

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

The regular teleconference meeting of the Board of Agriculture & Conservation (BAC) was held August 29, 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. Stuart Davies, Board member (telephone)  
Ms. Deidre Berberich, Board member (telephone)  
Mr. Chris Flickinger, Board member (telephone)  
Mr. Troy Shelden, Board member (telephone)  
Mr. Al Poindexter, Board member (telephone) called in 1:15 p.m.

Staff in attendance was:

Ms. Kathleen Rowell, Special Assistant, DNR (telephone)  
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 (telephone)

**B. APPROVAL OF AGENDA**

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

**VOTE:** No objections were received the agenda was approved as presented.

**C. PUBLIC COMMENTS/SESSION**

Karen Olson, Valley Dairy, Inc. asked for the Board to reconsider the motion made August 1, 2012 to turn their loans over the Attorney General's Office and asked for payment suspensions until February 2013 which she will then begin a payment of \$3500.00 a month for one year and then go to \$4500.00 in February 2014. She stated she will sell some of Valley Dairy, Inc. equipment through ARLF Loan Officer Swanson with the proceeds of the equipment sale to go towards their ARLF loans.

Jake Libby stated he was a private investor who supports Valley Dairy, Inc. He stated the ARLF has not done everything it can to ensure that Valley Dairy, Inc. stays in business, while it makes loans to family members and friends like the Havemeisters without hesitation. He stated that Valley Dairy, Inc. would not have a problem if there were more dairy cows in Alaska. (See Board Member comments).

## **D. MINUTES OF PRECEDING MEETING**

### **August 1, 2012 Meeting Minutes**

**MOTION:** Vice Chair Schirack moved to approve the minutes of August 1, 2012.

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

**DISCUSSION:** *(No discussion was held).*

**VOTE:** No objections were received the minutes were approved as presented.

## **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?

AAG McFarlane notified Director Havemeister that Valley Dairy, Inc. would be discussed during his AAG report in executive session. Director Havemeister stated she will recuse herself from the room during the AAG report due to potential conflict of interest since Valley Dairy, Inc. and the Havemeister Dairy are competitors.

AAG McFarlane asked Board member Davies if he had any interest in Agricultural Investors. Board member Davies replied that he had very little interest and no involvement with the company. AAG McFarlane stated that it did not appear that board member Davies had any significant interest or conflict of interest and that the board would not be taking any action on Agricultural Investors at this meeting so there was no reason Davies should not be allowed to attend the executive session discussion for a status report on the foreclosure. The board agreed and Board member Davies was allowed to attend executive session for a status report on the Agricultural Investors foreclosure.

## **F. REPORTS/CORRESPONDENCE**

### **ARLF Loan Officer Swanson:**

#### **1. Applications in Process**

*(The Board had no questions).*

### **AAG McFarlane:**

#### **2. Public Session Report**

- Stated that the sale of the Palmer Property requires the Board to make a written finding that the sale is in the best interest of the state. A document will be read and discussed in executive session and if approved it can be signed by the Board Chair.



1. \$288,000.00 at 4.50% for 30 years payable by monthly payments beginning March 2013.
2. Secured by 1<sup>st</sup> place Deed of Trust on Parcels A013 and D0003
3. Standard Lenders Title Insurance
4. Property Insurance with ARLF as Mortgagee & Loss Payee

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

**SUBJECT**

**TO:** Release of child support lien on Parcel A013.

**DISCUSSION:** *(No discussion was held).*

**VOTE:** Motion passed without objection.

**Valley Dairy, Inc.**

**MOTION:** Vice Chair Schirack moved for the Attorney General to move forward for collection of the amounts owed on Valley Dairy Inc., loans.

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

**VOTE:** The motion failed with four no votes and three yes votes. Vice Chair Schirack voted yes, Chair VanderWeele voted yes and Board member Berberich voted yes. Board member Davies voted no, Board member Poindexter voted no, Board member Shelden voted no and Board member Flickinger voted no.

**MOTION:** Board member Shelden moved to authorize the Attorney General to negotiate with Valley Dairy, Inc. to settle on terms including capital infusion into Valley dairy by their ownership of \$50,000.00 and subsequent payment of the \$50,000.00 to the ARLF within 60 days.

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

**DISCUSSION:**

- Attorney General McFarlane stated he will need to stop the collection letters.
- Board member Poindexter stated during an earlier discussion the Board talked about four to five months time frame should not that be part of the motion?
- Attorney General McFarlane stated he knows the proposed terms for Valley Dairy, Inc.
- Board member Poindexter stated as long as that will be part of the negotiation with Valley Dairy, Inc. for the time frame that is okay with him.
- Attorney General McFarlane asked Karen Olson if her and her attorney would be available today.
- Karen Olson replied that she and her attorney will work out the terms after the board meeting based upon the next motion from the Board.

- Attorney General McFarlane asked the Board when do you want the \$50,000 paid and what if it is not paid timely.
- Board member Shelden stated to give Valley Dairy, Inc. 60 days which will give them time to raise the funds.
- Attorney General McFarlane stated he wants to see information for the new landlord by October. There should also be a confession of judgment on the S Loan and he can draft the necessary documents. He will proceed on his own to prepare an agreement with the terms discussed in executive session. In the event there are problem issues a special teleconference meeting might have to be held.

**VOTE:** The motion passed with five yes notes and one no vote. Board member Berberich voted yes, Board member Davies voted yes, Board member Poindexter voted yes, Board member Shelden voted yes and Board member Flickinger voted yes, Vice Chair Schirack voted no.

Chair VanderWeele signed a written statement of good cause to sell the Palmer property to the City of Palmer.

**H. NEW/OLD BUSINESS:**

*(No new/old business was discussed).*

**I. BOARD MEMBER COMMENTS:**

Board member Poindexter stated he wants to be perfectly clear to the public that this board does not make decisions based on family and friends. He knows Karen Olson as well as he does the Havemeisters. Decisions for loans are based on merit and the ability to repay the loans not on family or friends. He takes exception to Mr. Libby's comments. In reference to Valley Dairy, Inc., this board has bent over backward to help the industry to do what it needs to do. The Board has approved modifications that we would normally not do. We have made suggestions that were made to keep that industry alive. The Board has made suggestions that have not been done by Valley Dairy, Inc.. The BAC Board has done everything to keep the dairy industry alive. The Board is offering the last straw. The State has to be protected at some point in time. He believes the dairy industry is a viable interest of the State, however, if Valley Dairy, Inc. continues to lose money the State has to be able to recoup its losses. He really objects to being referred to as cronyism and "all the rest of that kind of stuff". It irks him to no end and hopes that kind of rhetoric stops. The board concurred.

**J. SET NEXT MEETING & AGENDA ITEMS**

The next regular meeting will be held on October 17, 2012 at 1:00 p.m.

**K. ADJOURNMENT:**

The meeting was adjourned at 3:10 p.m.