



Arkansas

Grain Marketing (AGMARK)

November 18, 2013

THE
FUNDING**FARM**.COM



Basic Goal

- Bring value to the members
 - Get a higher price for your corn.
 - Build value in the “marketing” rights
- How?
 - Form a farmer owned and run marketing group to sell corn through your own merchandizer



Organizational Goals and Objectives

- Start simple, market corn
- Lean
- Limited Employees
- Small or no office
- No storage or handling facilities
- Marketing only
- Managed by the Board

Operations

- If we get 5 million bushels committed that's \$100,000 at 2 cents
- Membership fees and per bushel corn delivery requirement fees represent the company's operating budget
 - What isn't used in year 1 is then used to pay year 2 operating costs and/or returned to the member
- Several of the merchandisers would want direct relationships with the growers...meaning we would not need a "pile keeper".
- This would mean a very lean organization:
 - a part time accountant
 - a pile monitor who would keep track of what farmers had used up their bushel allotment, how the deals were going, interfacing to the merchandiser, etc.



Non Members

- Non members could take advantage of deals or pledge corn after members have had their shot. They would pay \$0.04 or per bushel
- New members would pay \$5,000 to join and there would an opportunity to join at any time.

Budget

Number of Members	100	
Membership Fees	\$2,500	Per Member
Total Membership Fees	\$250,000	
Corn Delivery	50,000	Bushels Per Member
Total Corn Delivery	5,000,000	Bushels
Corn Delivery Fee Fee	\$0.02	Per Bushel
Total Corn Delivery Fee	\$100,000	
Total Operating Budget	\$350,000	
Management and Accounting Fee	\$6,000	Per Month
Total Costs	\$72,000	Per Year
Total Net After Year 1	\$278,000	
Returned to Members	\$178,000	
Year 2 Baseline	\$100,000	



Organizational Structure

- Limited Liability Corporation?
- Cooperative?

- Appoint a Board of Directors/Managers
- Select your Pile Monitor
- Select your Merchandizer
- Key Question: How do we keep this organization working for the members, not the board
 - Rotating, Staggered Board?



Foundations of an Operating Agreement

- Board
 - Transparent
 - Staggered
 - Rotating, elected every 2-3 years
 - Not eligible to be the Pile Keeper
 - Meets quarterly
- 51% of the Members can call a meeting of the company
- Annual Meeting

Budget

- If we adopt the “lean” approach then AGMARK will need a part time accountant and a part time pile monitor; no full time staff would be necessary
 - Leaves logistics between the merchandiser and the grower
- A “consultant” would
 - Provide all accounting services.
 - Provide interface and monitoring of the merchandiser
 - Provide summary reports via email.
- As a baseline, The Funding Farm would provide this type of service for \$5,000-\$6,000 per month.
- AGMARK could certainly find someone in the local area to provide this service.

Steps

- Establishment of the entity with all needed “corporate” documents.
- Establishment of an initial board of managers
- AGMARK Operating Agreement
- Request for proposal for AGMARK’s merchandizer
- Merchandizing Agreement
- Merchandizer Selection
- Corn delivery requirements and agreement
- Member drive paperwork
- Support Member Drive
- Documents Necessary to Support the Member Drive