

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the
September 16, 2002 Meeting

Arkansas State Plant Board
Little Rock, AR

Members present were Mark Bryles, Perry Stratton, Darryl Little, Jack Carey, Trent Felton, Charles Tilmon, Laudies Brantley, Jr. Hal Hyneman and Ritter Arnold.

Others present were Cal McCastlain, attorney for ABWEP; Doug Ladner, Mike Catanach, Danny Kiser, Clay Richards, Patty Carr, and JoAnn Arnn, ABWEP; Cecil Williams and Don Alexander, Ag Council of AR; Ronnie Antici, Griffin L.L.C.; Jim Plato, Plato Industries Ltd.; Don Johnson, UACES; Gene Martin, Farm Bureau; Ron Harrod, AAAA; Ken Pierce, USDA; Greg Bell, Simmons Bank; and Mark Stoll, ASPB.

Chairman Stratton called the meeting to order at 10:05 a.m. After introductions, he called for moment of silent prayer.

Approval of August 22, 2002, meeting minutes

Chairman Stratton asked for a motion to approve the minutes. Jack Carey moved that they be approved as mailed. Hal Hyneman seconded and the motion carried.

Update on Assessments

Darryl Little reported that \$19,457,566.00 has been received.
\$13,926,248.00 has been transferred to the Foundation.
\$5,567,277.00 is in the bank.
\$392,245.00 in credits has been issued back to the producers for stalk destruction.
\$71,000.00 in credits has not been claimed for this year.

Little reported that the Plant Board is receiving letters regarding hardships. They are being denied, and the producers are being told to pay their fees. The Plant Board is in the process of filing a lien on the crop of one entity in southeast Arkansas. This is for \$61,000.00. They are working on liens on two others for this year's crop, amounting to \$21,000.00.

Report on TAC Meeting

Don Johnson reported that the Technical Advisory Committee met in Pine Bluff on Friday, September 13, 2002. They talked about the New Mexico issue that had been discussed at a previous Grower Board meeting. There was an infestation that had developed in an area where cotton seed had been used for cattle feed. It was never documented that the cotton seed was actually the source. Johnson feels that the infestation was due to hitchhiking on the vehicles, rather than the cotton seed. The

committee feels that the chances of cotton seed being the mechanism for transportation of boll weevils into any area is very small. The largest risk would be from the vehicles moving seed and some other cotton products rather than from the seed.

There was discussion of the movement of vehicles between eradicated and non-eradicated areas.

Johnson said the committee also discussed triggers in the current zones. Glen Studebaker is chairing a sub-committee to look at the practice we currently have. He is also looking at developing different triggers for areas next to non-eradicated areas, because weevils are migrating back in ten to twenty miles, causing higher numbers.

There is another sub-committee dealing with spray termination in the fall.

There is work being done on the composition of the Technical Committee. Johnson asked for input from the Grower Board.

Quarantine Comments

Previously the Board had been given a draft copy of a proposal on the quarantine to present to the State Plant Board. Copies of two additional pages were given to the Board. Cal McCastlain said he had failed to fully discuss the violations and penalties section of both the letter and the regulations to the extent he thought they should be discussed. A new page 4 was added to the proposed comment letter. The addition was the last sentence on the page. It read: "We further support penalties severe enough to deter violations of these regulations."

The other addition was to the regulations section itself. McCastlain said there was no change to what was already proposed, but the page should be included in the draft regulation that attaches to the letter.

The purpose of the information in the draft was to facilitate the Board's discussion. McCastlain said that he had talked with Bill Greffenstette, and in those talks he said Greffenstette's summation of the seed issue is that it is a low risk and he did not feel that there is any biological justification for restricting the movement of seed. That view is consistent throughout all of the states. McCastlain pointed out that Arkansas already has in its statutory definition of regulated articles, cottonseed. From a regulation and enforcement standpoint, while it is regulated, the ultimate restrictions deal with whether or not seed is restricted in its movement.

The other area is, how do you identify when something is restricted, or what areas trigger some sort of restriction. There are two general concepts for regulating and requiring certificates. One is a statewide restriction, where if it is a regulated article, and if it's within the state, it requires a certificate. The other concept in dealing with a regulated area, or a quarantine area, is that anything moving out of an inactive zone into an eradication zone is restricted and requires a certificate.

The proposed draft talked about triggering a quarantine, either at the end of the fifth year

of treatment, or earlier if we have achieved a threshold of .025 weevils per trap, per week, for the season.

McCastlain said the Board needed to vote on the seed issue, and also vote conceptually on how they want to define and govern the movement.

Mark Bryles made a motion that cottonseed not be regulated. Charles Tilmon seconded.

After discussion, McCastlain said the Board's statement would be essentially that we don't think the Plant Board draft adequately addresses the various issues of the quarantine operation. It specifically does not adequately address the definition of a quarantine area, the definition of eradication itself, and what would trigger those actions, how to deal with inactive areas, how to respond to outbreaks, the enforcement and stalk destruction.

Carey suggested adding, "until scientific research shows that it should be". Bryles said he had no problem with that.

Carey clarified the motion, made by Bryles and seconded by Tilmon, stating that at this time cotton seed not be regulated until scientific research shows that it should be.

Cecil Williams suggested waiting until December to make decisions, giving time for further study.

After discussion, McCastlain restated the list of items, with an addition, to be included in the statement:

- Protect the southwest zone
- Definition of quarantine itself
- Definition of eradication and its triggers
- How to treat inactive zones
- How to respond to outbreaks
- Enforcement
- Stalk destruction

Bryles said he would withdraw his motion as long as no reference was made to cotton seed in the statement. The second was also withdrawn.

Chairman Stratton asked for a motion on the specific items that McCastlain had mentioned. Trent Felton moved that those items be placed in the statement. Carey seconded and the motion carried.

Search Committee Update

Ritter Arnold said that the Search Committee is continuing its work and he called a meeting of the Search Committee immediately following today's Board Meeting.

Program Update

Doug Ladner stated that we have received another \$700,000.00, which brings the loan to \$2.7 million for this year. We are paying the interest only this year. Ladner said he sent Richard Sharp, who is with FSA, a flow chart on payoff of the \$4.6 million, which includes the \$700,000.00. The budget will continue to pay off the loan debt. Ladner asked if the 2002 principle could be paid over a three-year period without interest. That would provide more working capital the next year. If that is not allowed, it will be paid off the first part of next year.

Ladner reported that there are serious problems in the Ridge and Central zones. There is a tremendous amount of weevil activity on the western side of the St. Francis River and on the northern side of Crittendon and Cross counties, as well as Tennessee and Missouri. Weevils have increased in the no-fly zone, and are also coming out of that area.

These are things that were not included in the budget. Over \$3 million has been spent on respray due to wash off. This has been the wettest season since the program was started in Arkansas. If there is no additional funding, the program will be cut short this year. \$615,000.00 was spent on aerial contracts in one week. That is twice what we normally spend.

Ladner said he wanted the Board members to look at a new 4-wheel drive vehicle, which was basically specially made for the Program. There has been concern about repairs and maintenance, especially on the mules. We got the mules because they are safe, but they are not developed to be used every day the way we use them. Ladner said they plan to test the new vehicle under the most extreme conditions to see how it holds up.

Regrowth will be a major issue. Danny Kiser is working with Extension with testing of 2-4 D to try to find a way that there won't be regrowth.

Ladner asked the Board if they would like to continue to keep Ted Wagon on retainer over the winter months. It was decided to leave things the way they are, and Ladner said if in the future there seems to be a need to reduce Wagon's time, he will come back to the Board.

Through a PowerPoint presentation Danny Kiser gave an overview of how things are progressing in each zone.

Financial Update

Copies of the Financial Report were provided. Hal Hyneman reported that at the next Board Meeting the members will be given financial reports by zone. Hyneman said he would like for the reports to be mailed to the Board members prior to the next meeting, so they will have a chance to study them before the next meeting.

New Business

Chairman Stratton asked if the Board appoints their representative to the National Cotton Council Boll Weevil Action Committee. He was told that the NCCBWAC appoints the representative. The Board can recommend. Chairman Stratton asked for a recommendation. Jack Carey recommended that the Board approve the appointment of Cal McCastlain to be on the Boll Weevil Action Committee. Hyneman seconded. Bryles asked if the Board would be employing him to attend those meetings. McCastlain feels that the Board needs input in how it is represented at those meetings, because it's the Board's representation. He said he would be there as a non-paid representative at the meetings. He will get paid expenses. The motion carried.

Jim Plato reported that Plato Industries is working with Ladner, Danny Kiser, and Mike Catanach to save the Foundation some money by combining orders.

The Board unanimously agreed to a resolution in favor of requesting financial assistance for the no-fly zone.

Hyneman made the suggestion that the Technical Action Committee begin to look at the NE Delta zone and report to the Board on how the zone could be broken up and what the cost associated with rolling the program forward would be. He said he would also like for them to look at the cost of a buffer zone. Johnson said they had begun looking at both of these issues.

Ken Pierce reported that things are worse in NE Texas than they ever were here. Four thousands acres were trapped. 150,000 weevils were caught in 2,000 traps (half of total traps). Only two weevils were caught in Oklahoma.

The next Board Meeting was set for Wednesday, October 23, 2002, at 10:00 a.m. at the Arkansas State Plant Board.

The meeting adjourned to Executive Session at 12:45 pm for the purpose of reviewing the individual applications for the Executive Director position. No action was taken.

The meeting reconvened at 1:50 pm.

The meeting adjourned at 1:55 pm.

PERRY STRATTON, Chairman