLD BUSINESS:

Vice Chair Schirack recommended the Board write a letter to the legislature from the BAC regarding supported funding of Mt. McKinley Meat & Sausage with general funds instead of the Agricultural Revolving Loan Fund.

The Board agreed with this recommendation and a letter will be presented to the Board at the next regularly scheduled meeting.

H. BOARDMEMBER COMMENTS:

(No Boardmember comments were made).

I. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation meeting will be held on January 20, 2011 at 2:30 p.m.

J. ADJOURNMENT: The meeting was adjourned at 5:40 pm.