

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the
October 23, 2002 Meeting

Arkansas State Plant Board
Little Rock, AR

Members present were Mark Bryles, Perry Stratton, Darryl Little, Jack Carey, Laudies Brantley, Jr., Hal Hyneman, Ritter Arnold, and Trent Felton. Charles Tilmon was not present.

Others present were Cal McCastlain, attorney for ABWEP; Mike Catanach, Danny Kiser, Ted Wagnon, 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.; Mark Stoll, ASPB; Frank Carter, National Cotton Council; Richard Bransford, Lonoke County; Gene Martin, Farm Bureau; Greg Bell, Simmons Bank; Bill Greffenstette and Ken Pierce, USDA-APHIS; Jim Brumley, SEBWEP; Stewart Doan, KSSN & KFIN radio; Carol Griffiee, Jonesboro Sun; and Gus Lorenz and Bill Robertson, UACES.

Chairman Stratton called the meeting to order at 10:00 a.m. Ritter Arnold was asked to lead in a word of prayer. Introductions followed.

Approval of September 26, 2002, meeting minutes

Chairman Stratton asked if there were any additions or corrections to the minutes. Mark Bryles asked that the second sentence of the fourth paragraph on page 6 be changed to read as follows: Bryles stated that at least four cotton industry leaders from the NE Delta recommended that contacts be made with the SEBWEF.

Ritter Arnold moved that the minutes be accepted as amended. Jack Carey seconded and the motion carried.

Financial Committee Report

Hal Hyneman gave the financial report. Copies (Attachment 1) were provided.

The following items were requested:

- Detail on Vehicle Expense by zone for current year
- Detail on Repairs and Maintenance by zone for current year
- Detail on Capital Equipment purchases by zone for current year
- Copy of Headquarters expenses before they are reallocated to each zone
- Advance copies of the financial report for review prior to Board Meetings

Copies of Estimated Cash Flow for 2002 (Attachment 2), 2003 Budget by Zone (Attachment 3), and Projected Cash Flow - Actual and Anticipated Pay Off Additional Loan of 7 Million by 2007 (Attachment 4) were provided.

Report on NE Delta BW Committee Meeting

Darryl Little reported that the committee met on October 11, 2002. Minutes of that meeting (Attachment 5) were provided. The two proposals that Jim Brumley presented at the last Board Meeting were discussed. There were discussions of comparisons of our program, SEBWEF's program, budgets, liabilities to this body, and the SEBWEF's willingness to assume any liabilities for cost overruns. Little reported that the committee recommends that this body enter into an agreement with the SEBWEF to conduct the program in the NE Delta Zone, and to commit the funds as outlined in the proposal, a total of \$3.5 million over two years, to the SEBWEF. We will also agree to conduct a referendum in that area, not to exceed \$56.00.

Hyneman asked if the SEBWEF would consider buying surplus equipment from the ABWEF. Brumley said they would and he asked that they be given a list of surplus equipment. If there is equipment they could use, they would give credit for it.

Bryles asked for a definition of boll weevil free. Cal McCastlain said the concept they have used in the draft contract comes from the definition of eradicated, that came out in a previous quarantine discussion. McCastlain said eradicated is defined as an area apparently free of boll weevil, or for which scientific documentation acceptable to the Arkansas State Plant Board has been provided that indicates no boll weevils were captured for the period of at least one cotton growing season by the boll weevil pheromone traps operated by the SE Foundation. That tracks the same definition that we have come up with in our quarantine discussions, not that we have recommended for regulatory purposes.

After discussion of the maintenance fee, Brumley made a recommendation that a seven-year plan be offered to the NE Delta. He suggested offering seven years at \$8.00 per acre.

Hyneman moved that an agreement be entered into to let the SEBWEF run the NE Delta Zone. Arnold seconded and the motion carried.

Chairman Stratton asked for a motion for the set up of a referendum. Arnold moved that Brumley's recommendation, which was seven years at \$8.00 per acre, a total of \$56.00. Laudies Brantley seconded and the motion carried.

Bryles stated that if a referendum were held before the first of the year the qualified voters would be those who had cotton in 2001. After the first of the year, it would be the 2002 cotton producers. Bryles said they would like to use the same mailing list, which was used for the last referendum. This would be an asset in getting the referendum set up in a short amount of time.

McCastlain provided copies of a ballot (Attachment 6), an instruction letter (Attachment 7), and Special Limited Power of Attorney (Attachment 8). He said this essentially is same referendum

package that was used for the last referendum. He said the dates need to be confirmed and this form of ballot material needs to be approved for distribution in accordance with what has been passed today.

Chairman Stratton asked for a recommendation for the dates. After discussion, a motion was made by Bryles that the voting be December 1 - December 14, and the counting be on December 23. Little seconded and the motion carried.

Chairman Stratton asked for a motion to approve the ballot packet. Brantley so moved and Trent Felton second. The motion carried.

McCastlain said two borrowing resolutions were needed. He said one is to borrow \$700,000.00 to finish out this calendar year's operation. He said they need authority to do that and for Chairman Stratton to sign the documents. Felton so moved, Little seconded, and the motion carried.

McCastlain said the second motion for which approval was needed was the borrowing for 2003's operations. The borrowings will be \$7 million, again from FSA, in the same format in loan arrangements that we have with FSA. Arnold so moved, Carey seconded, and the motion carried.

Report from TAC

Gus Lorenz reported that the TAC met on October 14, 2002. Discussion revolved around trap triggers. They are doing a literature review as it pertains to the terminations of applications in the fall. A literature search is being done to get all information available on late season weevils. They want to determine how soon they can terminate applications from year to year based on environmental conditions.

Bill Robertson gave a review of the research he has done dealing with stalk destruction and re-growth. A video was presented. The objective of this video is to inform growers of chemical means to terminate cotton stalks in order to assist boll weevil eradication efforts and minimize cost.

Program Update

Mike Catanach reported that they are working on performance evaluations for the end of the year to help prepare training for next year.

Our State Environmental Monitor met with the Apiary Industry Association and discussed honeybee protocols. When there are no blooms in the cotton fields, protocol will change to allow spraying as early as 2:00 p.m.

Catanach said they are evaluating how much cash they are anticipating having versus the acres they are spraying on a daily basis to make any needed adjustments. 30% of acreage is being treated now.

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

Following the program update, Ken Pierce said he recently attended a Louisiana TAC meeting and he said that starting next week they are going to fourteen-day intervals. They recommended going to 16 ounces next year on all of their spraying throughout the state of Louisiana.

Bill Greffenstette reported that based on possibly receiving \$53 million for the boll weevil program, the Arkansas program would receive \$1.377 million, which is 14.5% of the total.

Search Committee Update

Arnold said he would have a report in executive session and that the search committee will begin interviews in approximately two weeks.

New Business

The next Board Meeting was set for Tuesday, November 19, 2002, at 10:00 a.m. at the Arkansas State Plant Board.

The meeting adjourned to executive session at 12:45 p.m. and reconvened at 2:05 p.m.

A motion was made by Carey to extend Doug Ladner's contract to January 4, 2003. Hyneman seconded and the motion carried.

McCastlain reported that a lawsuit in which a former federal prisoner alleged drift injuries is scheduled for trial in early December. He said all of the technical and factual information supports us, but apparently they have made a serious gesture for settlement. McCastlain feels money would be saved by paying the settlement. It would be split with the aerial applicator. McCastlain asked that the Board give Chairman Stratton settlement authority to discuss with council and cap him on an amount. He said he was not recommending that we settle. He is asking that if they get into discussions Chairman Stratton have some authority to go into that. He said if the Board is not ready to do that, they could wait until the next Board Meeting.

Hyneman made a motion to adjourn at 2:20 p.m. Carey seconded. The meeting was adjourned.

PERRY STRATTON, Chairman