

# USTOBACCO COOPERATIVE SCOOP...

A newsletter from  
U.S. Tobacco Cooperative  
[www.ustobaccofarmer.com](http://www.ustobaccofarmer.com)

## USTC HOLDS SIXTY-THIRD ANNUAL MEETING

On Thursday, November 12<sup>th</sup>, Chairman of the Board, Albert Johnson called the sixty-third U.S. Tobacco Cooperative Inc. annual meeting to order. The meeting was held at the Holshouser Building on the State Fairgrounds. Board member Jimmy Hill gave the invocation.

Chairman Johnson introduced North Carolina's Assistant Commissioner for Agricultural Services, Dr. Richard C. Reich. Assistant Commissioner Reich has many responsibilities. His responsibilities include the agronomic services, food distribution, marketing, plant industry, research station divisions, and the NCDA's small farm program. Dr. Reich has authored or co-authored more than ninety publications, including professional journal articles, field manuals, and proprietary technical reports. Dr. Reich spoke of the importance of agriculture in North Carolina. Agriculture is the number one industry in North Carolina. Also, various areas of agriculture are under attack from outside influences, such as the hog industry being linked to the H1N1 flu. The hog industry has suffered lost sales domestically and overseas due to the name associated with the H1N1 influenza, but it is in name only and has nothing to do with the animal. He turned his attention to the recent China trip and complimented the Cooperative for the relationship it has built over the years with China.

Albert Johnson thanked Dr. Reich for his remarks and proceeded to

introduce the next speaker, the honorable Robin Tallon. Robin Tallon was a Democratic member of Congress representing the Sixth District of South Carolina for a decade. While in Congress, Robin worked to expand U.S. trade exports. He was active in GATT negotiations in Geneva and took part in several trade missions to Asia and Latin America. More recently, Robin has devoted a considerable amount of time working on regulatory issues with various federal agencies, including the Food and Drug Administration and Department of Energy. Robin is a principal with Jenkins Hill Consulting and is based



**Chairman Albert Johnson addresses members and guests at the annual meeting**

out of its Washington, DC headquarters.

Robin told the crowd that for some manufacturers, FDA regulation of tobacco and changes it dictates will be their swan song, but he believes it will take years to sort it out. Robin believes USTC and its members will survive. He said, "Our grower members and the USTC enterprise will weather these changes and adjust to a different operating paradigm." He expressed his confidence in the vision of the Cooperative and the leadership of the board and management. Robin concluded with his promise to

continue to work with USTC and gather information to engage members of Congress on behalf of our member growers as well as work the powers to be at the FDA and other agencies to ensure the Cooperative's continued with growth and welfare. He ended with this statement, "We are committed to keeping the power of tax and regulation from becoming the power to destroy."

Chairman Johnson introduced Dr. Loren Fisher. Dr. Loren Fisher received his bachelor, masters, and doctorate degrees from North Carolina State University. In 1997 he was hired by the Crop Science Department to work with Dr. David Smith and Dr. Gerald Peedin as an Extension Associate. Dr. Fisher is currently an Associate Professor of Crop Science and has responsibilities for Research and Extension programs in all areas of agronomic production and management of flue cured and burley tobacco. Dr. Fisher addressed the assembly by stating he believes the FDA will set parameters on any chemicals or pesticides placed onto the tobacco plant. FDA laboratories can and will be constructed to measure the acceptable tolerances established by FDA on tobacco chemicals and pesticides. Currently, FDA has not set these regulations, but he believes they will be forthcoming.

The next speaker introduced by Chairman Johnson was Mr. Robert Sincavich. Mr. Sincavich is President of Sledd Company, a mid Atlantic regional distributor founded in 1936 serving approximately twelve hundred customers in a six state area of West Virginia, Ohio, Kentucky, Pennsylvania, Maryland, and Virginia. Mr. Sincavich reported he believes the **1839** product strategy is the correct approach. He stated the slow and steady growth (continued on page 2)

U. S. Tobacco Cooperative Inc. is the grower owned and supported cooperative that serves flue-cured tobacco growers in Virginia, North Carolina, South Carolina, Georgia, Alabama and Florida.

Chairman of the Board

Albert Johnson

Vice Chairmans

Kenneth Dasher  
Andrew Q. Shepherd  
Jimmy Pate

President

Tommy Bunn

DIRECTORS

- |                 |   |
|-----------------|---|
| District 2      | Kenneth Dasher<br>Live Oak,<br>Florida                  |
| District 3      | Albert M. Johnson<br>Galivants Ferry,<br>South Carolina |
| District 4      | James C. Pate<br>Rowland,<br>North Carolina             |
| District 5      | Keith Beavers<br>Mt. Olive,<br>North Carolina           |
| District 6      | Blythe H. Casey<br>Kinston,<br>North Carolina           |
| District 7      | Charlie S. Batten<br>Four Oaks,<br>North Carolina       |
| District 8      | Jimmy Crews<br>Oxford,<br>North Carolina                |
| District 9      | Richard Renegar<br>Harmony,<br>North Carolina           |
| District 10     | Andrew Q. Shepherd<br>Blackstone,<br>Virginia           |
| Public Director | James T. Hill, Jr.<br>Kinston,<br>North Carolina        |

Telephone: (919) 821-4560  
Fax: (919) 821-4564

through non competing distributors will win for the grower-members long term.

Chairman Johnson took the podium to address the grower members. Prior to giving his Chairman's Annual Meeting Report, he announced **1839** had been given another Golden Leaf Award in the category for the Most Outstanding Service Award. The award is sponsored by Tobacco Reporter and BMJ and was held in Singapore. This is the second award **1839** has received in as many years and this is a great accomplishment according to Chairman Johnson.

Chairman Johnson welcomed all Cooperative members and distinguished guests. He began by explaining the change of the corporate name was important, but the focus of our Cooperative was mission driven. "Our cooperative's purpose is to provide a market for member tobacco growers. The scope of our marketing efforts is limited in many areas because of our single type tobacco supply capabilities, but our market is large enough to leverage grower benefits across all U.S. flue-cured production. Your board has taken bold steps to keep profit margins alive for growers. In order for us to be a price leader in today's world market requires low or no tolerance for tobacco that does not meet your co-op's standards on moisture, leaf quality, and NTRM."

Mr. Johnson spoke about the intrinsic value the co-op has provided to all flue-cured growers. He spoke of the 2008 season as related to the rising input costs. "Initially, your cooperative raised our average contract price from \$1.46 per pound to \$1.60 per pound. Then due to the continuing escalating input costs, your board raised the price to \$1.80 per pound. The board's bold move was necessary to keep our members in business. The other purchasers followed our lead and increased their prices. So, if your cooperative helped raise prices of flue-cured tobacco even \$0.10 per pound across the industry in 2008 and 2009, the range of benefits to our members would be over \$120 million.

Mr. Johnson reported the volume of tobacco the cooperative purchased



**Members and guests listen to the speakers at annual meeting**

and price paid for the 2008 crop. Also, he spoke highly of China as our largest customer and praised them for their continuing support. He addressed the 2009 crop by stating, "...the 2009 crop of flue cured tobacco is the best quality and the highest yielding crop across the flue cured production area this generation of tobacco growers has seen."

He turned his attention to the global influences affecting U.S. tobacco today. The factors are taxes, smoking restrictions, production in competing countries, the value of the U.S. dollar



**USTC President Tommy Bunn addresses the assembly**

versus foreign currencies, and pending FDA regulations. At this juncture FDA regulations are unknown, but it is our belief these regulations intend to diminish and harm our industry. The myth that FDA regulations may not apply to growers' production is just that, a myth. "We will be held accountable as growers. If not by the FDA, the purchasers will hold us accountable. I believe product traceability will be a mandate to our industry," he said.

In closing, Chairman Johnson commented on the 2010 crop. He said,

“The heavy take from the 2009 crop will cause us to be inventory sensitive for 2010. The board may not approve the addition of new growers next year. Plus, we will be evaluating each grower’s delivery history with our cooperative and determining their compatibility with our market. The contracts for 2010 will have some technical specification changes that will be discussed at the contract meetings.”



**Mrs. Pat Holiday is recognized for her forty-four and one half years of service**

Following his Chairman’s Annual Meeting Report, Albert Johnson recognized two cooperative staff members, Mrs. Pat Holiday and Mr. Jimmy Barefoot. Pat Holiday was recognized for her forty-four and one half years of service. Pat’s service has included tobacco data and information management and USTC Office Manager. Mr. Jimmy Barefoot was recognized for twenty-five years of service with the cooperative. Jimmy is Senior Vice President of Sales and Product Development for your cooperative.



**Mr. Jimmy Barefoot receives twenty-five year Service Award**

President Tommy Bunn approached the podium and recognized the presence of numerous companies and

organizations and thanked the cooperative members in attendance at the USTC annual meeting. Mr. Bunn reported the annual financial statement. He concluded by wishing the Co-op members a good growing season and a prosperous year for 2010. Following his report, Mr. Bunn proceeded with the door prizes for the cooperative members. The sixty-third annual meeting was then closed and lunch was served.

## 2009-2010 USTC LEADERSHIP PROGRAM BEGINS

The first week of the Leadership Program began on Monday, November 10, 2009. The Leadership Program has 8 participants representing four flue cured tobacco growing states: Florida, Georgia, North Carolina, and Virginia. The representatives were nominated by either their board member or marketing center operator. Each participant is an active Co-op member and has a management role on his farm. Their ages range from 35 to 22 years old.

The first week is designed for participants to meet the Co-op management staff, gain more knowledge of their multi-faceted Co-op, and grow and develop their individual leadership skills. The first week is a whirlwind of meeting a lot of people within their Co-op, learning the functions and roles of their Co-op staff, training, and general discussion with North Carolina State University staff. The services of North Carolina State University personnel are invaluable and twofold. First, members from the NCSU Crop Science Department assess current agriculture practices on the farm, diseases found in tobacco, remedies to combat diseases, soil conditions, and sucker control and issues surrounding chemicals, pesticides, etc. Then general discussions begin and the knowledge exchanged between participants and



**2009 – 2010 USTC Leadership Program Participants (back row from left to right: Mr. Brent Watts, Clarendon, N.C., Mr. Jackson Lord, Live Oak, FL., Mr. Garland Comer, Vernon Hill, Va., Mr. Sammy Brady, Hobgood, N.C., front row from left to right: Mr. Lance Hendley, Nashville, Ga., Mr. James Roebuck, Robersonville, N.C., Mr. Joe Warren III, Salemburg, N.C., Mr. Jordan Denning, Burgaw, N.C.)**

NCSU faculty is fascinating. Second, a day and one half is dedicated to developing each member’s leadership skills. Again the use of NCSU personnel is called upon to teach and motivate our young potential leaders.

The leadership participants met with their Chairman of the Board, Albert Johnson. After thanking the members for their participation in the leadership program, Mr. Johnson spoke to them about the history and formation of their Cooperative. He discussed their Co-op structure. He spoke to them about the various Co-op product lines and the challenges facing the sales of their products. He turned his attention to the future. He spoke to them about some of the challenges facing them on their farms such as FDA future regulations. He assured them that the Co-op would be there to meet these regulations. In closing he told the members that while the Co-op wants to assist its members, it has no tolerance for nesting or other violations of the marketing agreements.

The second week will begin in the early part of February. The program will focus on the subject of politics. The goal will be to introduce them to the political issues affecting them on the (continued on page 4)

farm and motivate themselves to become involved and become part of the political process, whether it is on a local, state, or national level.

USTC would like to thank the following people for their time and effort devoted to the first week of the Leadership Program: the leadership participants, the USTC staff (including staff in the Raleigh, NC, Fuquay-Varina, NC, and Timberlake, NC facilities), NCSU personnel, (Dr. Bill Collins, Dr. Mike Boyette, Dr. Lanny Hass, Dr. Sandy Wiggins, Dr. David Smith, and Dr. Loren Fisher), and The State Club personnel.

---

**USTC STAFF  
WISHES ALL  
OF OUR  
MEMBERS A  
SAFE AND  
HAPPY  
HOLIDAY  
SEASON!!!**

