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**A. ESTABLISHMENT OF QUORUM AND ROLL CALL**

The regular meeting of the Board of Agriculture & Conservation (BAC) was held July 15, 2013 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 11:05 a.m.

Board members present and establishing a quorum were:

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

Board members absent:

Mr. Stuart Davies, Board member

Staff in attendance was:

Mr. Ed Fogels, DNR Commissioner  
Ms. Franci Havemeister, 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

**B. APPROVAL OF AGENDA**

**MOTION:** Board member Flickinger moved to approve the agenda.

**SECOND:** Board member Poindexter seconded the motion.

No objections were received.

Addition: Audit Comments under Executive Session was added.

The agenda was approved with the addition.

**C. PUBLIC COMMENTS/SESSION**

*(No public comments were made).*

## **D. MINUTES OF PRECEDING MEETINGS**

### **May 10, 2013 Draft Meeting Minutes**

**MOTION:** Board member Poindexter moved to approve the minutes of May 10, 2013.

**SECOND:** Vice Chair Schirack seconded the motion.

**VOTE:** The motion passed without objection.

### **June 27, 2013 Draft Meeting Minutes**

**MOTION:** Board member Berberich moved to approve the minutes of June 27, 2013.

**SECOND:** Board member Poindexter 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?

- Board member Poindexter stated he is a greenhouse operator and some of the loans being presented are for greenhouses.
- AAG McFarlane asked if Board member Poindexter had financial interests in any of the greenhouse loans.
- Board member Poindexter stated no.
- AAG McFarlane stated there was not a conflict

## **F. REPORTS/CORRESPONDENCE**

### **Director Havemeister:**

#### 1. Division Update/Division Newsletter:

The Governor signed the following bills on June 28, 2013

- HB40 establishing a municipal tax exemption for certain farm structures.
- HCRO1 establishing a food working group. The Department of Natural Resource (DNR) is now working closely with the Governor's office.
- First Lady Sandy Parnell and Hobo Jim are now appearing on Channel 2 for Alaska Grown Commercials. These two commercials will continue until mid December, 2013.
- Several people in the Division will be retiring. Bill Campell from the Plant Materials Center is working with Mia Kirk one of our inspectors for cross training.

- Stated she will be going to attend the Northwest Farm Credit Services Meeting in Juneau.
- July 19, 2013 is the Governor's Picnic located at Raven Hall 4:00 to 7:00.

**ARLF Loan Officer Swanson:**

2. Presented the ARLF Interest Rates

Reviewed the ARLF interest rates in comparison with other agriculture lending agencies.

*(The Board had no questions regarding the ARLF Interest Rates in process).*

3. Reviewed the Applications in Process

*(The Board had no questions regarding the applications in process).*

4. Asset Report

Reviewed the July 2013 asset report.

Kenai Property

- A discussion was held regarding how to dispose of the property.
- Loan Officer Swanson will research the Kenai property, what taxes the ARLF is paying and will report back to the board at the next meeting.

**Deputy Commissioner Fogels:**

Mike Schultz had asked the Deputy Commissioner how they can purchase the Alaska Farmers Cooperative (AFC).

The Director will follow up with Financials Services on how the discrepancies listed on the real estate Financial Service Reports are determined.

The Director will present information to the Board regarding the history for the AFC at the next meeting.

**ARLF Accountant Lotosh:**

5. Financial Reports

Presented the May, 2013 financials.

**AAG McFarlane:**

**6. Public Session Report**

Presented the public session report.

The Board held a discussion regarding State Farm Conservation Plans.

**G. EXECUTIVE SESSION**

**MOTION:** Vice Chair Schirack moved to go into Executive Session to review the Oathout F Loan, Carlson F Loan, Polar Peonies S & F Loans, Hoover C Loan, Fellman Lease Approval, Amberg S, C & F Loans and the ARLF Aging/Delinquency report.

**SECOND:** Board member Poindexter seconded the motion

The Executive Session for the Oathout F Loan, Carlson F Loan, Polar Peonies S & F Loans, Hoover C Loan, Fellman Lease Approval, Amberg S, C & F Loans and the Aging/Delinquency report included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Deidre Berberich, Board member Chris Flickinger, Board member Troy Shelden (telephone), Board member Al Poindexter, Mr. Ed Fogels, DNR Deputy Commissioner, AAG Robert McFarlane, Director Franci Havemeister, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

**PUBLIC SESSION ACTION ITEMS**

**7. Oathout Development Loan Approved**

**MOTION:** Board member Berberich moved to approve the Sharmin & Mark Oathout – F loan as recommended by the Loan Officer:

1. \$55,000.00 @ 4.50% 20 year term, payable by monthly payments beginning one month from date of closing.
2. Secured by 3<sup>rd</sup> position Deed of Trust.
3. Standard Lenders Title Insurance.
4. Property Insurance.

**SECOND:** Board member Flickinger seconded the motion.

**SUBJECT**

**TO:** **Addition of the two new greenhouses as collateral.**

**VOTE:** The motion passed without objection.

8. Carlson Development Loan Denied

**MOTION:** Board member Shelden moved to deny the Dale & Heather Carlson – F loan:

1. \$140,000.00 @ 4.50% payable by annual payments beginning July 1, 2014.
2. Secured by 1<sup>st</sup> position Deed of Trust on Derby Tract 30 and 2<sup>nd</sup> position of Trust on Derby Tract 27.
3. Contingent on loan payoff and Deed Reconveyance from Seller's Financial Institution.
4. Standard Lenders Title Insurance.
5. Property Insurance with ARLF as Mortgagee & Loss Payee.

**SECOND:** Vice Chair Schirack seconded the motion.

**REASON FOR DENIAL: Due to excessive debt service ratio and more information is needed to show that the proposal is viable.**

**VOTE:** The motion for denial passed with a vote of four yes votes and one no vote. Vice Chair Schirach voted yes, Board member Berberich voted yes, Board member Flickinger voted yes, Board member Shelden voted yes. Board member Poindexter voted no.

9. Polar Peonies, LLC Chattel Loan Approved

**MOTION:** Board member Berberich moved to approve the Polar Peonies, LLC – C loan as recommended by the Loan Officer:

1. \$3,500.00 @ 4.00% payable by one year payment beginning October, 2013.
2. Secured by UCC Financing Statement.
3. Personal Guarantee by Carolyn Chapin and Janice Hanscom.

**SECOND:** Board member Poindexter seconded the motion.

**VOTE:** The motion passed without objection.

10. Polar Peonies, LLC Development Loan Approved

**MOTION:** Board member Berberich moved to approve the Polar Peonies, LLC – F loan as recommended by the Loan Officer:

1. \$24,925.00 @ 4.50% payable by monthly payments beginning October, 2013.
2. Secured by Deed of Trust and UCC Financing Statement.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Mortgagee & Loss Payee.

5. Personal Guarantee by Carolyn Chapin and Janice Hanscom.

**SECOND:** Board member Poindexter seconded the motion.  
**VOTE:** The motion passed without objection.

**11. Hoover    Chattel Loan    Approved**

**MOTION:** Board member Flickinger moved to approve the Rodney & Dia Hoover – C loan as recommended by the Loan Officer:  
1. \$55,654.20 @ 4.00% payable over a seven year term by monthly payments beginning September 1, 2013.  
2. Secured by Deed of Trust on 17N02W28B015.  
3. Standard Lenders Title Insurance.  
4. Property Insurance with ARLF as Mortgagee & Loss Payee.

**SECOND:** Board member Poindexter seconded the motion.  
**SUBJECT TO:** **Removal of pickup from the loan request.**  
**VOTE:** The motion passed without objection.

**12. Fellman    Lease Request    Approved**

**MOTION:** Board member Poindexter moved to approve the Peter Fellman request to lease his property at his current loan terms with ARLF.

**SECOND:** Vice Chair Schirack seconded the motion.  
**SUBJECT TO:** **Increase current ARLF monthly payment by \$100.00 per month to accelerate loan to meet statute.**  
**VOTE:** The motion passed without objection.

**13. Amberg    Short-Term Loan    Approved**

**MOTION:** Board member Flickinger moved to approve the William J. Amberg - loan as recommended by the Loan Officer:  
1. \$42,627.32 @ 3.00% payable by monthly payments beginning October 1, 2013.  
2. Secured by UCC Financing Statement.  
3. Signed Security Agreement.

**SECOND:** Vice Chair Schirach seconded the motion.  
**VOTE:** The motion passed without objection.

**14. Amberg    Chattel Loan    Approved**

**MOTION:** Board member Poindexter moved to approve the William J. Amberg – C loan as recommended by the Loan Officer:  
1. \$52,280.57 @ 4.00% payable by monthly payments beginning October 1, 2013.  
2. Secured by Deed of Trust Tract 9 Tonsina North.  
3. Standard Lenders Title Insurance.  
4. Property Insurance listing ARLF as payee & mortgagee.

**SECOND:** Board member Berberich seconded the motion.  
**VOTE:** The motion passed without objection.

**15. Amberg    Development Loan    Approved**

**MOTION:** Board member Berberich moved to approve the William J. Amberg – F loan as recommended by the Loan Officer:  
1. \$241,530.37 @ 4.50% payable by monthly payments beginning August 1, 2013.  
2. Secured by Deed of Trust Tract 9 Tonsina North.  
3. Standard Lenders Title Insurance.  
4. Property Insurance listing ARLF as payee & mortgagee.

**SECOND:** Board member Flickinger seconded the motion.  
**VOTE:** The motion passed without objection.

**H. NEW/OLD BUSINESS:**  
*(No new/old business).*

**I. BOARD MEMBER COMMENTS:**  
*(The Board had no comments).*

**J. SET NEXT MEETING & AGENDA ITEMS**  
The next Board of Agriculture & Conservation meeting will be scheduled at a later date.

**K. ADJOURNMENT:** The meeting was adjourned at 2:40 p.m.