

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

The regular meeting of the Board of Agriculture & Conservation (BAC) was held June 13, 2012 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 1:06 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 (telephone)  
Mr. Troy Shelden, Board member

Staff in attendance was:

Ms. Kathleen Rowell, Special Assistant to 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  
Mr. Erik Johnson, Natural Resource Specialist II

**B. APPROVAL OF AGENDA**

Item C: Public Comments - City of Palmer – Mat-Maid Block purchase  
Item C: Public Comments - Cully Corporation - Presentation  
Item F: Executive Session – Larry and Royanne Phillips asked to address the board regarding their loan in Executive Session.

**New Item D: Conflict of Disclosures**

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

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

No objections were received.

**The agenda was approved as amended with additions.**

**C. PUBLIC COMMENTS/SESSION**

Rob Wells from Valley Dairy Inc. stated if the board had any questions he and Karen Olson would like the opportunity to address them.

Glen Price, Attorney for the City of Palmer distributed a draft agreement to purchase the Palmer Mat-Maid Block.

Chair VanderWeele stated no action will be taken at this time due to the board just receiving the agreement.

Ed Cronick from the Cully Corporation gave a presentation regarding the tower garden project to be located in Barrow.

Eric Lanser a developer made comments regarding the "Right to Farm" lawsuit. He has concerns regarding sewage being dumped and not being processed in a timely matter.

Board member Davies asked Mr. Lanser what were his concerns.

Mr. Lance stated he was concerned regarding the sewage will be stored for one year or three years and it will not be processed.

Board member Poindexter joined the meeting at 1:40 p.m.

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

##### **April 27, 2012 Meeting Minutes**

**MOTION:** Board member Davies moved to approve the minutes of April 27, 2012.

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

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

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

#### **NEW ITEM FOR THE AGENDA - 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?

Director Franci Havemeister stated she will remove herself from the room for any information or items regarding Valley Dairy, Inc. report or financials due to potential conflict of interest and she did not receive any Valley Dairy Inc. items in her Board packet.

## **F. REPORTS/CORRESPONDENCE**

### **Director Havemeister:**

1. Division Update/Division Newsletter:
  - Stated Farm Family of the Year nominations are due by June 29, 2012.
  - The Alaska Grown Source Book is in the process of being updated and any additions or corrections are due by June 29, 2012.
  - Stated the Division has 522 authorized AK Grown Logo users.
  - Two agriculture parcels are for sale 649 acres & 677 acres located 23 miles south of Nenana.

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

#### 2. ARLF Interest Rates

Reviewed the current interest rates.

#### 3. Applications in Process

*(The Board had no questions).*

#### 4. Asset Report

- Reviewed the June asset report.
  - No responses from any of the realtors were received for the Palmer Mat-Maid property.
  - Received an inquiry regarding the Kenai Property.
- Reviewed the ARLF draft letter.
  - Chair VanderWeele asked to add a business plan to bullets on the ARLF letter.

### **ARLF Accountant Lotosh:**

#### 5. Financial Report

- Reviewed the April and May 2012 financials.

Chair VanderWeele asked Special Assistant to the Commissioner Kathleen Rowell if the Deputy Commissioner had contacted the Commissioner of Corrections regarding paying for the inmate wages at Mt. McKinley Meat & Sausage.

Kathleen Rowell, Special Assistant to Commissioner stated the Deputy Commissioner has been briefed, but is currently out of town and had not made a call as of yet.

**AAG McFarlane:**

**6. Public Session Report**

- Stated he will keep the board updated regarding “The Right to Farm” Lawsuit.
- Indicated the Agricultural Investors foreclosure is set for September 5, 2012.
- Indicated that Board Member Davies did not have any significant financial interest in Agricultural Investors because the company was defunct, that he was just going to provide an update to the board in executive session, that there would be no action taken on the matter, and that in his opinion Board member Davies would not have a conflict of interest preventing him from attending the Executive Session. Board member Davies agreed with this assessment and the board chair and board members agreed that he could attend executive session.

**F. EXECUTIVE SESSION**

**MOTION:** Vice Chair Schirack moved to go into Executive Session to review the ARLF Aging/Delinquency report, AAG Report, ARLF loans for Phillips and Cully Corp., Inc. Gattis, Byers and Valley Dairy Inc., updates.

**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 (telephone), Board member Troy Sheldon, Board member Al Poindexter, Special Assistant to the Commissioner Kathleen Rowell, AAG Robert McFarlane, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

The Executive Session for the Phillips 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 (telephone), Board member Troy Sheldon, Special Assistant to the Commissioner Kathleen Rowell, Director Franci Havemeister, AAG Robert

McFarlane, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson. Larry and Royanne Phillips members of the public attended this session.

The Executive Session for the Cully Corp., Inc. 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 (telephone), Board member Troy Shelden, Special Assistant to the Commissioner Kathleen Rowell, Director Franci Havemeister, AAG Robert McFarlane, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson. Ed Cronick member of the public attend this session.

The Executive Session for the Gattis and Byers update included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Al Poindexter, Board member Stuart Davies, Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden, Special Assistant to the Commissioner Kathleen Rowell, Director Franci Havemeister, AAG Robert McFarlane, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

The Executive Session for the AAG Report included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Stuart Davies, Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden, AAG Robert McFarlane, Special Assistant to the Commissioner Kathleen Rowell, Director Franci Havemeister, ARLF Loan Officer Amanda Swanson, and Administrative Officer Lora Haralson.

The Executive Session for the Valley Dairy, Inc. included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Al Poindexter, Board member Stuart Davies, Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden, Special Assistant to the Commissioner Kathleen Rowell, AAG Robert McFarlane, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson. Director Franci Havemeister left the room for this discussion to due the conflict of interest regarding the Valley Dairy, Loan Inc.

## **PUBLIC SESSION ACTION ITEMS**

- | <b><u>9.</u></b> | <b><u>Phillips</u></b>   | <b><u>Development</u></b> | <b><u>Approved</u></b> |
|------------------|--|---------------------------|------------------------|
| <b>MOTION:</b>   | Board member Davies moved to approve the Larry and Royanne Phillips - F loan as recommended by the loan officer: |                           |                        |
|                  | 1. \$120,000.00 @ 4.50% for 30 years payable by monthly payments of \$610.00 beginning August 15, 2012.          |                           |                        |

2. Secured by 2<sup>nd</sup> place Deed of Trust on borrower's personal residence.
3. Secured by 1<sup>st</sup> place Deed of Trust Pt. McKenzie Moose Haven Estates Tract C.
4. Standard Lenders Title Insurance.
5. Property Insurance with ARLF as Mortgagee & Loss Payee.

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

**SUBJECT TO:** Additional collateral of their residence based on the Mat-Su Borough Assessment. Including the recommendations currently made by the loan officer.

**VOTE:** The motion passed with 7 yes votes. Chair VanderWeele, Vice Chair Schirack, Board member Davies, Board member Flickinger (telephone), Board member Berberich, Board member Shelden and Board member Poindexter voted yes.

**10. Cully Corp., Inc. Development Approved**

**MOTION:** Board member Shelden moved to approve the Cully Corp., Inc. – F loan as recommended by the loan officer:

1. \$350,000.00 @ 4.50% for 30 years payable by quarterly payments of \$5,374.00 beginning December 15, 2012.
2. Secured by 1<sup>st</sup> Deed of Trust on Real Property.
3. Standard Lenders Title Insurance.
4. Property Insurance with ARLF as Mortgagee & Loss Payee.
5. UCC filing on all equipment provided for collateral.
6. ARLF listed as lien holder on title and registration for 2012 Chevrolet Cargo Van.

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

**SUBJECT TO:** Additional collateral in the form either of \$100,000 cash from the savings account in the trust account or including a \$100,000 trust lien on the man camp.

**VOTE:** The motion passed with 7 yes votes. Chair VanderWeele, Vice Chair Schirack, Board member Davies, Board member Flickinger (telephone), Board member Berberich, Board member Shelden and Board member Poindexter voted yes.

**11. Gattis – Mat-Su Borough construction easements in violation of agricultural use restrictions.**

**MOTION:** Board member Berberich moved to have AAG McFarlane write a letter to Richard and Lynn Gattis to remove the easements in 30 days or pay the entire balance due on the ARLF loans F-5174 and F-5175 prior to the next board meeting at which time the AAG will report to the board at the next meeting what action was taken.

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

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

**VOTE:** The motion passed with 7 yes votes. Chair VanderWeele, Vice Chair Schirack, Board member Davies, Board member Flickinger (telephone), Board member Berberich, Board member Shelden and Board member Poindexter voted yes.

**12. Byers – Update**

Loan Officer Swanson updated the Board regarding Gareth Byers collateral.

**13. Valley Dairy, Inc. – Modification Request**

**MOTION:** Board member Berberich moved Valley Dairy provide the information on a formal modification that they are requesting and we will hold further action until the next meeting based on receipt of further information.

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

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

**VOTE:** The motion passed with 7 yes votes. Chair VanderWeele, Vice Chair Schirack, Board member Davies, Board member Flickinger (telephone), Board member Berberich, Board member Shelden and Board member Poindexter voted yes.

**City of Palmer – Sale of Mat-Maid Block**

**MOTION:** Board member Shelden moved the Board will continue consideration for the sale and purchase of real estate by the City of Palmer pending further review.

**SECOND:** Board member Davies seconded.

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

**VOTE:** The motion passed with 7 yes votes. Chair VanderWeele, Vice Chair Schirack, Board member Davies, Board member Flickinger (telephone), Board member Berberich, Board member Shelden and Board member Poindexter voted yes.

**G. NEW/OLD BUSINESS:**

Mat-Su Borough – Letter Discussion

- The Board reviewed the draft letter regarding the Mat-Su Borough buying agricultural land for a school site. Director Havemeister and Chair VanderWeele will draft another letter. After letter has been mailed it will be emailed to the board.

City of Palmer – Letter Discussion – *(No discussion was held).*

**H. BOARD MEMBER COMMENTS:**

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

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

**J. ADJOURNMENT:**

The meeting was adjourned at 5:43 p.m.