

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held August 1, 2012 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 1:04 p.m.

Board members present and establishing a quorum were:

Mr. Ben VanderWeele, Chair
Mr. John Schirack, Vice Chair
Mr. Al Poindexter, Board member
Mr. Stuart Davies, Board member
Ms. Deidre Berberich, Board member
Mr. Chris Flickinger, Board member
Mr. Troy Shelden, Board member

Staff in attendance was:

Mr. Ed Fogels, Deputy Commissioner, DNR
Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Officer
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Amanda Swanson, ARLF Loan Officer
Ms. Olga Lotosh, ARLF Accountant

B. APPROVAL OF AGENDA

MOTION: Vice Chair Schirack moved to approve the agenda.

SECOND: Board member Berberich seconded the motion.
No objections were received.

The agenda was approved.

C. PUBLIC COMMENTS/SESSION

Rob Wells (via telephone), representing Matanuska Creamery, stated USDA statistics in 1987 stated production was 34.8 million pounds with a value of over \$7 million in wholesale sales. In 2011 500 cows were milking for 6.9 million pounds with a value of \$1.6 million in wholesale sales. The facts are to remind everyone of the decline in milk production in agriculture. He asked the Board to work with the Matanuska Creamery to maintain the local dairy production Alaska.

Karen Olson, representing Valley Dairy, Inc. asked for suspension of their loans until a special BAC meeting can be held in the future to allow them to continue to processing. She read and distributed a letter from Valley Dairy, Inc. stating that no further payments on their ARLF notes will be made until they have been able to move to a suitable location and secure a minimum raw milk supply.

D. MINUTES OF PRECEDING MEETING

June 13, 2012 Meeting Minutes

MOTION: Board member Davies moved to approve the minutes of June 13, 2012 as corrected.

SECOND: Board member Poindexter seconded the motion.

DISCUSSION: *(No discussion was held).*

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?
(No conflicts were made).

F. REPORTS/CORRESPONDENCE

Director Havemeister:

1. Division Update/Division Newsletter:

Director Havemeister, Loan Officer Swanson and Board member Davies spent one day in Delta looking at ARLF loan collateral.

ARLF Loan Officer Swanson:

2. ARLF Interest Rates

Reviewed the current interest rates and stated FSA lowered their emergency rates to 2.25% nationwide.

3. Applications in Process

(The Board had no questions).

4. Asset Report

- Reviewed the August asset report. Reviewed the Draft Competitive Sealed Bid procedure for the Matanuska Maid Coins and watch.

ARLF Accountant Lotosh:

5. Financial Report

- Reviewed the May 2012 financials.

Vice Chair Schirack asked if the DNR Commissioner has initiated discussions with the Department of Corrections (DOC) regarding paying for the inmate labor at MMM&S.

Deputy Commissioner Fogels stated they have been in contact recently with DOC regarding the low staffing of inmates at MMM&S and this issue has been the main concern at the present. The discussions for paying for inmate wages has not yet been discussed but he will continue to proceed with a discussion with DOC for a commitment for the funding the inmates of MMM&S.

AAG McFarlane:

6. Public Session Report

Gerry Marlow from Ag Investors stated to Loan Officer Swanson that he wanted to try to cure the loan before the foreclosure process.

The Gattis issue has been resolved.

The Creamery Corporation Articles of Dissolution will be filed August 2, 2012. The actual Certificate of Dissolution will take four to six weeks to receive and then the remaining balance from the Creamery Corporation of approximately \$30,000.00 will be distributed back to the ARLF.

G. EXECUTIVE SESSION

MOTION: Vice Chair Schirack moved to go into Executive Session to review the ARLF Aging/Delinquency report, AAG Report, and the ARLF Knopp loan.

SECOND: Board member Berberich seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: The motion passed without objection.

The Executive Session for the ARLF Aging/Delinquency Report included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Stuart Davies, Board member Deidre Berberich, Board member Chris Flickinger, Board member Troy Shelden, Board member Al Poindexter, Deputy Commissioner Ed Fogels, AAG Robert McFarlane, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson. Director Franci Havemeister left the room regarding the ARLF Aging/Delinquency Report due to conflict of interest regarding Valley Dairy, Inc.

The Executive Session for the AAG Report and the Knopp ARLF loan request included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Al Poindexter, Board member Stuart Davies, Board member Deidre Berberich, Board member Chris Flickinger, Board member Troy Shelden, Deputy Commissioner Ed Fogels, Director Franci Havemeister, AAG Robert McFarlane, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

PUBLIC SESSION ACTION ITEMS

For the record Director Franci Havemeister stated she removed herself from the room during Executive Session for Aging/Delinquency report due to a potential conflict of interest regarding Valley Dairy, Inc.

Valley Dairy Inc.

MOTION: Board member Poindexter moved in reference to Valley Dairy, Inc. that because all three loans are in default and that the BAC Board has been given written notice today from Valley Dairy, Inc. that no future payments will be forthcoming, therefore the Board will turn this over to the Attorney General's Office for collection of the default with this action being in the best interest of the State and the loan fund.

SECOND: Board member Flickinger seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: Motion passed without objection.

9. Knopp Development Deferred

MOTION: Board member Davies moved that we defer action on the loan until our next schedule meeting and extend the applicants lease on a monthly basis for six months.

SECOND: Board member Shelden seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: Motion passed without objection.

Sale of Palmer Property

MOTION: Board member Shelden moved to accept the City of Palmer's offer as amended by the Attorney General's Office.

SECOND: Board member Poindexter seconded the motion.

DISCUSSION: *(No discussion was held).*

VOTE: Motion passed without objection.

H. NEW/OLD BUSINESS:

Mat-Su Borough – Letter Discussion.

(No action necessary).

I. BOARD MEMBER COMMENTS:

(No comments were received).

J. SET NEXT MEETING & AGENDA ITEMS

The next regular meeting will be a teleconference held on August 29, 2012 at 1:00 p.m.

K. ADJOURNMENT:

The meeting was adjourned at 4:00 p.m.