

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the
April 4, 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 Ritter Arnold. Trent Felton was not present.

Others present were Cal McCastlain, attorney for ABWEP; Danny Kiser, Mike Catanach, Patty Carr, and JoAnn Arnn, ABWEP; Carol Griffee, Jonesboro Sun; Mark Stoll, ASPB; Cecil Williams; Lisa Honey; Randy Veach, Board Member, ASPB; Bill Grefenstette, USDA-APHIS; Ken Pierce, USDA-APHIS, AR; Ronnie Antici, Griffin L.L.C.; Frank Carter, NCC, Memphis; Don Johnson, UACES; Gene Martin, Arkansas Farm Bureau; Don Alexander, Ag Council of AR; Richard Bransford, cotton producer; George Tidwell, Lonoke; Gerald Wilson, Cheminova; Stewart Doan, Yancey Ag Network; Gerald Fulbright, ASPB; Claudetta Harrod, AAAA; and David Mercer, AR Democrat-Gazette.

Chairman Stratton called the meeting to order at 10:05 a.m. After introductions, Laudies Brantley, Jr. was asked to lead in a word of prayer.

Darryl Little reported that the Boll Weevil Committee of the Arkansas State Plant Board has met twice in the last week and a half to consider regulations that would impose an eradication program on the Northeast Delta Zone. At the first meeting there was discussion regarding available funds for the first year of the program and expenses for the producers in the program that first year. The Committee instructed Little to further develop those rules and look at the budget. The Committee created a document, which will go to the full Plant Board on April 9, 2003. It is essentially a new regulation, or rule of the Plant Board, that would require boll weevil eradication in the Northeast Delta Zone, and set up a mechanism for financing. Little said he hoped more detail on long-term funding predictions would result from today's Grower Board meeting to enable the Plant Board to be more accurate in looking at the program in the long term.

Little reported the Boll Weevil Committee looked at the first year of the program with the current available funds from the Southeast Foundation, as well as state and federal funds, and recommended imposing a program in the Northeast Delta Zone at \$6.00 per acre for the first year. Subsequent assessments in the second and future years would depend on the projected costs of the program and available outside funds. Little said the assessments could go up substantially, particularly in years two and three, because of a lack of information on the hard funding.

Cal McCastlain provided copies of information on additional funding, or financing, sources available. (Attachment 1) The information included a resolution from the Southeast Foundation, which the Grower Board would need to pass as part of the condition for the Southeast funding and a letter confirming their commitment with some contingencies. 1) They ask that we confirm that we have a program based on proven technology, 2) that we provide a copy of our protocols and 3) that they receive two non-voting seats on the Grower Board. McCastlain said he has explained to them the nature of the Grower Board, and the fact that it is statutorily created.

McCastlain reported the Southeast Foundation indicated a buffer assessment of \$.50 per acre on all of the acres in the Southeast. The commitment would be for approximately \$2.7 million. The letter stated that they would commit \$.50 per certified acre in years one and two.

McCastlain said the proposed resolution states that if the Arkansas Boll Weevil Eradication Foundation is participating or conducting any operations in the Northeast Delta Zone, the Foundation will accept the financing that was proposed in the letter, and confirms that while they cannot get a seat on the Grower Board they will be provided with timely notice of any of the Grower Board meetings. McCastlain said a resolution that addresses the letter from the Southeast Foundation needs to be adopted.

Mike Catanach said he was asked to go step by step through the budgeting process and to go into more detail than is normally show on the budget. He did this through a PowerPoint presentation. Copies of an Itemized Budget for the Northeast Delta Zone (Attachment 2), the 2003 Vehicle Use Assessment (Attachment 3), the Cost Estimate Based on Program Developed by Technical Advisory Committee for 330,000 acres in the Northeast Delta Zone (Attachment 4) and the Cash Flow for Cost Estimate Based on Technical Advisory Committee for 330,000 acres in Northeast Delta Zone were provided (Attachment 5).

After discussion, Charles Tilmon moved that the Foundation undertake to do the program in the Northeast Delta Zone for \$63.00 or cost, whichever is higher, with the budget that has been produced here, except that there is no subsidy in that budget for other areas to produce.

McCastlain asked for clarification. He said he would ask the Board to consider not going so far as to propose or resolve to perform anything today. He thinks the Foundation needs to wait and see what the total program looks like coming out of the Plant Board, and approve at a separate time the actual costs of conducting the operation. He said today the motion should be limited to a budget that the Grower Board would support. Tilmon said he accepted that improve to the motion. Chairman Stratton asked if there was further discussion.

Mark Bryles asked if the Grower Board would support the Northeast Delta Zone leadership's effort to make an approach for additional federal funds as to how to deal with low weevil areas.

McCastlain said the Board should not lose sight of what it's doing today, which is to be helpful to the Plant Board's actions. The Plant Board will be putting together an eradication zone, and this Board is trying to help them in their budget discussions, which are taking place next week. Part of that is whether or not this Foundation wants to make any kind of financial contribution to that program similar to what the Southeast Foundation has done. Information from this Board will be valuable input because it is coming from a known operation.

Chairman Stratton stated that a motion was on the floor. Ritter Arnold asked that the motion be restated. McCastlain said the motion was to approve a budget to be presented to the Plant Board showing an assessment on the growers in the Northeast Delta Zone in the amount equal to the greater of \$63.00 per acre or the actual cost over the five year period. Arnold seconded.

After discussion, McCastlain was asked to restate the motion. McCastlain said Tilmon amended his motion and the understanding of the motion is that the Grower Board endorses a budget that would show assessments to the growers as the lesser of \$63 or the actual cost. He said the discussion has gone in a direction that it should be questioned as to whether or not this is the actual motion the Grower Board wants to make. As it stands, it may create some limits.

McCastlain said today he would not commit the Foundation to doing anything, no matter what the budget is.

Tilmon stated that if he were permitted he would change the motion to say that the total assessment that the Grower Board recommends to the Plant Board for the Northeast Delta Zone is the cost, whatever that be, with the proposed assessments being a guide until that cost is ultimately determined. Arnold agreed and seconded.

Brantley moved to offer an amendment to Tilmon's motion to include up to the cost of the buffer if it was required, or that portion that would be required for the 2003 crop. It would be offered in 2004.

McCastlain said the Board would be offering the figures in Attachment 5 as the proposed guide with those assessments provided that the Foundation is willing to contribute in year 2004 up to an amount currently budgeted as its 2003 buffer cost, but that not be committed from the Board if there is more income or if actual costs incurred are lower. Jack Carey seconded. A vote was called for on Brantley's amendment. There were five in favor and two opposed. The motion carried.

A vote was called for on the motion. McCastlain was asked to restate the motion as amended. The motion was that the budget shown in Attachment 5 be presented as a guide for the Plant Board and that the Arkansas Foundation is willing as shown in that guide to commit an amount not to exceed \$2.8 million to the program in 2004, if required, based on the assessments shown in Attachment 5.

McCastlain said the stipulations needed to be clarified and they could be in a separate motion.

The vote on the motion on the floor was five in favor and two opposed. The motion carried.

After discussion the stipulations are as follows:

- The program starts in 2003.
- Field operations are continuing in 2004.
- \$2.8 million is available, if needed.

Brantley made a motion to accept these three stipulations. Carey seconded. The motion carried with one opposing vote.

Bryles made a motion to recommend to the Plant Board that contacts be made with Jim Brumley and the Southeast Foundation to see what their estimate on the program in the Northeast Delta Zone would be under the assumptions that have been discussed today. If their estimate is less than \$32 million, this Board should consider that at the next Board meeting. Darryl Little said the Plant Board would be looking into that possibility. The motion was withdrawn.

Brantley moved that the resolution from the Southeast Foundation be accepted. Carey seconded and the motion carried.

The next meeting is scheduled for April 15, 2003.

The meeting was adjourned to executive session at 12:35.

The Board reconvened at 1:05. Chairman Stratton reported that the Search Committee's intentions were discussed and no action was taken. The meeting was adjourned.

PERRY STRATTON, Chairman