EXHIBIT C

MINUTES
SENATE AND HOUSE INTERIM COMMITTEES ON
AGRICULTURE, FORESTRY & ECONOMIC DEVELOPMENT

AUGUST 22, 2014

The Senate and House Interim Committees on Agriculture, Forestry and Economic Development met on Friday, August 22, 2014, in Room A-MAC, Little Rock, Arkansas.

Committee members present: Representatives Matthew Shepherd, Chair; Nate Steel, Vice Chair; Eddie Armstrong, Scott Baltz, Andy Davis, Dan Douglas, John Edwards, Jon Eubanks, Jeremy Gillam, Joe Jett, Homer Lenderman, Walls McCrary, James Ratliff, Tommy Thompson, David Whitaker, and Marshall Wright; Senators Bruce Maloch, Vice Chair; and Ronald Caldwell.

Other legislators attending: Representatives Charles Armstrong, John Baine, Nate Bell, John Burris, Davy Carter, Harold Copenhaver, David Fielding, Kim Hammer, David Hillman, John Hutchison, Stephanie Malone, George McGill, Micah Neal, Jim Nickels, John Payton, Chris Richey, Mary Lou Slinkard, Jeff Wardlaw, Darrin Williams, and James Word; Senators Missy Irvin, Jason Rapert, and Jon Woods.

Representative Shepherd called the meeting to order and recognized Representative Davy Carter, Speaker of the House. Representative Carter said his heart goes out to the farmers affected by Turner Grain and that he is sorry there is not much, if anything, the legislature can do at this time. He said the state needs to look into requiring companies to provide insurance to cover such losses. He asked the committee to work with the farmers who suffered the losses, as well as state and federal officials, for solutions to the problem, and to propose legislation for the 2015 session to make sure this never happens again. Representative Carter said farmers need to know their contracts are negotiated in good faith, and he recommended they hire a lawyer to see what options are available.

Consideration to Approve Minutes from the March 31, April 21, April 22, June 30, July 10, July 11, and August 1, 2014, Meetings (Exhibit B)
Without objection, Representative Shepherd said the minutes from the above meetings were approved.

Introductory Remarks
Butch Calhoun, Secretary of Agriculture, Arkansas Agriculture Department (AAD), stated that currently, there are no laws in Arkansas that provide oversight of grain merchandising, only for grain stored in a warehouse; a bill was introduced in the early [illegible]0's that would have authorized oversight of grain dealers, but it failed to become law. Mr. Calhoun said his department does not know how may farmers have been affected by Turner Grain, but feels the losses may range anywhere from $20-$50 million. He reported that on August 20, 2014, AAD asked the Farm Service Agency for an additional fifteen-day extension for payments due on commodity credit corporation loans. Mr. Calhoun said he will continue working with the congressional delegation, state officials, and other federal entities to try to find relief for the farmers, but his advice for them now is to hire an attorney to protect their interests.

Discussion on Grain Warehouse Laws, Brokers, and Dealers; and Dealer Laws from other States (Handout 1)
Darryl Little, Director, State Plant Board, presented a report on grain merchandising. The report states that any building, structure or other protected enclosure used for the purpose of storing grain must be licensed and bonded, and the warehouses audited. He said a broker facilitates the purchase and sale of grain and collects a fee for the transaction; no license is required, and they may or may not be bonded. Merchandisers and dealers do not store grain, they sell it to the end user and pay the farmer for the grain, and again, no license is required, and they may or may not be bonded.

Mike Churchwell, Grain Warehouse Section Manager, State Plant Board, spoke on grain dealer requirements in other states and provided the following summary:

- Grain dealers submit financial statements to acquire license; pay fees; have scale tickets; have legal contracts; and post bond
- Grain dealers keep trading assets to trading liabilities ratio at 1 to 1; meet director's net worth requirements; and audits are required

Upon motion by Representative Jett, and second by Representative Thompson, Interim Resolution 2013-008, "Requesting the Interim House and Senate Committees on Agriculture, Forestry and Economic Development to ask the Farm Service Agency to extend the Commodity Credit Corporation Loan repayment period for those suffering losses due to financial disputes," was adopted, without objection.

Harrison Pittman, Research Assistant Professor and Director of National Agricultural Law Center, told committee members his agency can be a valuable resource during this process. He spoke on the possibility of farmers having to declare bankruptcy and the potential for a federal investigation. When asked about federal statutes such as the United States Grain Standards Act of 1916, Mr. Pittman said he believes [illegible] deals more with grading and quality rather than the financial aspects.

Harvey Howington, Arkansas Rice Growers Association, presented a letter outlining steps to resolve grain company failures and spoke on the need for a complete review of the grain industry. He said the state would benefit from a Grain Indemnity Fund that could [illegible] to help those in situations such as the one with Turner Grain. Mr. Howington reported that most surrounding [illegible] have such programs in place. **(Handout 2)**

Addison Adams, England Marketing, gave a brief summary [illegible] marketing company acts as the middle man between farmers and potential customers wanting to purchase grain. The company buys the grain (with or without a written contract) from the farmer and holds it until the customer purchases the grain. Once the customer buys the grain, the marketing company will pay the farmer.

With no further business, the meeting adjourned at 12:25 p.m.

MINUTES

SENATE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
Meeting Jointly

Thursday, September 18, 2014

The Senate and House Committees on Agriculture, Forestry and Economic Developme[illegible] met at 12:00 p.m., September 18, 2014, at Tyson Foods Corporate Auditorium, 2200 Don Tyson Parkway, in Sprin[illegible] Arkansas.

Committee members present: **Senator** Bruce Holland, Chair; **Representatives** [illegible] Steel, Vice Chair; Bob Ballinger, Andy Davis (non-voting), Dan Douglas, Jon Eubanks, Lane Jean and Stephen [illegible]

Other legislators present: **Senators** Bart Hester and Jon Woods; **Represe[illegible]ves** Dunc[illegible]aird, Les "Skip" Carnine, Jim Dotson, Charlene Fite, Debra Hobbs, Douglas House, Andrea Le[illegible]ah Neal and M[illegible]inkard.

Senator Holland called the meeting to order.

Overview of Tyson Foods
Mr. Donnie King, President of North American Operations and Foo[illegible]vic[illegible] presented a commerci[illegible] video and PowerPoint entitled, "Welcome to Tyson Foods", and said Tyson has [illegible]e a $42 billion company through the acquisitions of IBP and Hillshire; and is growing by 10% per year. Tyso[illegible]jective for Hillshire is to position the company through low cost commodity packed pro[illegible] that will add more v[illegible] strength, and provide solutions for customers and consumers.

As a low-cost commodity producer, Tyson is the high[illegible]t reve[illegible]nded business [illegible] the country. Nationally, Tyson's food rankings are as follows:
#1 brand of fresh chicken in the U.S.
#1 supplier of protein to militar[illegible]
#1 brand of Wright stacked p[illegible]ked ba[illegible]
#2 brand of True Chews p[illegible]ats

Notably, in the U.S., Tyson is [illegible]1 chick[illegible] producer; and the [illegible] producer of pork and beef. Tyson believes chicken will be the protein of choice glob[illegible]an[illegible]tinue to gro[illegible] its branded share in the marketplace across chicken, beef and pork. C[illegible] Tyson ha[illegible]000 tea[illegible], represents 11,000 farmers, and has operations in over 130 countrie[illegible]

Mr. Kin[illegible]scussed FY2013 s[illegible]ics of T[illegible] Foods that included:

- [illegible]ssing 41.4 million [illegible]kens wee[illegible]132,000 heads of cattle, and 403,000 heads of pork.
- 60 [illegible]en plants across t[illegible].S.
- 12 bee[illegible]ts across the M[illegible]est
- 9 pork pl[illegible]cross the Mi[illegible]est
- 23 prepared [illegible] locations

Tyson generated $34.4 b[illegible]sales for FY 2013. Of this total, beef sales represented 41%, chicken 35%, pork 14%, and prepared foods 10%. T[illegible]n projects sales of $42 billion for FY2014. Mr. King stated that Tyson strives to make a difference in people's liv[illegible] and the communities it serves noting that since 2000, Tyson has donated over 383 million meals to various organizations.

State of the Poultry Industry in Arkansas
Mr. Marvin Childers, President, The Poultry Federation (TPF), presented a PowerPoint entitled, "The Poultry & Egg Industry in Arkansas". Mr. Childers said TPF is a tri-state trade association that represents over 20 poultry and egg companies with over 300 allied members, and 2 million turkey companies. The three states represented are Arkansas, Missouri, and Oklahoma. Nationally, Arkansas is ranked in the top ten for poultry and egg production. When comparing Arkansas' 2012 farm cash receipts, poultry and eggs represent 40% of the $9 billion industry.

According to Mr. Childers, poultry production is represented in 53 of the 75 counties; and accounts for 1 out of every 5 agricultural jobs in Arkansas. He reported, there are approximately 38,000 individuals employed directly through the poultry industry and approximately 40,000 indirect jobs. It is estimated that approximately 155 million bushels of corn are used in the poultry industry.

Preston Scroggin, Director, Arkansas Livestock and Poultry Commission (ALPC), stated that the poultry industry is extremely strong with a wonderful mix and blend of diversity. ALPCs poultry workload has increased dramatically; and more training is being done to meet the poultry industry needs and demands.

Representative Ballinger asked in what ways the legislature can help with potential barriers or hindrances from new developments. Mr. Childers replied, some of the biggest issues involve economic development incentives, tax breaks, and environmental issues. When compared to surrounding states, Arkansas is not competitive as it is the only state that charges sales tax on repair parts for machinery and equipment. For instance, Arkansas successfully recruits out-of-state companies to set up plants in the state but receives no sales tax from the machinery and equipment purchases. Furthermore, Tyson has to pay sales tax if it wants to expand in other parts of the state or update its equipment. Mr. Childers stressed the importance of Arkansas becoming competitive with surrounding states in order to have a competitive advantage.

In response to a question regarding how Arkansas' environmental quality compared to surrounding states, Mr. Jamie Burr's, Live Production Manager with Tyson replied, Arkansas' biggest environmental quality challenges moving forward is work quality standards, specifically; dissolved mineral standards as they are more stringent and a top cost risk in the industry.

With no further business, the meeting adjourned at 1:20 p.m.