

ARKANSAS COTTON GROWER'S ORGANIZATION, INC.

Minutes of the April 20, 2005
Board Meeting

Arkansas State Plant Board
Little Rock, AR

Members present were Laudies Brantley, Mark Bryles, Jack Carey, Bobby Gammill, Trent Felton and Darryl Little. Chairman Ritter Arnold, Hal Hyneman and Charles Tilmon, Jr. were 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; *Richard Bransford*, Lonoke County Producers Gin; *Don Alexander*, Arkansas Agricultural Counsel; *Kay Van Etten*, Mitchell Law Firm; and *Carol Griffie*, Jonesboro Sun were also present.

Mr. Trent Felton was called to sit in as Chairman. Mr. Felton called the meeting to order at 10:05 a.m. Cecil Williams, Jr. led the group in prayer.

Approval of the March 17, 2005 Meeting Minutes.

Changes were made to the minutes and a copy is attached with those changes. Mr. Jack Carey moved to approve the minutes as amended. Mr. Laudies Brantley seconded and the motion carried.

Financial Report:

Mr. Lane Garner provided a cash flow statement for the first three (3) months of 2005. We do not have an approved budget yet, so there will be a lot of zeros on the cash flow statement. Mr. Garner stated that the item with the most significance that is listed on the financials is the Capital Equipment Expenditures of \$457,866 during the month of March. This relates to the net income from the sale and the purchase of equipment approved earlier this year. The equipment that was sold in February brought in over \$700,000 and 23 new vehicles were purchased in March. A draft copy of the budget was provided and the only change is the date as of April 20, 2005. Mr. Garner also stated that \$92,000 was credited to the Delta Zone from the vehicle sale. Mr. Garner reported that our auditors are in the process of finalizing the audit.

Legal Matters.

Mr. McCastlain stated that there were no legal updates or changes from the last meeting. Mr. Richard Bransford asked if for some reason the Supreme Court rules against us, would we automatically be in quarantine or would it be up to the Plant Board to make that decision. Mr. McCastlain stated that there is nothing automatic. The Plant Board would have to see if there is anything in the Plant Act or the Boll Weevil Eradication Act that might be effective statutorily by the Supreme Courts ruling and look at what legal authority they have to work with.

TAC Update.

Mr. Danny Kiser stated that ABWEP management and Gus Lorenz met with Darryl Little and Plant Board staff after the March Board Meeting and discussed the ABWEF recommendation letter that was being provided to the Plant Board. The problems we are encountering in treating town fields were also discussed in this meeting. Mr. Kiser stated that we have provided a memo concerning the meeting and some very good suggestions were offered by both the Plant Board and from Gus Lorenz on how we should address the problems associated with making Malathion applications to cotton fields inside city limits. Only those fields designated priority fields would be eligible for payment. The recommendation was that we would pay the money following final certification so that we are sure the cotton is not planted in these towns before payment is made. Mr. Michael Catanach stated that we would only consider the 2004 acres, which was about 4,000 acres, which were considered high priority fields. Mr. Kiser stated that he would meet with Mr. McCastlain to get an agreement drawn. Mr. Felton entertained a motion to accept this recommendation. Mr. Mark Bryles moved and Mr. Bobby Gammill seconded the motion. The motion carried.

Mr. Kiser stated that he is expecting 30% - 40% participation.

USDA Update.

Mr. Kiser stated that Mr. Ken Pierce has provided us with 6 skids of paper for use in our offices.

Program Update.

Mr. Kiser stated that all of our offices are fully staffed. In the Ridge and the Delta Zones, we are fully staffed. We have made some reduction in staff in the areas where trapping density has been lowered. We have more FUM's (Field Unit Managers), which will have 2 - 3 field units under their direction. Most of the field units in the Southeast and Central Zones will have 100% trapping by the supervisor. We are currently 70% trapped in the Southeast as of now. Mr. Kiser reported that nothing has been caught in the Central or the Ridge Zone. In the Delta Zone, 59 weevils have been caught this week. Mr. Kiser stated that we are catching weevils in the Manila area. In the Central Zone, we are about 50% trapped. We will be about 10% up on acreage. We have trap lines along major highways throughout and between each Zone in the state.

Mr. Kiser reported that our life insurance plan that was approved at the last board meeting, MetLife called and gave us \$15,000 on each employee for three cents less per employee per month than originally was bid and approved for 10,000.

Other Business.

Mr. Darryl Little reported that Farm Services Agent has contacted the Arkansas State Plant Board and has reported that they are getting out of the assessment collecting business. They would like for the Plant Board to determine a mechanism to collect assessments. Mr. Little stated that he would be meeting with Dotson Collins, which is the new state FSA Director, about this issue.

Mr. Lane Garner stated that FSA has approved to borrow an additional \$2.905 million to pay off higher interest debt. We need board approval to borrow this additional money. Mr. Jack Carey moved to borrow an additional \$2.905 million to pay off higher interest debt. Mr. Mark Bryles seconded and the motion carried.

Set next meeting date.

The next meeting date was set for Thursday, June 16, 2005 at 10:00 a.m. at the Arkansas State Plant Board.

With no further business, the meeting adjourned at 11:05 p.m.

RITTER ARNOLD, Chairman of the Board