

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the October 29, 2004
Board Meeting

Arkansas State Plant Board
Little Rock, AR

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

Cal McCastlain, legal counsel for ABWEF; *Danny Kiser*, *Michael Catanach*, *Lane Garner* and *Lora Harvey*, ABWEF; *Mark Stoll*, ASPB; *Steve Bowlan*, ASPB; *Cecil Williams, Jr.*, Cotton Producers of Missouri; *Mary Wagoner*, ABWEF; *Terry Walker*, ASPB; *Claudette Harrod*, Arkansas Ag Aviation Association; *Gene Martin*, Arkansas Farm Bureau; *Don Alexander*, Arkansas Agricultural Council of Arkansas; *Carol Griffiee*, Jonesboro Sun; *Gus Lorenz*, University of Arkansas Extension Service; *Richard Myers*, Cheminova; *Gerald Fulbright*, ASPB and *Allen Gates*, Mitchell Williams were also present.

Chairman Arnold called the meeting to order at 10:01 a.m. Jack Carey led the group in prayer.

Approval of the September 24, 2004 Meeting Minutes.

Trent Felton moved to approve the minutes as amended. Laudies Brantley seconded and the motion carried.

Financial Report.

Mr. Garner reported that all board members had received a copy of the cash flow statement. An adjustment was made to the budget for the month of September for assessments. Mr. Garner stated that when assessments were initially budgeted, there was an acreage projection for each zone. Cotton acreage was down approximately 20% statewide from early 2004 projections, due in large part to the high spring prices for soybeans. A downward adjustment of approximately \$4.4 million was made to the budgeted assessment income. Mr. Garner reported that the Central Zone acreage is down 23% and the Ridge Zone acreage is down 17%.

Mr. Garner also reported that concerning our insecticide expenditure line item, Griffin has not been paid approximately \$1 million for chemical purchased in 2004. When an accurate invoice is made available we will pay this.

Mr. Garner also stated that as of now, we are not expecting to purchase additional chemicals this year. Mr. Garner stated that our total 2004 insecticide expenditure would be around \$6 million. Mr. Garner reported that he expected aerial contracts would be under budget at year-end. Mr. Garner stated that a principle re-payment of \$10.1 million was paid in September. This paid off a 6.00% loan and the majority of a 6.75% loan. After the small balance of the 6.75% loan is paid, the highest interest rate we are paying will be 5.50%. Mr. Garner reported that \$2.45 million was received from the Southeast Foundation this week, and that we were going to apply for an early dispersal of APHIS money. APHIS is able to give us 14% of our 2005 money up front, or approximately \$1.2 million. Mr. Garner reported that as of today, we have \$3 million in the bank. Our expenditures are dropping on average to \$300,000 weekly.

Chairman Arnold asked Mr. Garner how he would finalize the Griffin discrepancy. Mr. Garner stated that Griffin billed us \$2.1 million and we only owe them \$1.1 million according to our calculations. Cal McCastlain recommended that ABWEF not pay the invoice until a correct invoice is agreed upon. Mr. Garner stated that our office supply budget is up due to extensive work in the Delta for printing maps, which increases the use of toner.

Darryl Little asked how many Environmental Monitors we have in the Delta. Mr. Kiser stated that we have a Zone EMS along with 6 fulltime EMS positions. We also added 4 seasonal EMS assistant positions and brought in outside EMS's from other Zones to help. The State EMS Coordinator also spent most of his time working in the NE Delta trying to keep up with the spraying of numerous sensitive sites. Mr. Kiser stated that between fields located in towns and fields adjacent to beehives, it is still difficult to stay on schedule even with the additional staff. Trent Felton stated that we should meet with the growers and ask them not to grow cotton within city limits. Trent Felton suggested getting a group together to teach everyone about the safety of Malathion. Danny Kiser reported that there were 10-12,000 cotton acres located within city limits.

Lane Garner reported that on the report of expenditures by zone, he has the information completed for 5 of the 6 years of the program. Mr. Garner stated that this information would be ready by Thanksgiving. A draft will be sent to everyone prior to the next board meeting.

Legal Matters.

Mr. Castlain stated that he needed the Board to approve the naming of a new registered agent. As of now Gerald King is still on record as our registered agent. Mr. McCastlain recommended that the board identify Danny Kiser as our corporate registered agent at the corporate headquarters. Chairman Arnold made a motion to identify Danny Kiser as the registered agent. Laudies Brantley seconded and the motion carried.

TAC Update.

Mr. Gus Lorenz reported that he attended the Boll Weevil Action Committee Meeting in September and he worked on the criteria for trap placements in post eradication. The Technical Advisory Committee will be meeting in November to discuss some issues such as the environmentally sensitive issues in the Northeast.

USDA Update.

There was not a USDA update.

Program Update.

Danny Kiser gave the program update. In the Southwest Zone, zero weevils have been caught over the last two years in the area where commercial cotton is planted. Four weevils have been caught in University test plots located approximately 40 miles NW of the commercial cotton production area. We have captured a total of 12 weevils in the area where these plots are located. The test plot is about 1½ acres and has been destroyed by plowing. In the Southeast Zone, we are catching single weevils in scattered fields in Ashley County. Eighty (80) weevils have been caught this week. In 2003, 1000 weevils were caught during the same week. Mr. Kiser reported that he would be meeting with the Louisiana Director to review weevil migration patterns along the state line. In the Central Zone, we are catching 0.012 weevils compared to 15.27 weevils in 2000. In the Ridge Zone we are catching 0.048 weevils per trap in 2004 compared to 3.16 in 2001. In the Northeast Delta Zone, we are catching 1.46 weevils in 2004 compared to 11.20 in 2003.

New Business.

Chairman Arnold stated that at the next meeting we would resolve the aerial fuel cost issue.

Set next meeting date.

The next meeting date was set for Monday, November 29, 2004 at 10:00 a.m. at the Arkansas State Plant Board. The meeting adjourned to executive session at 11:22 a.m. The meeting reconvened at 12:09 p.m. Chairman Arnold reported bonuses for program personnel were discussed in executive session.

With no further business the meeting adjourned at 12:17 a.m.

RITTER ARNOLD, Chairman