

LOUISIANA AGRICULTURAL FINANCE AUTHORITY (LAF)A

MINUTES

April 7, 2011

10:00 AM

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 10:06 A.M.

ROLL CALL

The roll was called by René Simon.

Present: Commissioner Strain, Jerry Hunter, Richard Muller, William Hawkins and H. Marcell Parker, Jr.

Absent: Robert Allain, Ted Gauthier and Linda Zaunbrecher.

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

Others present: René Simon, LDAF; Pete Rudesill, LDAF; Faith Marionneaux, LDAF; Rachel Laborde, LDAF; Marvin Montgomery, General Counsel; Tabitha Gray, LDAF Executive Counsel; Melanie Barnett, LDAF; Corinne Brousseau, LDAF; Thomas Soileau, Progressive Tractor (PT); O'Neal Higginbotham, PT; Eddie Villemarette, PT; Mark Lipari, Merit Energy Savings; Catherine Miles, Legislative Auditor's Office; Neal Johnson, URS; Cody Lewis, URS; Tracy Moranti, Adams & Reese; Beth Zeigler, Hancock Bank; Daniel Lichtl, Fowler Rodriguez Valdes-Fauli.

PUBLIC COMMENTS

There was none.

APPROVAL OF MINUTES FROM PREVIOUS MEETING

Mr. Simon stated that the minutes of the November 17, 2010 meeting which were approved at the January 21, 2011 meeting, after amendment, contain a statement that Mr. Hawkins had seconded the motion authorizing the engineering of the rail spur at Lacassine Industrial Park, but after reviewing the tape it was determined that Mr. Parker had seconded the motion.

Motion: A motion was made by Mr. Hawkins to approve amending the November 17, 2010 minutes to reflect that Mr. Parker seconded the motion for the engineering of the

rail spur at Lacassine Industrial Park. It was seconded by Mr. Hunter and passed unanimously.

Motion: A motion was made by Mr. Parker to approve the January 21, 2011 minutes. It was seconded by Mr. Hunter and passed unanimously.

REVIEW OF FINANCIAL STATEMENTS

Commissioner Strain, Ms. Brousseau and Mr. Simon reviewed LAFA's Financial Statements and answered the members' questions.

Motion: A motion was made by Mr. Parker to accept the Financial Statements. It was seconded by Mr. Muller and passed unanimously.

COMMISSIONER'S REPORT

Commissioner Strain, Mrs. Barnett and Mr. Simon discussed the Federal programs that LAFA is administering. Mrs. Barnett said the first payments on the loans were due January 2011 from the farmers and agribusiness that participated in the Farm and Agribusiness Loan and Grant Recovery Program, and out of a 1000 participants only thirty four have not made their payments. The rules allow for deferments up to five years to repay their obligations, which would extend their loan repayment up to ten years. Mrs. Barnett also noted that of the thirty four persons who had not made their installment payments, nine farmers are in bankruptcy. Mrs. Barnett then updated the Authority on the Fisheries' Grant Program. One hundred and one wholesale/dealers received grants, and currently commercial fishermen are in the closing process and will be receiving their grants shortly. Discussion then followed on the Programs with the Authority members.

Mr. Simon gave an update and reviewed plans for the security upgrade at LDAF Headquarters.

OLD BUSINESS

Construction of the Indian Creek Sewerage

Mr. Rudesill stated that he is meeting with three engineering firms that submitted responses to LAFA's Request for Qualifications (RFQ) for the design and engineering of the proposed sewerage installation and would report the result of his discussions to the Commissioner. A discussion then followed among the Authority members and LAFA staff on the procedure to be followed for selecting an engineering firm and the logistics of getting the project underway.

Motion: A motion was made by Mr. Muller to authorize the Commissioner to select an engineering firm based on the interviews and qualifications. It was seconded by Mr. Hawkins and passed unanimously.

Construction of Lacassine Industrial Park (LIP) Rail Spur

Mr. Simon stated that he is meeting with four engineering firms that submitted RFQ's for the design and engineering of a rail spur and development of a master plan for the park. Discussion then followed with Authority members.

Lease of LIP Front Office to Progressive Tractor Company

Mr. Simon is negotiating a lease with Progressive Tractor Company, a Case Tractor dealership for the lease of the front office in LIP. The rent will be based on a fair market appraisal done by Love and Love Real Estate Appraisers. Mr. Soileau, Mr. Higginbotham and Mr. Villemarette from Progressive Tractor gave a brief description of what their plans are for the office and the upgrades they will be doing to the building. Discussion then followed with the Authority members.

Motion: A motion was made by Mr. Hawkins to lease the LIP front office to Progressive Tractor Company for a term, and with the payment of rent within the range suggested in the Love and Love appraisal, conditioned upon a favorable review of the lease provisions by LDAF's Lawyers. It was seconded by Mr. Hunter and passed unanimously.

Louisiana Green Fuels/Lake Charles Cane's Request for an extension of Loan payment to Jeff Davis Bank, Deferment of Partial Interest owed to LAFA, Settlement offer of Smar International Corp v. LAFA, United States District Court, Lake Charles, LA Docket No. 2:09-cv-492

Mr. Daniel Lichtl an attorney with Fowler Rodriguez Valdes-Fauli, who represents Louisiana Green Fuels/Lake Charles Cane (LCC), gave a project update and a review of their loans with Jeff Davis Bank and Hancock Bank. He has negotiated with Jeff Davis Bank a deal to allow LCC to make a partial principal payment to Jeff Davis Bank and extend the remaining payment currently owed until November, 2011. This loan is guaranteed by LAFA. Mr. Simon then gave the Authority a brief chronology of the concession given by LAFA to LCC. Mr. Simon discussed the Smar lawsuit. LAFA was being sued for non payment of work that was done during the construction of the Lacassine Syrup Mill. The judge in the case allowed LCC to step into SMAR's position to recover any damages. This suit could have had a value of \$80,000 plus attorney's fees. A discussion then followed with Authority members on all topics.

Motion: A motion was made by Mr. Hawkins to settle the SMAR suit by LAFA giving a credit of \$40,000 to Lake Charles Cane for their annual park maintenance fee and for the back rent owed on the front office; grant an extension until July 1, 2011 on the \$100,000 partial interest payment owed to LAFA, and Lake Charles Cane must make their negotiated loan payment to Jeff Davis Bank on or before April 15, 2011. It was seconded by Mr. Parker. The motion passed with Commissioner Strain, Mr. Hawkins, Mr. Parker, and Mr. Hunter voting yes, and Mr. Muller voting no.

Motion: A motion by Mr. Hawkins to authorize Commissioner Strain to sign any and all documents relating to settlement of the SMAR lawsuit. It was seconded by Mr. Muller and passed unanimously.

NEW BUSINESS

Mineral Lease of Allen Parish Property

Mr. Montgomery, Mr. Simon and Mr. Lipari with Merit Energy Services advised the Members about present interest in leasing property for mineral exploration in Allen Parish, including eighty acres owned by LAFA. Mr. Montgomery advised the Members on the procedure and options available to LAFA for leasing the property to a company such as Merit Energy Services. The Commissioner thanked Mr. Lipari for bringing this matter to the attention of the Members. A discussion followed among the Members of the Authority and LAFA staff,

Motion: The following resolutions were offered by Mr. Hawkins who moved their adoption: Resolved that LAFA give public notice in accordance with law of its intent to lease for mineral exploration eighty acres of land owned by LAFA in Allen Parish on terms and conditions set forth in the written and published notice. Further resolved, that the Commissioner gather such information as available from the State Mineral Board to determine the minimum terms for leasing the property, and include such terms in the notice. Further resolved, that after receipt and analysis of the bids received Commissioner Strain be and he is hereby authorized and directed to award a mineral lease to the party submitting the highest and best bid or reject all bids if the terms of the bid(s) and the form of lease agreement are not acceptable to the Commissioner. Further resolved, that the Commissioner be and he is hereby further authorized to sign and execute on behalf of LAFA a mineral lease and any other documents required to evidence the agreement of the parties. The resolutions were seconded by Mr. Muller and passed unanimously.

Lease of South Side of the Opelousas Office Building to the City of Opelousas

Commissioner Strain stated that LAFA owns a building in Opelousas that houses the City Opelousas's auditorium and the LDAF Regional Office. One third of the building is vacant. The City of Opelousas has offered to lease the vacant space, amounting to eleven thousand square feet, and pay five dollars a square foot for the first year, seven dollars a square foot for the second year and then negotiate thereafter. Discussion then followed.

Motion: A motion was made by Mr. Muller to lease the unoccupied space in the former Opelousas city auditorium to the City of Opelousas for the rent amount stated above, on terms and conditions to be negotiated by the Commissioner. It was seconded by Mr. Hunter and passed unanimously.

Authorization to pursue amendment and restructure of the terms of the 2007 \$6,000,000 Construction Bonds.

Mr. Simon and Ms. Tracy Morganti, bond attorney with Adams & Reese advised that present market conditions presented an opportunity for the Authority to restructure the terms of, or refinance its 2007 Construction Bonds. The purpose for pursuing this action would be to obtain a fixed, lower interest rate. Discussion then followed with Authority members.

Motion: A motion was made by Mr. Muller to approve a resolution authorizing the Authority to restructure or refinance its 2007 Construction Bond to obtain a fixed, lower interest rate. It was seconded by Mr. Hawkins and passed unanimously.

ADJOURNMENT

A motion was made by Commissioner Strain adjourned the meeting at 12:00 P.M.

ORIGINAL