

4255 S McKechnie Loop
Palmer, AK 99695-9708
March 5, 2010

Dear Senator Coghill,

I was one of the original Directors of CFAB, appointed in 1979 by Governor Jay Hammond. I served as CFAB's "farmer Director" through the late 1980's, and for most of that period I was Chairman of the Board. I have first-hand knowledge of the problem SB264 is intended to address: Although I resigned from Board service in 1988 due to family considerations, in the early 1990's I agreed to run, and serve, again because there were no other eligible "farmer members" willing to serve.

Neither I nor my company have an ongoing need to borrow from CFAB; however, I remain an active member in order to take advantage of other services offered by the cooperative. I keep myself very much aware of CFAB's circumstances, both through published reports and through personal associations. When I contemplate the record CFAB has established, especially in light of early missteps, and the valuable services it continues to offer to the commercial fishing and agriculture communities and to its other constituencies, I count my involvement as one of the significant contributions of my nearly 60 years in Alaska.

I was very much involved in the process leading to CFAB's creation, and am aware of the philosophy behind the inclusion of a "farmer Director" requirement in the founding legislation. It was a logical, and effective, approach. I am also aware, however, of the ways in which the commercial agriculture community has developed over the ensuing 30 years, and of the difficulties CFAB has encountered in attempting to reach out to the relatively small universe of eligible operators whose needs are not met by subsidized public programs. But my experience and observations over those years have made me equally aware of CFAB's need, and persistent efforts, to extend lending services to any markets that will lead to diversification of its loan portfolio.

My conclusion, despite my attraction to and defense of the original requirement, is that CFAB and its statutory missions are best served by a Board of Directors consisting of mature and business-oriented persons who respect cooperative principles and practices, who attach value to sound credit standards and procedures, who understand basic financing and economic dynamics, and who appreciate the opportunities and limitations inherent to CFAB's circumstances. The "pedigrees" of individual Directors really do not matter. Because CFAB is a statewide financing cooperative whose members are widely dispersed and diversified, and are largely unknown to each other, the annual election of Directors is a challenging and imperfect process at best; maintenance of the "farmer Director" requirement is a further and unnecessary impediment. While SB264 indeed eliminates that requirement, the fact remains that any eligible CFAB member from the agricultural community may run for election to the Board if (s)he so desires. The "A" in "CFAB" will continue to stand for Agriculture, and CFAB will continue efforts to serve Agriculture. I support, and urge, the passage of SB264.



Paul A. Huppert