

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the
February 21, 2003 Meeting

Arkansas State Plant Board
Little Rock, AR

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

Others present were Cal McCastlain, attorney for ABWEP; Danny Kiser, Mike Catanach, Ted Wagon, Patty Carr, and JoAnn Arnn ABWEP; Cecil Williams; Gene Martin, Arkansas Farm Bureau; Don Alexander, Ag Council of AR; Richard Bransford, cotton producer; Gerald Wilson, Cheminova; Ronnie Antici, Griffin L.L.C.; Stewart Doan, Yancey Ag Network; Don Johnson, UACES; Mark Stoll, ASPB; Ken Pierce, USDA-APHIS; Jim Plato, Plato Industries; Richard Meyers, UAP Mid-South; and Claudetta Harrod, AAAA.

Chairman Stratton called the meeting to order at 10:05 a.m. After introductions, Chairman Stratton announced that Laudies Brantley, Jr. has been appointed to the National Cotton Council Board.

Jack Carey was asked to lead in a word of prayer.

Approval of January 22, 2002, meeting minutes

Chairman Stratton asked for a motion to approve the minutes. The motion was made by Brantley. Hal Hyneman seconded and the motion carried.

Update on the NE Delta Referendum

Darryl Little moved that the Board accept the results of the referendum that was held in late January, early February in the Northeast Delta Zone and send them to the Arkansas State Plant Board for ratification. Trent Felton seconded and the motion carried.

There was a total of 1,305 qualified ballots. There were 704 votes for the program, which is 54%, and 601 votes against the program, which is 46%. Copies of the results (Attachment 1), as well as copies of results (Attachment 2) of all Northeast Arkansas Delta Zone referendums, were provided.

Mark Bryles in comments regarding the referendum stated the following as reasons why it was turned down:

- A significant number of people in Mississippi County do not perceive the boll weevil as

being a consistent problem in the county.

- Many producers look upon the Program as a control program, rather than an eradication program.
- One producer controls the votes of as many as twenty people. Most landlords will vote as the producers wants them to vote.
- Assessments are looked upon as a tax.
- Maintenance fee.
- Frequency of referendums.

Chairman Stratton asked for comments on what direction should be taken, questioning whether there was any reason to push forward with a recommendation at this time. Cal McCastlain said that a referendum could not be passed under these current situations, circumstances, or legal thresholds.

McCastlain said that the one alternative that is available right now is to make a formal request to the Plant Board that they look at carrying out an eradication program. He said the Board needs to make sure that they are ready to make that request, if we have the justifications for it. He felt like the Technical Advisory Committee, the staff and Finance Committee should meet and address some of the regulatory issues and have a thorough discussion of what the alternatives are. He said one alternative is to use clearly existing statutory authority on how pests are handled.

Darryl Little said that there are two, possibly three laws, which were put in place specifically to address plant pests and nuisance issues. They have historically been used sparingly, but when challenged they have been upheld.

Hyneman asked McCastlain to tell the Board what steps need to be taken. McCastlain said there needed to be a Board meeting within the next ten days committed to discussing what courses of action the Board wants to pursue. To do anything regulatory, we need to have the basis for the request. Our request is the history of what we've done in the Northeast Delta, our legal basis for making the request to the Plant Board, the biological justification for it, and the cost. This information would be submitted to the Plant Board for its earliest deliberation.

McCastlain said the information needed from the TAC committee is, biologically, what we have to do to maintain the eradication program where there is an active program. What is needed is the estimated cost of a buffer zone. From the financial standpoint, the question is, what is the impact of that budget item on the rest of the program. McCastlain said he thinks that makes our case for why we are coming to the Plant Board for regulatory action.

Another consideration is what the cost would be for maintaining buffer zones on the Missouri line and the Tennessee line. Hyneman said the TAC committee needs to bring two budgets to the Board.

The next Board Meeting was set for February 27, 2003 at 10:00 a.m.

Don Alexander made the point that the area should be referred to as a re-infestation from an untreated area, rather than a buffer zone.

Financial Committee Report

Hal Hyneman asked Patty Carr to explain why the Board received the December 31, 2002, statement again (Attachment 3). She said an adjustment was made on January 30, 2003, due to the reallocation of the vehicle and gas expenses. Also a keying error was made where insurance expense was moved to vehicle expense. It was coded to the wrong line item. That has been corrected.

Another change was on February 14, 2003. It was based on the insecticide cost. The formula, which was used, was based on acreage for the state. This was an error because the Griffin product is only used in the Northeast. Making the change decreased the insecticide expense in the Southwest and the Southeast, and increased the amount allocated to the Central and Ridge zones.

Hyneman gave the financial report from the January 31, 2003, statement. Copies (Attachment 4) were provided.

Danny Kiser reported that last year \$362,422 was spent on 260 Mules. This includes some costs other than repairs and maintenance. Approximately \$300,000 was used for repairs and maintenance. That does not include the cost of the vehicles or the fuel.

Kiser reported that this year's chemical bid from Cheminova was \$15.50, which is down from \$19.26 average that we paid last year.

Hyneman said the 2003 budget needed to be adopted. Through a PowerPoint presentation the Board was able to view the proposed budget.

Hyneman made a motion that this budget be adopted. Brantley seconded and the motion carried.

Report on Belt-wide Meeting & Farm Bureau Meetings

Jack Carey reported that post-eradication is being widely discussed currently. He said at the Belt-wide meeting farmers pick up a lot of information to take back and use. He also commented on the continued excellent progress of the ABWEP.

Carey said that three new board members were elected at the state convention of Farm Bureau.

Carey said he attended the Farm Bureau Commodities Division meeting. They are concerned about trade issues, primarily with China. Another issue was tech fees. There seems to be quite a

diversity on tech fees from state to state.

Chairman Stratton asked for questions. There were none.

TAC Update

Don Johnson provided copies (Attachment 5) of a report on Effect of Winter Temperatures on Boll Weevil Survival.

Search Committee Report

There was no Search Committee report.

Program Update

Danny Kiser reported that there is only one position open in the state, Field Unit Supervisor in Forrest City. That is excluding seasonal employees.

He reported that Jaye Massey is now the District Supervisor at Rector. He replaced Michael Wilson, who resigned.

Kiser said he had received requests to look into terrorism insurance by our insurers. After discussion it was decided that it should be looked into.

Kiser said he would be attending the National Program Directors' meeting in Montgomery, Alabama on February 25 and 26.

He said they are putting the finishing touches on the aerial contract.

Chairman Stratton asked if there were any questions. There were none.

Darryl Little reported that Chad Hillis of C & L Farms did not pay the 2001 assessment and that he took his cotton out of state to be ginned. The Plant Board put a lien on the 2002 crop for the 2001 assessment. C & L paid the 2002 assessment. C & L is requesting a release of the lien. The penalty has not been paid. Carey recommended that Chad Hillis pay all that is due. Felton seconded and the motion carried.

Gerald Wilson stated that on behalf of Cheminova, he wanted to say that they were very appreciative of being included in the bidding process.

Ronnie Antici said Griffin would do some adjustment on the prices on which the Foundation bought last year.

Jim Plato stated that Plato Industries saved the Foundation around \$180,000 on traps this year.

The meeting was adjourned to Executive Session at 12:40 p.m.

PERRY STRATTON, Chairman