

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular teleconference meeting of the Board of Agriculture & Conservation (BAC) was held July 9, 2009 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Kristan Cole called the meeting to order at 4:30 p.m.

Boardmembers present and establishing a quorum were:

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

Staff in attendance was:

- Ms. Franci Havemeister, Director (telephone)
- Ms. Lora Haralson, Administrative Assistant
- Ms. Candy Easley, Loan Officer
- Mr. Ray Nix, Asset Manager
- Mr. Robert McFarlane, AAG, Dept. of Law
- Ms. Pauline Henriques, Legislative Audit (telephone)

B. APPROVAL OF AGENDA

Chair Cole amended the agenda to:

- Add Miller S & C loans to F. Executive Session.
- Add Mt. McKinley Meat & Sausage discussion to H. Boardmembers Comments as requested by Vice Chair VanderWeele.

MOTION: Vice Chair VanderWeele moved to approve the agenda as amended. Boardmember Schirack seconded.

No objections were received.

The agenda was approved as amended.

C. PUBLIC COMMENTS/SESSION

Wayne Brost (telephone) stated he was available for questions regarding his loan request.

D. MINUTES OF PRECEDING MEETING

BAC minutes May 28, 2009 Correction page 6 of 7:

Boardmember Davies received a **newsletter** from the Alaska Outdoor Council (AOC) regarding the Delta Bison herd and he recommends that Fish & Game manage the herd as not to conflict with the farmers.

MOTION: Vice Chair VanderWeele moved to approve the minutes of May 28, 2009 as corrected.
Boardmember Schirack seconded.

No objections were received.

The minutes were approved.

BAC minutes June 18, 2009

MOTION: Boardmember Davies moved to approve the minutes of June 18, 2009.

Vice Chair VanderWeele seconded.

No objections were received.

The minutes were approved.

E. REPORTS/CORRESPONDENCE

1. Division Update

Director Franci Havemeister was not available for this update.

Boardmember Davies had a question regarding the July Division newsletter.

Administrative Assistant Haralson will call him back after the meeting.

2. Asset Report

Asset Manager Ray Nix:

- Reviewed the May/June 2009 Asset Report.

ARLF Real Property 513 South Valley Way Palmer, AK

Asset Manager Ray Nix:

- Discussed disposal options and recommendations.

MOTION: Boardmember Poindexter moved to authorize the Director or designee to dispose of the ARLF real property located at 513 South Valley Way, Palmer, Alaska, by Competitive Sealed Bid with a minimum acceptable bid of \$975,000.

1. ARLF Financing subject to BAC approval (No guarantee of ARLF Financing).
2. Minimum of \$25,000 Bid Deposit
3. Minimum of 10% down payment
4. Terms not to exceed thirty years
5. Seven percent interest rate
6. OTC offering in the event no responsive bid is received.

Boardmember Nakazawa seconded.

The Board held a discussion regarding the bid price and ARLF financing.

Loan Officer Easley stated the ARLF funds are to finance agricultural properties. However, if financing is not available elsewhere, ARLF can offer contract financing for ARLF asset disposal.

Asset Manager Nix stated the high appraisal and no ARLF financing available were the two things that were keeping the transaction from occurring. The ARLF will get 7% interest on the money \$60,000 that can go back to ARLF.

Vice Chair VanderWeele stated he opposes the motion because of the lower appraisal for the property and does not want to leave \$45,000 on the table and agriculture can use that money.

Boardmember Schirack asked if this opens the door for other commercial borrowers.

Asset Manager Ray Nix replied that money is available for ARLF asset disposal.

Boardmember Stratman stated that a return of \$60,000 interest over a period of years and will go back to ARLF and supports the motion.

VOTE: The motion passed with 5 yes votes and 1 no vote. Boardmember Poindexter, Boardmember Nakazawa, Boardmember Stratman, Boardmember Schirack and Boardmember Davies voted yes. Vice Chair VanderWeele voted no.

3. Financial Reports
(The Board had no comments).

4. ARLF Applications in Process
(The Board had no comments).

5. AAG Report
AAG McFarlane:

- Reviewed the AAG report.

Asset Manager Nix stated he is working on the Department of Environmental Conservation (DEC) and Environmental Protection Agency (EPA) regarding possible asbestos violations to the Anchorage Mat Maid property by the new current owner.

G. NEW/OLD BUSINESS

Annual Election of Officers:

Nominations for Chair

MOTION: Vice Chair VanderWeele nominated Kristan Cole for Chair. Boardmember Schirack seconded. No other nominations for Chair were received. Boardmember Poindexter moved that nominations be closed.

VOTE: The motion was passed without objection.

Nominations for Vice Chair

MOTION: Vice Chair VanderWeele nominated John Schirack for Vice Chair. No other nominations for Vice Chair were received. Boardmember Poindexter moved that nominations be closed.

VOTE: The motion was passed without objection.

H. BOARDMEMBER COMMENTS

Mt. McKinley Meat & Sausage (MMM&S)

Boardmember VanderWeele stated he would like recommendations regarding the options to minimize the losses for MMM&S.

The Board held a discussion regarding MMM&S.

Director Havemeister stated the she and Vice Chair Schirack will be meeting with Department of Corrections Commissioner Schmidt next week regarding MMM&S.

Chair Cole stated recommendations from the MMM&S committee will be presented to the Board at the next meeting.

I. SET NEXT MEETING & AGENDA ITEMS

The next regular Board of Agriculture & Conservation meeting will be a teleconference meeting held on Thursday, August 6, 2009 at 4:30 p.m.

Boardmember Disclosures

Boardmember Davies disclosed Scott Miller has a loan request before the board and he has less than a 4% interest in Tanana Valley Meats but he is not active in the facility.

Chair Cole stated that his interest is insignificant and he can participate in the discussion and vote for the Scott Miller loan requests.

Boardmember VanderWeele excused himself from voting and discussion of Butte Farms, Inc. because he is the borrower's prime competitor.

F. EXECUTIVE SESSION

MOTION: Boardmember Stratman moved to go into Executive Session to consider loan applications and contract financing.

Vice Chair Schirack seconded.

VOTE: The motion passed without objection.

The session for the Butte Farms, Inc., included Chair Kristan Cole, Vice Chair John Schirack, Boardmember Omar Stratman, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Tony Nakazawa, Director Franci Havemeister, AAG Robert McFarlane, Asset Manager Ray Nix and Administrative Assistant Lora Haralson. Boardmember Ben VanderWeele excused himself.

The session for the Dubois, Debenham & Rita, Brost, Hoover, Nelson and Miller Loans, the Fromong/Warburg contract modification and Elsberry Emergency S Loan included Chair Kristan Cole, Vice Chair John Schirack, Boardmember Ben VanderWeele, Boardmember Al Poindexter, Boardmember Stuart Davies, Boardmember Tony Nakazawa, Boardmember Omar Stratman, Director Franci Havemeister, AAG Robert McFarlane, Asset Manager Ray Nix and Administrative Assistant Lora Haralson.

PUBLIC SESSION ACTION ITEMS

6. Fromong/Wartbug Contract Financing Approved

MOTION: Vice Chair Schirack moved to approve Fromong/Wartburg contract financing as recommended by Asset Manager Nix:

1. Contract financing AG 20004 \$210,600 @ 7% for 30 years payable by monthly payments.
2. 1st Deed of Trust on all parcels.
3. Lenders Title Insurance.
4. Property Insurance with ARLF as loss payee.

Boardmember Nakazawa seconded.

VOTE: The motion passed without objection.

7. Elsberry Emergency S Loan Report

A report was presented to the full board regarding the emergency loan.

8. Dubois Short-Term Loan Approved
MOTION: Vice Chair Schirack moved to approve the Christopher G. Dubois & Nancy H. Davidian – S loan as recommended by the loan officer:
1. \$8,000 @ 3.00% for 1 year payable by quarterly payments.
2. Secured by standard Security Agreement & UCC filing on farm equipment limited to 75% LTV.
Boardmember VanderWeele seconded.
VOTE: The motion passed without objection.

9. Debenham & Rita, LLC Development Loan Approved
MOTION: Boardmember VanderWeele moved to approve the Ray G. Debenham & Rita, LLC – F loan as recommended by the loan officer:
1. \$630,000 @ 4.50% for 30 years payable by monthly payments.
2. Secured by 1st place Deed of Trust Pt. Mackenzie Tract 23B.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Mortgagee & Loss Payee.
Boardmember Stratman seconded.
VOTE: The motion passed without objection.

10. Brost Development Loan Approved
MOTION: Boardmember Nakazawa moved to approve the Wayne J. & Veronica P. Brost – F loan as recommended by the loan officer:
1. \$530,000 @ 4.50% for 30 years payable by monthly payments.
2. Secured by 1st place Deed of Trust Pt. Mackenzie Tract 27.
3. Standard Lenders Title Insurance.
4. Property insurance with ARLF as Mortgagee & Loss Payee.
Boardmember Stratman seconded.
VOTE: The motion passed without objection.

11. Hoover Development Loan Approved
MOTION: Vice Chair Schirack moved to approve the Rodney A. & Dia L. Hoover – F loan as recommended by the loan officer:
1. \$319,000 @ 4.50% for 30 years payable by monthly payments & 1 annual payment.
2. Secured by 1st Deed of Trust Tract B Moose Haven Estates.
3. Secured by 1st Deed of Trust subject 10 acre unimproved parcel.
4. Property Insurance w/ARLF as Mortgagee & Loss Payee.
5. Standard Title Insurance.
Boardmember VanderWeele seconded.
VOTE: The motion passed without objection.

12. Butte Farms, Inc. P-Loan Commitment Extension Approved
MOTION: Vice Chair Schirack moved to approve the Butte Farms, Inc. request for BAC April 9, 2009 ARLF P-Loan commitment extension for 90 days
Boardmember Stratman seconded.
VOTE: The motion passed without objection.

13. Nelson F-Loan Modification Approved
MOTION: Vice Chair Schirack moved to approve the Ronald G. & Barbara A Nelson request to release his life insurance assignment to the ARLF.
Boardmember Nakazawa seconded.
VOTE: The motion passed without objection.

14. Miller Short-Term Loan Approved
MOTION: Boardmember VanderWeele moved to approve the Scott R. & Maribeth R. Miller S – loan as recommended by the loan officer:
1. \$60,000 @ 3.00% 1 year payable by quarterly payments.
2. Secured by Standard Security Agreement & UCC filing on farm equipment limited to maximum 75% loan to value.
Vice Chair Schirack seconded.
VOTE: The motion passed without objection.

Miller Chattel Loan Approved
MOTION: Vice Chair Schirack moved to approve the Scott R. & Maribeth R. Miller I- C loan as recommended by the loan officer:
1. \$75,000 @ 4.00% for 7 years payable by 1st year annual payment of current interest & subsequent 6 annual payments.
2. Secured by Standard Security Agreement & UCC filing on 140 head beef cattle & replacements limited to maximum 75% loan to value.
Boardmember VanderWeele seconded.
VOTE: The motion passed without objection.

J. ADJOURNMENT

MOTION: Vice Chair Schirack moved to adjourn.
Boardmember VanderWeele seconded.
VOTE: The motion passed without objection.
The meeting was adjourned at 5:30 p.m.