



Report Highlights

Louisiana Agricultural Finance Authority

Lacassine Syrup Mill

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Why We Conducted This Audit

We conducted this audit to provide historical information related to the development, financing, operations, initial sale, default, and ultimate sale of the Lacassine Syrup Mill (mill), which was built by the Louisiana Agricultural Finance Authority (authority).

What We Found

- We estimate the minimum loss of taxpayers' funds associated with the mill were \$71 million.
- The mill operated for approximately one month during the 2007 and 2008 harvest seasons and did not generate any net operating revenue. The mill was idle from 2008 until sold for disassembly in 2013.

The Lacassine Syrup Mill Significant Events

March 2, 2004

The authority issued \$45 million in revenue bonds for mill construction, which began in 2004 and was completed in 2006.

June 29, 2006

The authority leased the mill to Lake Charles Cane-Lacassine Mill, LLC (LLC), for \$60 million plus annual interest of 3%, with no cash down payment. In addition, on the same day, the LLC borrowed \$7 million from Hancock Bank for operating cash. The loan was guaranteed by the State Market Commission, then a part of LDAF, and secured with a mortgage on the mill, signed by former Commissioner Odom.

November 2, 2006

The LLC purchased the mill under a promissory note and under the same terms as the June 2006 lease. On November 3, 2006, the LLC borrowed \$4 million from Jeff Davis Bank for operating cash. The loan was guaranteed by the authority.

March 23, 2012

The authority declared the LLC in default on its promissory note and on the guaranteed loans.

October 31, 2013

The authority sold the mill assets for disassembly, netting \$5,250,000 on the sale.

Estimated Minimum Costs

Bond principal and interest paid:
\$61,642,005

Additional mill costs:
\$7,416,709

Costs associated with guaranteed loans:
\$7,679,129

Net proceeds from final sale of the mill:
-\$5,250,000

LLC interest payments:
-\$400,000

Total estimated minimum costs:
\$71,087,843