

BOARD OF AGRICULTURE & CONSERVATION AGENDA

1801 SOUTH MARGARET Dr. SUITE 12, PALMER, ALASKA

Tuesday, March 19th, 2024

Zoom & In-Person Meeting @ 9:00am.

<https://zoom.us/j/97802415379?pwd=Snc0RmIzdWpZWEGxdWNmM0wya20rQT09>

Meeting ID: 978 0241 5379

Pass code: 12211#

To Call into Zoom from your cell: +1 (719) 359-4580, passcode: 893983

A. CALL TO ORDER/ROLL CALL

- a. Director Bryan Scoresby
- b. Chair Jeffrey Vance
- c. Vice Chair John Anderson
- d. Matthew Bates
- e. Thomas Bergey
- f. James Boring
- g. Stuart Davies
- h. Adam Jenki
- i. STAFF IN ATTENDANCE

B. PLEDGE OF ALLEGIANCE

C. APPROVAL OF AGENDA/MINUTES OF PRECEDING MEETING

- a. February 13th, 2024

D. CONFLICT OF INTEREST DISCLOSURES

E. REPORTS/COORESPONDENCE

- a. Markos Scheer of Seagrove – Presentation on Mariculture
- b. Director Scoresby Division Update
- c. Erik Johnson, Ag Land Management, Presenting Farm Conservation Plans for review.
- d. ARLF Financials – Financial Services
- e. ARLF Loan Officer update on Delta Junction Farm Forum
- f. PUBLIC COMMENTS/SESSION – Open forum (three minutes per person)

F. NEW/OLD BUSINESS

- a. BAC & ARLF Annual Calendar of Events – Review, edits & comments

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- b. ARLF Regulations – For your review and reference

G. EXECUTIVE SESSION

- a. Delinquencies – Financial Services
- b. Adams, Ben
- c. Burris, Nathan & DeAnn
- d. Gittins, Thomas & Jessica
- e. Rammell, Rex

H. PUBLIC SESSION ON LOAN APPLICATIONS

I. BOARDMEMBER COMMENTS

J. MEETING DATES

- a. 2024 Meeting Dates:

January	23rd — In Person
February	6th — Working Session
February	13th
March	19 th
April	16 th
May	21 st
June	As needed
July	As needed
August	20 th – In Person
September	As needed
October	15 th
November	19 th
December	As needed

K. ADJOURNMENT

ESTABLISHMENT OF QUORUM AND ROLL CALL:

The regular meeting of the Board of Agriculture & Conservation (BAC) was held on 02/13/24, in person & via Zoom/teleconference. Chair Jeff Vance called the meeting to order at 9:00am.

A. ROLL CALL/ APPROVAL OF AGENDA & MINUTES OF PRECEDING MEETING

Rollcall Vote:

- i. **MOTION: Moved to approve the agenda and minutes of preceding meeting.**

- i. 1st – Stu Davies

Vance – Yes, Anderson – Absent, Bates – Absent, Bergy – Yes, Boring – Yes, Davies – Yes, Jenski – Yes.

VOTE: 5 yes, 0 no, 0 abstentions, and 2 absent.

Board members present and establishing a quorum were:

- Brian Scoresby, Division Director (Zoom)
- Jeffrey (Jeff) Vance, Chair (Zoom)
- John Anderson, Vice Chair (Zoom)
- Thomas (Tom) Bergey, Board Member (In person)
- James (Jamie) Boring, Board Member (Zoom)
- Stuart (Stu) Davies, Board Member (Zoom)
- Adam Jenski, Board Member (In person)

Board member(s) absent:

Matthew Bates

Staff in Attendance:

Christy Kolvoord, Natural Resource Specialist III (ARLF Loan Officer, In person)
Victoria Vinson, Administrative Assistant 2 (In person)
Mia Kirk, Natural Resource Manager 2 (Zoom)
Brent Goodrum, Deputy Commissioner, DNR (Zoom)
Kevin Higgins, Attorney 5, Dept. of Law (Zoom)
June Gotschall, Accountant 5, DNR (Zoom)
George Deaton, Accountant 3, DNR (Zoom)
Cynthia Morales, Accountant 4, DNR (Zoom)

Public in Attendance:

- Sabrieta Holland
- Rodney Hoover

B. PLEDGE OF ALLEGIANCE

C. CONFLICT OF INTEREST DISCLOSURES

- i. None

D. REPORTS/CORRESPONDENCE

i. Bryan Scoresby Division Update:

- i. Last week I was in Washington DC for NASDA winter policy meeting. NASDA coordinates a lot of Ag policy with legislature, house, senate, and USDA. Very active in policy making. They take positions on legislative bills and are a very effective group.
- ii. House Resources Committee meeting yesterday, Deputy Commissioner Goodrum presented the Crop Act bill to the committee.
- iii. PMC: seed cleaning project, \$2million capital improvement fund. Looking at new equipment and what improvements are needed. Cost structure for new building vs. making modifications to current building.
- iv. Congratulatory email to the admin team for clearing procurement card charges.

ii. ARLF FINANCIALS

- i. Any questions? -None

iii. Public Comment Session

- i. None

E. NEW/OLD BUSINESS

i. Good Borrower Credit

MOTION: Motion to implement the good borrower credit per the loan officer's recommendations for 2024.

- i. 1st – Stu Davies
- ii. 2nd – Tom Bergy

DISCUSSION: Question from the public – what is good borrower credit?

VOTE: Vance – Yes, Anderson – Absent, Bates – Absent, Bergy - Yes, Boring - Yes, Davies – Yes, Jensi – Yes

VOTE: 5 yes, 0 no, 0 abstentions, and 2 absent

Motion APPROVED

ii. Crop Act, HB 296/SB211 – Deputy Commissioner Brent Goodrum Presents

4 Key Provisions of the bill:

- 1) It seeks to reduce the quorum for the BAC from 5 to 4.
- 2) It seeks to expand the types of activities ARLF loans can be issued for and replaces statutory caps and will allow the board to set the caps in regulations. Adding in-state transportation costs and would also allow refinancing.

- 3) Bill institutes a state contribution towards farmers' federal crop insurance premiums.
- 4) Bill seeks to implement a 5-year expansion to the in-state agriculture and fisheries product purchase preferences required by state and municipal entities.

Questions/Comments:

- No state or municipal entities partake in the current product purchase preferences requirements. The implementation of it is really in the details. – The bill seeks to expand it and create more market access.
- Is there any segment of the industry that is excluded from the crop act? – In terms of the modifications to the statutes for ARLF loans, only those that do not qualify for the current requirements. – Question was specific to the mandatory product purchase preference. Ag products are defined to include dairy products and timber products. Including but not limited to. It's important to expand the definition to include other products. Meat, fisheries, vegetables, etc....
- Food security week in Juneau, there will be conversations, feedback, and public testimony to hear on the bill. One thing that would be helpful is if the board would authorize the chair to write a letter to the committee on behalf of the board.

c. Loan Portfolio

ARLF loan officer presents the loan portfolio broken down by industry type.

-Public comment (Sabrieta Holland): suggests going forward that when request letters are sent out to explain further why it is needed and to consider timing of when the letters are sent out. The letter caused her great stress.

-Financial Information Requests; are they in statutes or regulations? In regulations. Bergy suggests we put it into regulations with a timeframe. Jensi suggests around tax season. Higgins – the intent of the reg was to authorize the dept or division to request information if a loan was in jeopardy of default or collateral is in jeopardy. Advises leave room in any changes to request information as necessary.

-Apologies made from Directory Scoresby and Chair Vance to Ms. Holland.

d. Notes/Comments on Working Session:

Clarification from Higgins: Portions of the portfolio cannot be committed to certain sectors. Applications should be considered at their face value against the total available fund.

Question: Can we encourage certain sectors to apply, would that be inside the intent? Higgins – Target marketing seems reasonable.

Question: Davies – did we come up with goals/mission statement? No, good conversations had. We tried to identify missing links in the supply chain.

Identified that the cap of \$1m for infrastructure loan is too little, so taking the cap off would be helpful. More infrastructure is needed.

F. EXECUTIVE SESSION –

- i. **MOTION: Moved to go to executive session to discuss confidential loan information and delinquencies.**

- i. 1st – Stu Davies

- All in favor say “Ay”. The ayes have it.

G. PUBLIC SESSION ON LOAN APPLICATIONS - NONE

H. BOARDMEMBER COMMENTS

- i. Balance sheet: less allowances for doubtful accounts on ledger. Can we know what the total principal that is 60 days or more past due balance is, and what percentage of that for doubtful accounts is?

I. SET NEXT MEETING (NO MOTION NEEDED)

- i. **March 19th, 2024**

J. ADJOURNMENT

Motion to adjourn @ 11am:

1st: Tom Bergy

2nd: Stu Davies

All in favor say “Ay”. The ayes have it.

AGRICULTURAL REVOLVING LOAN FUND
Comparative Balance Sheet
FY2023 vs FY2024 Year to Date

	Fiscal Year	Fiscal YTD 2024		Fiscal Year	Fiscal YTD 2024
<u>ASSETS</u>	2023	February 2024	<u>LIABILITIES</u>	2023	February 2024
Current Assets			Short Term Liabilities		
Cash	\$ 12,394,834	\$ 12,361,957	Warrants Outstanding		
Receivables			Accounts Payable/Payroll Sus	1,653	(6,038)
ARLF Loans	8,836,656	8,985,442	Accrued Payables	20,000	-
Land Sale - Notes Receivable	394,582	386,096	Accrued Vacation Leave	121	121
Judgments	-	-	Trust Account	95	95
Accrued Interest Receivable -1-	72,821	72,821	Total Short Term Liabilities	21,869	(5,822)
Accrued Penalties -1-	-	-	Due to Other Funds		
Leases/Accounts Receivable -1-	-	-	Due to General Fund	17,340	-
Protection of Collateral	-	-	Due to School Fund	-	-
Less Allowances:			Total Due to Other Funds	17,340	-
For Doubtful Accounts	(276,017)	(266,025)	Long Term Liabilities		
Net Receivables	9,028,042	9,178,334	Accrued Pension Adjustment	-	-
Outstanding Loan Warrants			Total Long Term Liabilities	0	0
Total Current Assets	21,422,877	21,540,291	TOTAL LIABILITIES	39,209	(5,822)
Due from Other Funds			FUND EQUITY		
Due from GF	-	-	Fund Equity, Beginning	21,383,668	21,383,668
Due from Mental Health	-	-	Current Year Earnings (Loss)		162,446
Total Due from Other Funds	-	-	TOTAL FUND EQUITY	21,383,668	21,546,114
Other Assets			TOTAL LIABILITIES & FUND EQUITY	\$21,422,877	\$21,540,291
Reposessed Property	10,000	10,000			
Less Accum. Deprec	(10,000)	(10,000)			
Other Assets	-	-			
Net Other Assets	0	0			
TOTAL ASSETS	\$21,422,877	\$21,540,291			

Footnotes:

- Adjustments to Accrued Interest, Accrued Penalties, and Leases Receivable are posted only on June 30.

AGRICULTURAL REVOLVING LOAN FUND
Statement of Revenues, Expenses, and Changes in Fund Equity

	Fiscal Year 2023	Fiscal YTD 2024 February 2024
Operating Revenues		
Interest Income	\$ 362,013	\$ 264,566
Services (legal, clerical, loan fees, sale products)	735	350
Late Payment Penalties	2,307	3,990
Rents, including leasehold credits	3,926	3,926
Housing Right Fee	-	-
Uncollectible Amounts Recovered	-	-
Recovery of Expenses	-	-
Fines & Forfeitures	-	-
Transfers in from Other Funds	-	-
Sale of Assets	-	-
Total Operating Revenues	368,982	272,832
Operating Expenses:		
Personal Services	(70,382)	100,509
Travel	1,475	996
Contractual Services	66,298	7,479
Commodities	1,969	1,402
Total Operating Expenses	(639)	110,386
Net Operating Income (Loss)	369,621	162,446
Non-Operating Income (Expenses):		
Misc Income (Expense)	-	-
Bad Debt Expense	(15,919)	-
Depreciation Expense	-	-
Total Non-Operating Income / (Expenses)	(15,919)	-
Earnings (Loss)	\$ 353,702	\$ 162,446
Fund Equity	\$ 21,029,966	\$ 21,383,668
Equity Adjustment		
Net Income (Loss)	353,702	162,446
Fund Equity	\$ 21,383,668	\$ 21,546,114

Footnotes:

1) Negative payroll related to ACFR adjustment reversing prior year accrual reversal

BAC and ARLF

Annual Calendar of Events

January

- 1st BAC meeting*
- Presentation of ARLF applications, as needed.
- Interest Rate Review
- APOC Filing reminder for board members.
- ARLF loan officer to update the Statutes and Regulations packet for the BAC members.
- Governor's budget discussion, as it relates to ARLF.

February

- 2nd BAC meeting*
- Presentation of ARLF applications, as needed.
- ARLF loan officer attends Mariculture Conference in Anchorage

March

- 3rd BAC meeting*
- Presentation of ARLF applications, as needed.
- Industry invited speaker.
- ARLF loan officer attends Farm Forum in Delta Junction.

April

- 4th BAC meeting*
- Presentation of ARLF applications, as needed.
- ARLF loan officer to send financial request letter to current ARLF borrowers.
- Land sales review (acres available for sale vs actual acres sold in the last year).
 - Erik "Moe" Johnson to present.
- ARLF loan officer to rotate farm visits in the panhandle (Ketchikan, Craig, Juneau)

May

- 5th BAC meeting*
- Presentation of ARLF applications, as needed.
- ARLF loan officer attends "Drive your tractor to work" day in Palmer.
- ARLF loan officer attends Nenana Totchaket Ag Day.

June

- BAC meeting as needed. **
- Presentation of ARLF applications, as needed.
- ARLF officer to attend Anchor Point "Open Field" day.
- ARLF loan officer to rotate farm visits in the Kenai Peninsula (Soldotna, Kenai, Anchor Point).

July

- BAC meeting as needed. **
- Presentation of ARLF applications, as needed.
- ARLF loan officer to rotate farm visits in the interior (Fairbanks, North Pole).

August

- 6th BAC meeting* *in person if possible*.
- Presentation of ARLF applications, as needed.
- Board chair and vice chair discussion and election.
- Board goals and mission review.
- Farm Family of the Year invitation to speak to the board (successes and challenges).
- ARLF loan officer to attend Delta Summer Outreach.

September

- BAC meeting as needed. **
- Presentation of ARLF applications, as needed.
- ARLF loan officer to rotate farm visits in the valley (Wasilla, Palmer, Big Lake, Copper Center, Anchorage).

October

- 7th BAC meeting*
- Presentation of ARLF applications, as needed.
- ARLF portfolio review
 - Status-presented by financial services and ARLF loan officer.
 - Projections-presented by financial services.

November

- 8th BAC meeting*
- Presentation of ARLF applications, as needed.
- ARLF loan officer attends Food and Farm Festival (Farm Bureau Convention) in Anchorage

December

- 9th BAC meeting*
- Presentation of ARLF applications, as needed.
- ARLF loan officer reports on recent conferences.
- Good borrower interest credit
 - Review qualifications of the GBC.
 - Review GBC credit percentage to be applied.
 - Review of the financial effects of the GBC.
 - Review potential borrowers who qualify for the BGC.
 - Vote whether to apply the GBC to the following year for qualified loans.

*BAC meetings to be on the 3rd Tuesday of the month.

** If a quorum is not met on scheduled month, a new date is scheduled for the months available.

<<<Dates can be adjusted due to yearly changes, updates, and quorum requirements.>>>

Agricultural Revolving Loan Fund Regulations

Article 1: Powers and Duties

Section 11 AAC 39.011- Duties of the board

- A. In exercising its duties, the board will encourage and promote the development of agriculture as an industry throughout the state. The duties of the board include
 - a. administration of the fund;
 - b. submission of the proposed fund budget to the commissioner;
 - c. management and disposal of fund assets;
 - d. approval of loans, installment contracts, land purchase agreements, easements, leases, permits, and other contracts related to loans or assets of the fund; and
 - e. referral of requests for legal action related to the fund to the attorney general.
- B. At the direction of the board, the director shall conduct the following activities relating to the fund:
 - a. provide administrative support for the fund and the board;
 - b. process loan applications and other loan requests;
 - c. receive, disburse, and audit money in the fund;
 - d. execute and service all agreements and contracts;
 - e. receive, manage, and dispose of assets;
 - f. provide independent financial and management analyses;
 - g. provide information and services to the public.

11 AAC 39.011

Eff. 12/1/84, Register 92; am 6/1/2001, Register 158; am 10/18/2001, Register 160

Authority: AS 03.09.010, AS 03.09.020, AS 03.09.040, AS 03.10.020, AS 03.10.050

***If you have any questions about these duties, please bring them to a meeting for discussion. ***