

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the  
March 5, 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., Ritter Arnold and Trent Felton.

Others present were Cal McCastlain, attorney for ABWEP; Danny Kiser, Michael Catanach, Ted Wagon, Patty Carr, and JoAnn Arnn ABWEP; Arnold Jochums, Attorney General's office; Stanley Reed, Farm Bureau - Lee County; Carol Griffiee, Jonesboro Sun; Terry Walker, Tim Ellison, Gerald Fulbright, and Robert Banks, ASPB; Doug Ladner, ABWEP (retired); Charles Parker, SEBWF Board; David Mercer, AR Democrat-Gazette; Danny Finch, farmer; Henry Finch, farmer; Ronnie Qualls, farmer; Gus Lorenz, UACES; Randy Veach, ASPB Board; Gary Digiuseppi, AR Radio Network; Randy Reynolds, farmer; David Wildy, producer; Bill Grefenstette, USDA-APHIS; Cecil Williams; Don Alexander, Ag Council of AR; Richard Bransford, producer; Gerald Wilson, Cheminova; Ronnie Antici, Griffin L.L.C.; Stewart Doan, Yancey Ag Network; Ken Pierce, USDA-APHIS; and Frank Carter, National Cotton Council. Jim Brumley, SEBWF, was on line.

Chairman Stratton called the meeting to order at 10:00 a.m. After introductions, Chairman Stratton asked Cal McCastlain to begin the discussion on the Northeast Delta Zone issues. McCastlain asked for comments from staff and Extension representatives to clarify and make sure everyone has current information on re-infestation data regarding the Northeast Delta Zone. He said re-infestation could be talked about in two terms. One is the biological aspect; what is the boll weevil doing, and where is it moving. The other is the financial impact of that movement into areas, which are in the Eradication Program.

Gus Lorenz reported for Don Johnson that the Technical Advisory Committee ("TAC") is preparing a report on the biological implications involved with Mississippi County and eastern Craighead County not being in the program. Copies of a draft report (Attachment 1) were provided. The TAC is scheduled to meet on Friday, March 7, 2003 to formalize the report. In response to questions, Mr. Lorenz confirmed that the re-infestation area is a fifteen (15) mile wide band around the outside of the Northeast Delta Zone.

Jim Brumley was asked to present the information he had prepared. Copies (Attachment 2) of SEBWF 2002 Actual and 2003 Buffer Zone Forecast were provided.

McCastlain asked if the staff had anything to add either on biology or finance issues, and suggested the Board then discuss available choices. Danny Kiser commented that the ABWEP and the SEBWF had similar re-infestation areas and their respective numbers are very close as to the cost of maintaining the re-infestation areas. He noted that money spent to maintain these

areas is money that was designated for debt retirement. ABWEF staff estimates the re-infestation costs arising from the Northeast Delta Zone for 2003 will be approximately \$2.7 million, \$4 million in 2004 and over \$5 million each year thereafter.

Through a PowerPoint presentation Mike Catanach showed the fifteen-mile wide re-infestation area around the Northeast Delta Zone, which is approximately 153,500 acres (Attachment 3). Mr. Catanach responded to various questions from the Board and pointed out the 15-mile wide band is composed of three (3) 5-mile wide bands, with infestation levels decreasing over distance.

Copies of ABWEP Cash Flow Analysis Without Re-infestation and ABWEP Cash Flow Analysis With Re-infestation were provided (Attachment 4). Hal Hyneman provided a summary of the re-infestation costs and responded to various questions from the Board. His report showed cumulative re-infestation costs exceeding \$19 million by 2006.

Bill Greffenstette was asked for his comments. He said the two primary criteria for help from USDA would be biological feasibility in regard to looking at options and the endorsement of the Boll Weevil Action Committee. That committee gets USDA the funding through Congress and they would have to be in agreement with any use of federal funds that would not be in the traditional sense of passing a vote and getting 30% if it's available.

A list (Attachment 5) of four possible alternatives was circulated as a worksheet. McCastlain stated that #3 on the list should include the possibility of voluntary participation by any cotton growers who are next to our existing zones. He said these would be contiguous blocks that are also contiguous to our active zones.

Hyneman made a motion that alternative #1 not be considered as a possibility. Ritter Arnold seconded and the motion carried.

After discussion of alternative #2, Hyneman made a motion that a shell bill be filed with the Legislature to retain that option, and directed McCastlain to consult with whomever necessary to get the bill put into a form needed to keep that option available. Mark Bryles seconded. Four voted in favor of the motion, three against, and one abstained. The motion carried.

Regarding alternative #3, McCastlain said an assessment how much money for how many years must be decided on first. This information would be on the petition document. The petition could be circulated by and among eligible voters in the Northeast Delta Zone to determine how many would vote for it. The petition would be designed so we would know who the grower is, the amount of acreage and location that the grower represents. This could lead to a referendum. If a referendum is not the way to go, the same petition can give information for evaluating the possibility of a voluntary program.

Arnold said he would like to see the Board come up with the criteria for alternative #3. He said the leaders in Mississippi County and eastern Craighead County who might be interested in this could pursue this and come back to the Board, asking for a referendum. They would draw the

line. McCastlain said a referendum would not be conducted until it fits our biological plan.

Hyneman made a motion that growers in the Northeast Delta Zone be allowed to approach the Board on that basis, but the decision would be made in conjunction with the TAC and the Grower Board as to whether it meets our criteria to allow that referendum to go forward. We might not approve the referendum if it doesn't meet our criteria. Arnold seconded.

Carey stated that there should be a deadline on the motion and not leave it open ended. Carey amended the motion to leave the opportunity open for 30 days from March 5, 2003, for a petition. Tilmon seconded the amendment. The amendment carried.

Chairman Stratton called for a vote on the motion as amended. Motion carried.

McCastlain said alternative #4 falls into the category of making sure we fully evaluate the resources and authorities we have in hand right now. There is statutory authority already on the books, which authorizes the Plant Board to conduct eradication operations. That is anything from enforcing certain practices on the farm by the individuals or orchestrating the program itself in some fashion. The authorities are two-fold. One of them is the enacting authority of the Plant Board itself, which applies to all pests and gives the Plant Board the authority to go in, evaluate the situation, and draw up measures to eradicate a pest. The Boll Weevil Eradication Suppression Act is more specific on what the Plant Board can do with the boll weevil and how it can conduct operations to eradicate the boll weevil. Both of those would include the authority to assess costs where those actions are taking place. Those in the area where the issue is would be paying for those actions. McCastlain said there is legal basis for the Foundation to request the Plant Board take some initiative in the Northeast Delta Zone and start eradication operations there. Procedurally, if that is the course this Board wishes to take, there should be a vote on it, and based on that vote, the Board should submit a written request, with our justification for that, to the Plant Board at the earliest possible date.

Tilmon moved that the Grower Board ask the Plant Board to proceed under the Plant Act of 1917, the Boll Weevil Eradication Suppression Act, if it's in their opinion they should, to conduct an eradication program and assess cost. He suggested that as part of this motion this Board has a duty to recommend to them a cost. The motion would include the cost of \$120.00 an acre and \$8.00 an acre maintenance fee, with the idea that the cost or the maintenance fee could be reduced or wiped out if the program does not cost as much as it may cost to eradicate the weevils in that area. Carey asked if Tilmon was saying that if the other options don't work, then we should go to this. Tilmon said he was saying to do this now irrespective of the other options. McCastlain said that the request could be made with these other things still in the works. He said it should be made clear to the Plant Board that even if they conduct the program this Board is still open to the petition type programs that were described earlier.

Hyneman said he agrees with the motion, except that he doesn't think a cost should be quoted because we don't really know what the cost will be. It would be done as cheaply as it can possibly be done, because no one wants them to pay more money than they have to. At the same time, Hyneman thinks a request should be made to the Boll Weevil Action Committee that any

federal funds that might be available be held for sixty or ninety days and not release those funds. If the Plant Board initiated action, those funds could be used to help defray the cost and, additionally, work with the SEBWEF if they had any funds they were willing to contribute, to get the cost down as low as possible. Hyneman said he would support the motion, but asked for discussion of the \$120.00 and \$8.00 an acre. Laudis Brantley asked if it would not be proper to amend it just to ask for cost.

Chairman Stratton asked for a comment from Darryl Little. Little said the Plant Act gives the Plant Board the authority to conduct this type of program and charge the producer the cost. He said he assumed that if the Board chose to do that, it's what would happen.

Brantley made a motion that the Board amend Tilmon's motion simply to defer to the cost of the program. Carey seconded. The amendment carried.

Charles Parker said \$2.87 million had been set aside for the Northeast Delta Zone. He said that money is still available if there is going to be an active program there this year. The Action Committee will meet and he hopes the money will be made available to the program. He said that Brumley had said money from the SEBWF could be made available.

Carey asked Greffenstette if federal money would be available if the Plant Board took over the program in the Northeast Delta Zone. If the Plant Board took it over and basically every acre planted in that zone was either in the Arkansas Foundation program or a Plant Board sanctioned program, Greffenstette said that would meet the general criteria. The only caveat there is the state organization cannot borrow any FSA money.

Regarding implementing this immediately, Little said it is not something that the Plant Board could do immediately because of administrative procedures, public hearings, and all of the details.

Chairman Stratton asked for a vote. The following resolution was duly adopted, with one opposing vote and one member abstaining.

The Foundation will request that the Plant Board exercise its authorities, under the Plant Act of 1917 in the Arkansas Boll Weevil Suppression Eradication Act, to conduct boll weevil eradication operations in the area described as the Northeast Delta Zone, that the Foundation make that request immediately, and that the request specify that the Plant Board initiate its actions immediately.

Brumley recommended that the Grower Board write a letter immediately to the Boll Weevil Action Committee expressing to them the Board's desire to set aside the federal funds for Northeast Delta Zone for a specific length of time and explain to them what the Board's wishes are in setting aside the money for sixty or ninety days, so that when the Committee meets they will have, in hand, a request from the Grower Board to do that.

Little asked Greffenstette what help the USDA could provide on the regulatory side. Greffenstette said they are drafting the federal boll weevil quarantine rules. The draft is due for public comment probably in August or September of this year. It will be complete in the fall of 2004. This means that in the crop year of 2005 it will be available for any kind of regulatory enforcement. If a state does not have parallel state regulations controlling the movement out of an area into an adjacent zone, USDA would have no recourse but to regulate the entire state, as opposed to a piece of it.

Chairman Stratton asked McCastlain if a motion was needed on writing the letter to the Plant Board. McCastlain said he needed some direction and the written submission needs to include the justification for the request, which he characterized as biological, financial, and statutory. McCastlain said it could be done procedurally by giving Chairman Stratton the authority to sign the letter that incorporates the discussions today in letter form. Arnold so moved. Felton seconded and the motion carried.

Arnold made a motion that McCastlain draft the letter to the National Cotton Council/Boll Weevil Action Committee requesting Federal Funds allocable to the Northeast Delta Zone be held to allow for a possible referendum. Carey seconded and the motion carried.

Felton asked McCastlain who was going to compile the information for growers in the Northeast Delta Zone who might want to do a petition to come to the Board. McCastlain said he needed to get with staff to get the numbers and the technical information, so that we can get the formatting for the petition. He said he thought they could have that done by the end of the week. The message needs to get out that whoever up there wants to start the process, the lines are open.

Frank Carter said he would like to support Brumley's request for the letter. He reiterated that it needs to be done quickly. If the money is reallocated, Texas may have a 50% claim on the money Arkansas turned down, so it is very important for the Committee to understand the request and hold the money for the time being. The Committee also needs to be behind your proposals to bring forward a boll weevil program, and the Committee needs to support USDA's use of that federal money to go forward with the program. Greffenstette will need the cotton industry's support to help re-enforce his position.

The next meeting date was set for April 15, 2003, at 10:00 a.m. at the State Plant Board.

Brantley made a motion to adjourn. Hyneman seconded and the motion carried. The meeting adjourned at 12:20.

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PERRY STRATTON, Chairman

