

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held March 31, 2016 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. Chris Flickinger, Board member (telephone)
Ms. Deidre Berberich, Board member
Mr. Troy Shelden, Board member (telephone)
Ms. Roxy Marcy, Board member (telephone)
Mr. Jason Smith, Board member (telephone)

Staff in attendance was:

Mr. Arthur J. Keyes IV, 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)

Public in attendance were:

Jon Olsen
Barbara Landi
Patrick Kelly, University of Alaska
Rean Brooks
Greg Giannulis (Mike's Meats)
Art Robinson, Northland Grange
Lee Hecimovich, 4-H
Alex Giannulis
Wayne & Veronica Brost
Brian Connor, Frontiersman
Todd Pettit, Denali Meat Company
Suzanna Caldwell, Alaska Dispatch News
Bob Shumaker, Farmers Union, Cooperative Extension
John Glaser
Eugene Haberman
Robert Thom
Bryce Wrigley, Alaska Farm Bureau (telephone)
John Anderson, (telephone)

Katie Sunderland
Ellen Lockyer, Alaska Public Media
Scott Murgage, (telephone)
Amy Seitz, Alaska Farm Bureau

B. APPROVAL OF AGENDA

MOTION Board member Flickinger moved to approve the agenda

SECOND: Board member Berberich seconded the motion.

No objections were received.

The agenda was approved

C. PUBLIC COMMENTS/SESSION

Mt. McKinley Meat & Sausage (MMM&S) Public Hearing

Bob Shumaker:

- He is a vegetable producer and used to produce meats. He is a member of 4H, the Coop Board, and AK Farmer's Union. He supports the plant and hopes that the new owners will continue to train the public and inmates if it is transitioned into private ownership.

Jon Olsen:

- He was the original manager for MMM&S in 1985- 1986 for the Department of Corrections.
- He stated it costs MMM&S a lot of money to send blood to Anchorage for disposal. He thinks it would be good for fields but USDA would make the farmers till it in right away.
- MMM&S purchased a grey water digester but it doesn't work.
- He thinks that it would be bad for the State to invest more money in the meat plant, he thinks that someone else (new owners) should invest their own money.
- He recommended that Frank Huffman continue to operate and manage the plant.
- There are new cattle and pig operations starting that could make the plant profitable.

Bryce Wrigley (telephone):

- He stated the agricultural community needs to be looking for a solution and agrees with the transfer of the property into private ownership.

- He had recommendations for the Request for Proposal including:
 - The Division of Agriculture valuing the meat plant as part of the infrastructure for all of agriculture.
 - The new owners should continue supporting youth groups.
 - The new owners should continue to accept local animals especially Alaska grown.
 - The new owners should offer custom slaughter.
 - The plant should maintain the integrity of Alaska Grown animals, which must spend at least 51% of their life in Alaska. The animals should be eating local feed as well.

John Anderson (telephone):

- He stated that he knows Rocket Ranch and others will not do business with Denali Meat Company.
- He agrees with Bryce Wrigley.
- He wants to be paid more for his products.
- He thinks animals should be in Alaska longer than 51% of their lives in order to be considered Alaska grown.
- He says the Division should be very careful who they sell the plant to; he does not want another Mat- Maid situation.
- He doesn't want ARLF to offer financing of 95% of the purchase price.
- He stated three years from now the Board would be back in the same situation.

Patrick Kelly:

- He is a resource manager for the University of Alaska.
- The University is tracking the meat plant as concern for their agricultural and degree programs.
- The University Farm has been around since 1915.
- He would like to see the meat plant transition into a larger footprint, including updating the plant and expanding the educational program for agriculture.
- MMM&S helps fund scholarship and research programs.

Rean Brooks:

- He is the owner of Mat Su Valley Feeders. He currently has approximately 350 head of cattle including 150 cow/ calf.
- He markets the Arctic Alaska Premium Brand for his meat products.
- MMM&S processed approximately 1220 head last year.

- He expects to send at least 600 head of cattle to be processed at the plant before December 31st of this year.
- He has purchased 1500 round bales of hay since October all from Pt. MacKenzie producers as well as grain from Alaska Feed Mill.
- He is leasing Pt. MacKenzie Tract 5 from Gattis.
- He believes MMM&S will be profitable this year.
- He is interested in bidding to purchase the meat plant.

Lee Hecimovich:

- She is the 4H Youth Development Agent for the Mat-Su/ Cooper Center District.
- MMM&S provides educational activities, excellent services and support to their 4H program. They also provide similar services to the Kenai District 4H program.
- No other facility would be able to accommodate 4H like MMM&S has.
- She was told by a potential leaser that they would not be willing to accept 4H animals.
- Other facilities will not guarantee that they will take fair animals sold by the 4H program.

Todd Pettit:

- He is the Vice President of Denali Meat Company, who is an interested bidder for MMM&S.
- He said he would be willing to take 4H animals and help support the 4H program.
- He supports statewide expansion and therefore would not turn anyone away.
- If they take over operations for MMM&S he looks forward to accepting more animals.

Eugene Haberman:

- He had complaints about the Division of Agriculture's public notice. He said it was inadequate and did not provide attachments.

Scott Mugrage (telephone):

- He stated the inmate labor quality is substandard.
- He thinks privatization would increase quality.
- He stated Frank is continually swamped with new labor and retraining.

- He believes Denali Meats has the best chance of successfully running the plant. They have the experience and ability to purchase quality equipment.

Greg Giannulis, Owner Mike's Quality Meats:

- He stated he didn't want the new owners to have a monopoly and operating in their best interests.
- The State needs a slaughter house private or state he doesn't care.

Wayne Brost:

- He stated he was on the Board of Agriculture & Conversation and thanked the board for all their hard work.

Public comments on other issues

John Anderson (telephone):

- Stated Prop 90 was before the Board of Fish & Game at a meeting recently which would of ended goat and sheep ownership.
- He asked why the BAC didn't write a letter or give comments, why Board member Flickinger from Kodiak didn't write a letter, and why the Denali Meat Company did not write a letter on Prop 90.

D. MINUTES OF PRECEDING MEETINGS

February 18, 2016 Draft Meeting Minutes

MOTION: Board member Berberich moved to approve the minutes of February 18, 2016.

SECOND Board member Marcy seconded the motion.

ROLL CALL:

VOTE: The motion passed with five yes votes. Board member Berberich voted yes, Board member Shelden voted yes (telephone), Board member Flickinger voted yes (telephone), Board member Smith voted yes (telephone) and Board member Marcy voted yes (telephone). Vice Chair Schirach did not vote because he was absent for that meeting.

Board member Smith left the meeting at 1:55 p.m.

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?

(No disclosures were stated).

F. REPORTS/CORRESPONDENCE

Director Keyes:

1. Director Report/Division Newsletter:
 - Stated he attended the Food Safety Modernization Act (FMSA) in Florida and FSMA can change how agriculture is done in the country.
 - The Plant Materials Center (PMC) is having the spring seed sale starting April 15, 2016.
 - He stated that Heather Stewart from the PMC has been working on elodea clean up and received the U.S. Fish and Wildlife Service Regional Director's Excellence Award for Outstanding Partner. The Region is for the whole State of Alaska and she was one of three or four winners.
 - MMM&S had a public pre-inspection tour for potential bidders on Friday, March 18, 2016. Nine people attended representing different groups.

Loan Officer Swanson:

2. Presented the ARLF Interest Rates

Reviewed the current interest rates comparable to the ARLF rates and the Farm Service agency rates will be decreasing effective April 1, 2016
(The Board had no questions).

3. Asset Report

The March asset report was reviewed.
(The Board had no questions).

4. Reviewed the Applications in Process
(The Board had no questions).

ARLF Accountant Lotosh:

5. Financial Reports

The ARLF February 2016 financials were reviewed.
(The Board had no questions).

AAG McFarlane:

6. Public Session Report

The public session report was presented.

Stated that House Bill 351 "An Act relating to adoption of regulations; and providing for an effective date" will make it more difficult to pass new regulations or make changes to existing regulations. It was suggested in the last ARLF legislative audit that changes need to be made to the regulations.

Director Keyes stated:

- Senate Bill 8 Hemp "An Act relating to the regulation and production of industrial hemp" is moving forward.
- A letter to the Alaska Seed Potato growers regarding regulations will be sent April 4, 2016.
- He wants to get input from the farmers for the seed potato and grass seed regulations and would prefer to wait until October 2016.

Vice Chair Schirack asked the status of the settlement regarding the Mat-Su Borough and agriculture convents at Pt. MacKenzie.

AAG McFarlane stated that the Mat-Su Borough deposited \$10,000 in the court registry and DNR was paid \$320,000 for about 460 acres. By law the easements were all the railroad was acquiring. The Mat-Su Borough bought the easements for the railroad.

Vice Chair Schirack noted that it looks like the Mat-Su Borough can continue to remove agricultural convents. Who is fighting for the agriculture rights to stay connected to the land?

Vice Chair Schirack moved to go into Executive Session.

Board member Berberich seconded the motion.

G. EXECUTIVE SESSION

The Executive Session for the Brost-S loan, AAG Report and the Aging/Delinquency report included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Chris Flickinger (telephone), Board member Deidre Berberich, Board member Troy Shelden (telephone), Board member Roxy Marcy (telephone), Board member Jason Smith (telephone), AAG Robert McFarlane, Director Arthur J. Keyes IV, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

Board member Smith joined the executive session at 3:16 p.m.

PUBLIC SESSION

Mt. McKinley Meat & Sausage

MOTION: Board member Berberich moved for the loan officer to determine the value of the equipment in the plant and to research obtaining an appraisal for the real estate in order to move the process forward in selling the MMM&S property. The Director will draft a Sales document for MMM&S to be approved at the next meeting along with a drafted Request for Proposals.

SECOND: Board member Marcy seconded.

ROLL CALL

VOTE: The motion passed with four yes votes and two no votes. Board member Berberich voted yes, Vice Chair Schirack voted yes, Board member Marcy voted yes (telephone), Board member Smith voted yes (telephone). Board member Shelden voted no (telephone) and Board member Flickinger voted no (telephone).

8. Brost Short-Term Loan Approved

MOTION: Board member Shelden moved to approve the Wayne and Veronica Brost – S Loan as recommended by the Loan Officer:

1. S-\$100,000.00 @ 3.00% payable by annual payment of the full balance due one year from date of loan closing.
2. Secured by UCC financing statement on equipment.
3. Property Insurance with ARLF as Loss Payee.

SECOND: Vice Chair Schirack seconded the motion.

ROLL CALL

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

I. BOARD MEMBER COMMENTS:

Vice Chair Schirack asked why all of the sudden is EPA is questioning manure as fertilizer.

Director Keyes said it was from FSMA and the manure is not sludge waste manure. FSMA will give the FDA authority over farms. For example, if FDA has an inspector that has been conducting kitchen inspections and then that same person is inspecting a farm they don't understand why manure is being spread as fertilizer. The Department of Environmental Conservation, Division of Agriculture and the Department of Health will collaborate on the issue.

Board member Flickinger stated he did not write a letter or comment to the Alaska Board of Game because he has no sheep or goats related to Prop 90 issue.

Board member Shelden asked that the Board be informed of issues like Prop 90 so they can determine if they would like to comment.

J. SET NEXT MEETING & AGENDA ITEMS:

The next meeting of the Board of Agriculture and Conservation will be held on Thursday, April 28, 2016 at 1:00 p.m.

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