

LOUISIANA AGRICULTURAL FINANCE AUTHORITY (LAF)
MINUTES

January 21, 2011

9:30 A.M.

Veterans Memorial Auditorium
5825 Florida Boulevard
Baton Rouge, LA 70806

CALL TO ORDER

The meeting was called to order by Louisiana Department of Agriculture and Forestry (LDAF) Commissioner Mike Strain at 9:35 A.M.

ROLL CALL

The roll was called by René Simon.

Present: Commissioner Mike Strain, Ted Gauthier, H. Marcell Parker, Jr., Richard Muller and William Hawkins.

Absent: Linda Zaunbrecher, Robert Allain and Jerry Hunter.

Mr. Simon stated 5 members present and there is a quorum.

Others present: René Simon, LDAF; Pete Rudesill, LDAF; Faith Marionneaux, LDAF; Corinne Brousseau, LDAF; Rachel Laborde, LDAF; Melanie Barnett, LDAF; Paul Blair, LDAF; Kathy Torregano, Berrigan Litchfield; Catherine Miles, Legislative Auditor's Office; Tabitha Gray, LDAF Executive Counsel

PUBLIC COMMENTS

There were none.

APPROVAL OF MINUTES FROM PREVIOUS MEETING

Commissioner Strain asked the Authority members to review the November 17, 2010 minutes. Mr. Hawkins noted he was not present at the meeting on November 17, 2010. His name was inadvertently ascribed to a motion for the Construction of Rail Spur at Lacassine Industrial Park. Commissioner Strain noted that if it was not Mr. Hunter who seconded the motion, the minutes had to be amended to reflect the proper party seconding the motion. A discussion followed among the members in order to determine the proper party.

Motion: Thereafter, a motion was made by Mr. Muller to amend the minutes to delete Mr. Hawkins's name and to replace it with the name of Mr. Hunter. It was seconded by Mr. Hawkins and passed unanimously.

**Motion:** A motion was made by Mr. Parker to accept the minutes as amended. It was seconded by Mr. Gauthier and passed unanimously.

### **REVIEW OF FINANCIAL STATEMENTS**

Commissioner Strain, Ms. Brousseau and Mr. Simon presented the LAFA's Financial Statements and responded to various questions that were asked by members of the Authority.

**Motion:** A motion was made by Mr. Hawkins to accept the financial report as presented. It was seconded by Mr. Gauthier and passed unanimously.

### **COMMISSIONER'S REPORT**

Commissioner Strain stated that the Louisiana Farm and Agribusiness Loan/Grant Recovery Program has an additional \$5 million available for the program through the United States Department of Housing and Urban Development's (HUD) Community Development Block Grants. These additional dollars will be a grant to the farmers who received a loan/grant last year. The average grant was seven thousand dollars. Eighteen percent of the amount of the loan was a grant. Mrs. Melanie Barnett gave a brief update on the program to the Authority members. Commissioner Strain and Mrs. Barnett also updated the members on the Louisiana Department of Wildlife and Fisheries' (LDWF) Grant Program. 101 seafood wholesale dealers received an average grant amount of \$79,000. LAFA is also administering the Poultry Grant Assistance Program for poultry farmers affected by the Pilgrims Pride bankruptcy. Within the last 15 months, LAFA will have administered and paid out to rural Louisiana \$95 million using federal money from either HUD or USDA.

Commissioner Strain noted that he had spoken with Daniel Lichtl, of the law firm Fowler, Rodriguez, Valdes, & Faull who represent Lake Charles Cane/Louisiana Green Fuels about the partial interest payment of one hundred thousand dollars that was due on December 31, 2010. As of today, it has not been paid. Mr. Lichtl stated that his client could not make this payment. A discussion then followed with Authority members on the matter. Commissioner Strain pointed out that Lake Charles Cane owes Jeff Davis Bank \$2,860,532, all of which was guaranteed by LAFA; and it owes Hancock Bank \$4.2 million which the State Market Commission guaranteed is secured by the pledge of the syrup mill as collateral. He also noted that the first principle and interest payment in the amount of \$2,948,000 on the \$60 million note is due in December 2011. The members asked about the options available should the venture group default under any or all of these obligations. Commissioner Strain advised that the options would be developed and presented to the Members.

## **OLD BUSINESS**

### **DISCUSSION AND STRATEGY OF PENDING LAWSUITS INVOLVING LAFA**

**Motion:** A motion was made by Mr. Gauthier to have a roll call vote to move into executive session. It was seconded by Mr. Muller and passed unanimously, with each member present individually signifying his affirmative vote.

#### **Discussion and strategy on pending lawsuits involving LAFA**

Ariel Sugar Inc v. LAFA, Louisiana 19<sup>th</sup> JDC, East Baton Rouge Parish, Docket No. 552414

Texans Credit Union v. LDAF, Louisiana 19<sup>th</sup> JDC, East Baton Rouge Parish, Docket No. 583476

Smart International Corp v. LAFA, United States District Court, Lake Charles, LA  
Docket  
No. 2:09-cv-492

**Motion:** A motion was made by Mr. Parker to come out of executive session. It was seconded by Mr. Gauthier and passed unanimously. Commissioner Strain announced that no binding decisions or votes had been made during the executive session.

**Motion:** A motion was made by Mr. Hawkins to settle the lawsuit, Ariel Sugar Inc v. LAFA, Docket No. 552414, in the amount of \$385,000. This was the amount that was agreed upon through mediation between the parties. It was seconded by Mr. Parker and passed unanimously.

#### **LAFA Bylaws**

Mr. Simon stated that the Authority had approved the bylaws with some amendments at the last meeting. Mr. Simon gave the members a copy of the bylaws with the areas that were changed highlighted. Commissioner Strain stated these bylaws were approved at the previous meeting.

#### **Construction of Indian Creek Sewerage**

Mr. Rudesill discussed the information and research he performed on sewerage upgrade. He also stated that a request for qualifications to hire an engineer for the project is ongoing. A discussion then followed between the staff and the Authority members.

### **Construction of Lacassine Industrial Park (LIP) Rail Spur**

Mr. Simon stated that a request for qualifications to hire an engineer has begun. This is for the rail spur that will be used by the South Louisiana Rail Facility, and also to develop a master plan for LIP. A discussion then followed between the staff and the Authority members.

### **Lease of Front Office at LIP**

Mr. Simon stated that a Jeff Davis Parish tractor dealership would like to lease the front office at LIP for a new dealership location. An appraisal is being done to assess the fair market value, and before any lease is signed it will be brought to the Authority for approval. A discussion then followed between the staff and the Authority members.

### **NEW BUSINESS**

#### **Consideration of Security Upgrade at LDAF Headquarters**

Mr. Simon stated that the security of the LDAF headquarters building in Baton Rouge needs upgrading. LDAF staff is working with Dr. Brent Robbins, Deputy Commissioner, Carl Bennett, Director of the Brand Commission, who oversees building security and Hugh Lee, security supervisor to formulate a plan. This will require adding metal detectors, controlled access to all exterior doors, and more surveillance cameras. A discussion then followed between the staff and the Authority members.

**Motion:** A motion was made by Mr. Hawkins to proceed with the security upgrade up to \$100,000. It was seconded by Mr. Muller and passed unanimously.

### **ADJOURNMENT**

A motion was made by Mr. Muller to adjourn the meeting. Commissioner Strain adjourned the meeting at 11:30 A.M.