

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the
November 19, 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, Charles Tilmon and Trent Felton. Ritter Arnold was not present.

Others present were Cal McCastlain, attorney for ABWEP; Doug Ladner, Mike Catanach, Danny Kiser, Ted Wagon, 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; Gene Martin, Farm Bureau; Ken Pierce, USDA-APHIS; Gus Lorenz, Don Johnson and Bill Robertson, UACES; Richard Myers, UAP; Ron Harrod, AAAA; and Wayne Nichols, State Representative.

Chairman Stratton called the meeting to order at 10:00. After introductions, Doug Ladner was asked to lead in a word of prayer.

Approval of October 23, 2002, meeting minutes

Chairman Stratton asked for a motion to approve the minutes. Mark Bryles so moved and Trent Felton seconded. The motion carried.

Report on the ASPB Meeting

Darryl Little reported that the Plant Board's Boll Weevil Committee met on October 29, 2002, to consider this Board's recommendation for holding another referendum in Mississippi County and eastern Craighead County. That committee recommended to the full Board that the referendum be conducted the first two weeks of December as outlined by this Board.

On November 6, 2002, the Plant Board met in special session and approved the recommendations of the committee and Plant Board employees are preparing the mailings to go out next week for the referendum.

Chairman Stratton asked if there were any questions. Charles Tilmon expressed concern over the proposed referendum. He made the following motion.

I, Charles E. Tilmon, Jr., move that the motion passed at the October 23, 2002, meeting of the Boll Weevil Eradication Board with reference to the Northeast Delta Zone be deleted and that the following motion be substituted in its place.

I, Charles E. Tilmon, Jr., move that the Northeast Delta Zone pay \$11.00 per acre for 7 years plus a maintenance fee of up to \$10.00 per year for up to five years, if required, for the SE Foundation management to manage a program to eradicate the boll weevil from that area, and for the Arkansas Boll Weevil Foundation to recover \$3.00 per year out of this \$11.00 charge to reimburse the \$3.5 million subsidy that Arkansas must pay to the SE Foundation and to recover the \$3 million that the Arkansas Boll Weevil Eradication effort has expended in 2002 to suppress the weevils, which have migrated out of the Delta Zone into zones in Arkansas in which an effort is presently being made to eradicate the weevils.

Jack Carey seconded for discussion. Chairman Stratton asked for discussion. There was none. Chairman Stratton asked for a vote. There was one vote in favor of the motion. All other votes were against the motion. The motion failed.

Financial Committee Report

Hal Hyneman gave the financial report. Copies (Attachment 1) were provided. There was discussion of several aspects of finances.

Search Committee Report

Darryl Little gave this report in Executive Session.

Program Update

Doug Ladner reported that they have worked with Plato Industries and have bought traps for two years for \$.68 per trap, which is a savings of \$.20 per trap. That is a total savings of \$160,000.00.

In working with Griffin Chemical this year the cost has been reduced from \$19.92 per gallon to \$19.38 per gallon, which will carry over to next year. If there is anyone below that, Griffin will match that price.

Ladner reported that \$149,000.00 for aerial contracts is outstanding as of November 10, 2002.

Danny Kiser reported that during the last two weeks trapping has been reduced, and by the end of this week all seasonal staff will be off the payroll. A few fields are still being monitored.

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

Ladner reported that \$700,000.00 was received from FSA in November for this year's loan, making the total loan \$2.7 million.

Cal McCastlain provided copies (Attachment 2) of the Agreement with the Southeast Foundation. McCastlain said he had faxed to the Board members a black line version that incorporated some comments and changes on some of the language. He said he had considered all of those comments or additional terms as clarifying, and as good and helpful, to the agreement and he said he would highly recommend that it be approved. He said there were three points that needed discussion, as well as any other points that the Board felt needed to be discussed.

The handout represented the comments that McCastlain had received from the SE Foundation as of November 18, 2002. This morning he received two comments from their attorney, which represents Jim Brumley's as well. On page 2 in paragraph 2, Operational Standards, on line 3, they want "fifth" changed to "seventh". They are asking that it be described as a seven-year protocol. On page 4 in paragraph 10, the year would be changed from "2007" to "2009" and the sentence would stop at that date.

On page 2, paragraph 4, line 8, the wording was changed from "required by" to "collected under".

The first sentence in paragraph 1 was changed to read: "SEBWEF will conduct the operation at their expense, except as provided in paragraphs 3 and 4 for our payments".

On page 1, paragraph 1, the word "activities" which appeared several times was changed to "operations".

An additional paragraph was added which would read, "This agreement shall be construed and enforced in accordance with the terms of Arkansas law".

After discussion, "funded appropriations of" was added to line 4 of paragraph 3 on page 2.

New Business

There was no new business.

The next meeting date was set for Monday, December 30, 2002, at the State Plant Board.

The meeting was adjourned to Executive Session at 12:20 p.m.

The Board reconvened at 2:30 p.m,

McCastlain reported that the Board approved the bonus pools for the various levels of employees. Ladner will be given the specifics, so he can distribute the bonuses in accordance with those guidelines.

Little stated that after a lot of consideration he would move that the Board hire Danny Kiser in the acting capacity of Executive Director of the Foundation until some issues are resolved relative to Mississippi County and how the Program is going to look in the next few months.

McCastlain suggested that the word “hire” be changed to “designate”.

The motion was seconded by Jack Carey. Motion carried.

McCastlain contacted the SE Foundation and he reported that they have accepted all of the changes the Board proposed except paragraph 11 regarding Arkansas law covering it. They want Alabama law to apply as that is consistent with their other agreements with their other states and vendors. McCastlain recommended that the Board accept the contract as we amended with the Alabama law to apply.

Trent Felton made a motion to accept the agreement. Mark Bryles seconded. Motion carried.

McCastlain said the SE Foundation was meeting on November 20, 2002, and this afternoon he would send them the final document as approved here.

With no further business, the meeting adjourned at 2:35 p.m.

PERRY STRATTON, Chairman