

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the
April 24, 2002 Meeting

Arkansas State Plant Board
Little Rock, AR

Members present were Joe Burns, Mark Bryles, Perry Stratton, Don Alexander, Jack Carey, Trent Felton and Charles Tilmon. Ritter Arnold and Hal Hyneman were not present.

Others present were Cal McCastlain, attorney for ABWEP; Doug Ladner, Mike Catanach, Danny Kiser, Patty Carr, and JoAnn Arnn, ABWEP; Cecil Williams, Ag Council of AR; Ronnie Antici and Ken Johnson, Griffin L.L.C.; Gene Martin and Stanley Hill, AR Farm Bureau; Ken Pierce, USDA-APHIS; Klint Pierce, guest; Jim Plato, Plato Industries Ltd.; Richard Myers, UAP Mid-South; Mike Bryant, land owner; Gus Lorenz, U of A CES; Ron Harrod, AAAA; Phil Tugwell and Fred Stephen, U of A; David Blackburn and Darryl Little, ASPB; and Dennis Pfeiffer, Cheminova;

Chairman Burns called the meeting to order at 10:10 a.m. After introductions Jack Carey was asked to lead in a word of prayer.

Approval of March 27, 2002, meeting minutes

Chairman Burns asked if there were any additions or deletions to the March 27, 2002 minutes. Mark Bryles questioned the use of the word "quarantine" in the third line of paragraph two. Don Alexander said it should be "eradication". Bryles made a motion that the change be accepted. Perry Stratton seconded. Motion passed.

Stratton made a motion that the minutes be accepted as amended. Trent Felton seconded and the motion passed.

Collections Update

Cal McCastlain reported that the 100% collection rate has been preserved on all assessments. E & V Farms and Tyler Farms have paid their 2001 assessments, plus 8% interest in full. That was all collected prior to the first half of this month. This Board, at its last meeting in March, recommended that the State Plant Board assess penalties of \$9.00 an acre on each of those operations. The Plant Board met and did in fact assess penalties on both of those farms with the provision that 20% of each penalty assessed against those farms be due immediately. They suspended the balance of the assessed penalty pending those two operations and their partners being current and in compliance with the 2002 assessments and reporting requirements.

Burns commended Don Alexander and the State Plant Board for the tremendous job on the collections. He said 100% is phenomenal and makes it easier on everyone involved when everyone carries his own share of the load.

Review of Hardship Requests

Copies (Attachment 1) of requests for hardships were provided. McCastlain said it appears to be submitted primarily by Mr. Buron Griffin, Jr., but noted that there are separate entities involved – Buron Griffin Jr., Buron Griffin Farms, Inc., Mary Jane Farms, Inc., and Tracy Griffin, individually. The gist of the request is that, according to data that is attached, it costs too much to grow cotton and that the boll weevil assessment of \$35.00 an acre in Phillips County would cause them to go into the hole. McCastlain said it is noteworthy that there is no specific information on their particular farm involved in any of the requests. The budget form that is used has a separate column for them to put in numbers specific to their farm. That was not used, so there is no information on their particular farm or financial situation included in any of the packets.

The entities were notified of today's hearing, and that they had a right to appear. None were present at the meeting.

Chairman Burns stated that the Grower Board has the responsibility to make a determination on these hardships cases. Jack Carey said we all know cotton is expensive to farm, but everyone else is paying the program, and if they can farm on that large a scale, he feels they can pay too. He feels that the request should be denied. Perry Stratton agreed. Trent Felton said that in a letter that was sent out earlier to producers it was stated that they need to consider to cost of growing cotton before they plant it.

Stratton said that the hardship policy is for such things as death in the family, hail storms during the growing season, or things of that nature that are beyond the farmer's control.

It was clarified that Carey's comment, that he feels the request should be denied, was in the form a motion. Felton seconded the motion. The motion to deny the request was passed.

McCastlain clarified that the motion applied to all of the requests. The Board concurred.

Neighboring States Quarantine

There was a meeting in Memphis on April 16, 2002. Missouri, Tennessee, Mississippi, and Louisiana had representatives present. The Southeast Foundation's Executive Vice-President, Jim Brumley was there. Lee Todd representing the Cotton Ginners' Association was there.

Don Alexander stated that the topic of discussion was not as much quarantine, as it was getting Mississippi County to pass a referendum.

As far as a quarantine, Alexander said the critical issue is the movement of seed. The movement of seed into Tennessee and Pine Bluff is something that must be addressed very quickly.

Cal McCastlain was also at the meeting. He said from a technical standpoint he felt there were questions as to whether or not we can structure a smaller referendum along the river that addresses our needs, and would buy us some good will on the other side of the river. Short of that is, to what extent can we do a voluntary program along that band?

McCastlain said a big question for us is from a technical standpoint looking first to our own program. Is there a way we can start looking at the Mississippi River and then start working our way closer to the opposition groups, and at the same time achieve some good technical results?

Mark Bryles asked Alexander if there is any way to avoid a quarantine this year? In response Alexander said he received information from Arizona and New Mexico on a study that was done with adult boll weevils where they were placed in bales of cotton and run through a gin. The boll weevils were found alive on the seed. He said, if that's the case, we must move to protect the Pine Bluff area, the same as Tennessee is going to do on their side of the river for seed moving into that area. Alexander said in his opinion that's more important than talking about equipment in the central part of Mississippi County. We need to look at the equipment in Crittenden County. We need to make sure that we can get compliance agreements signed with gins, the trucks that will be moving the seed and the trucks that will be moving the raw cotton, so we will know where they are. Not to prohibit a movement, but to have compliance agreements to know what is happening.

He said he sees a quarantine this year to some degree. He said Tennessee is in their fourth year, and for the last three years they have made a total of 36 applications and still have the same levels of weevils at cut-out as they had the first year of the program.

Alexander said the Board gave him approval to meet with those states to see if we could talk about a uniform quarantine. To have a successful period after eradication, we will have to have a quarantine in place.

Jack Carey asked if it would be beneficial if the technical committee would meet and give some recommendations. Alexander said he wants to be part of that development program.

Mark Bryles said there are gins in Mississippi County that will not be in a position to handle the seed. Fumigation will slow things down, and it will really work a hardship. They don't have the time to build seed houses to get ready for it. Alexander said he has been told that some ginners are considering \$15.00 per bale charge to the farmers and they are not sure that \$15.00 will be enough.

The National Cotton Council Boll Weevil Committee and APHIS met in Little Rock on April 3, 2002. All the states in the cotton business were represented. The \$2.9 million that had been allotted to Mississippi County was divided. \$452,000.00 was allocated to Poinsett County for the new area. APHIS allotted an additional \$230,000.00 for the active zones in Arkansas. The total allocation for Arkansas was \$682,000.00.

Mark Bryles reiterated that he believes a referendum of \$10.00 per acre for 5 years with a maintenance fee of \$3.00 would pass.

In regard to holding another referendum, Trent Felton stated that he believes the Technical Committee should come up with weevil counts. He said he was hesitant last time when the cost was lowered for part of the area, when the Technical Committee had not made that recommendation. He thinks whatever is done must be tied to the weevil population, as it was done in the rest of the state. The Technical Committee must tell us what we have there, if we need one zone or two zones. The price must be on a sound theory as to what the weevil population is. He said he believes the Board has bent over backwards to come up with a cost that is fair, that would pay for the program and still get it as cheap as we could do it up there.

Gus Lorenz said that a lot of the cost doesn't necessarily have to do with the population of the boll weevils. There are other areas in trapping and administration that will impact the cost.

After further discussion, Cal McCastlain stated that the Board must be mindful of legal situations. By statute the boll weevil has been declared a nuisance. If we end up with a situation where there is a geographic area where that nuisance continues, we need to ask the questions, "What are the legal ways of completing that, or addressing it?" If we can't get a referendum passed and a quarantine is either not fully implemented, or not implemented at all, the Board has to ask "What does our program have as a legal remedy to that situation?" "Do we start some sort of action that enforces a quarantine and causes those legal things to take place?" McCastlain said he thinks it is better that we avoid being left in the situation where we only have a legal course of action.

Perry Stratton made a motion that the Grower Board request that the State Plant Board proceed with all due haste with a quarantine. Trent Felton, in agreement with Stratton, seconded the motion.

After discussion, Stratton rescinded the motion and Felton rescinded the second.

Jack Carey stated that the Plant Board and Grower Board must work together. We have to support each other. We need to say that we support whatever the Plant Board feels is absolutely necessary to further boll weevil eradication in the state of Arkansas.

Cecil Williams stated that he thinks the farmers in Mississippi County should be alerted that there is the potential that a quarantine will go into effect this year.

Cal McCastlain expressed the need for a formal resolution authorizing and directing the FSA loan of \$2 million for this year. The motion will direct the chairman to sign the necessary loan documents. Carey made the motion. Stratton seconded. Motion carried..

Regions Bank has merged with Morgan, Keegan. McCastlain said a resolution was needed authorizing the Foundation to open an account with Morgan, Keegan. Felton made the motion. Carey seconded. Motion carried.

In a claim of sorghum crop allegedly lost due to drift, based on the information we have now, McCastlain recommended a letter be sent to Victor Zachary stating that we have taken his information and demands under consideration and that we deny any responsibility. With the information that is available, McCastlain does not recommend settling

Program Update

Copies of the financial statement (Attachment 2) were provided.

Ladner reported that we have a parts department in Forrest City. We buy in bulk, which saves a lot of money. We have a person, a mechanic, who is in charge of parts. Everyone must sign out every part they get. This is working extremely well.

We have an Expedition that has over 100,000 miles on it. It is in need of repair. We were only offered \$8,000.00 on a trade-in. We will probably get the transmission fixed and use it for a shop vehicle, unless we can get it fixed and get \$12,000 - \$13,000 for it. Danny Kiser has 80,000 miles

on his vehicle. It will be moved to the person who had the Expedition, and Kiser will get another vehicle.

We are receiving approximately $\frac{3}{4}$ million dollars for east Poinsett County and part of the remainder of the Northeast Delta funds that would have been available to us. We tried to pursue getting more funds for Arkansas by using the no-fly zone around Memphis. Depending on trap catches, we may be able to get more funds for this area next year.

Carey asked for a breakdown between the different areas, comparing cost per month this year to last year. He said he would like to have it every other month, if possible.

Aerial applicator contracts are out. Copies (Attachment 3) were provided. 40 of the 47 field units have the same contract at the same price with their aerial applicator from last year. 7 are re-bids. There will be 2 additional units in east Poinsett County. Bids will be let on May 8, 2002.

Copies of employee list (Attachment 4) were provided. These also include trapping contractors and aerial contractors.

Program Update

Copies (Attachment 5) were provided. Danny Kiser reported that we are fully staffed, except for seasonal positions.

Protocol this year is to trap all fields that are planted. They are putting traps out on fields as they are planted, and putting some traps on fields that have permanent structures prior to planting.

17 weevils were caught in 467 miles of trap lines in our eradication zones. 99 were caught in 81 miles of trap lines in Mississippi County.

Ladner said a newsletter would be coming out soon.

New Business

There were no reports from industry representatives.

Chairman Burns resigned as Chairman of the Grower Board, effective at the close of the meeting, April 24, 2002. Perry Stratton, Vice Chairman, will take over the responsibilities of the chair. Chairman Burns will send letters to the Governor and the Farm Bureau. The Farm Bureau will need to recommend an individual to replace Mr. Burns.

The next Board Meeting was set for Thursday, June 6, 2002, at 10:00 a.m. at the Arkansas State Plant Board.

With no further business, the meeting adjourned at 12:30 p.m.

JOE BURNS, Chairman