

**CALL POOL AGREEMENT  
FOR  
\_\_\_\_\_ CALL POOL**

**THIS CALL POOL AGREEMENT** is hereby made and entered into by and between **Cotton Solutions Cooperative** (the "Association") and the undersigned grower (herein referred to as the "Grower") on the date set forth below.

**RECITALS**

WHEREAS, the Association and the Grower entered into a Grower's Membership and Marketing Agreement ("Marketing Agreement") on \_\_\_\_\_. Such Marketing Agreement permits the establishment of growers' marketing pools among the membership of the Association according to geographic area or for other purposes approved by the Board of Directors. The Association Board of Directors ("Board") has heretofore established a call pool for its members in \_\_\_\_\_ permitting its members in that geographic region ("\_\_\_ Call Pool") to establish and fix a forward sales prices (a "call price") for their cotton subject to the rules of the pool. Under the terms of the Marketing Agreement and the Bylaws of the Association, the Grower, subject to the Marketing Agreement, may opt to place all, or a portion of, their cotton acreage committed to the Association into the call pool within the guidelines established by the Board.

WHEREAS, the Board has by resolution adopted on \_\_\_\_\_ authorized the establishment of the \_\_\_ Call Pool. In order to set forth their relative rights and responsibilities with respect to the Grower's in the \_\_\_\_\_ Call Pool, the Grower and the Association agree to the terms and conditions as hereinafter described.

**AGREEMENT**

**IN CONSIDERATION OF THE PREMISES**, and the mutual undertakings set forth in the Marketing Agreement and herein, and other good and valuable consideration, the Association and the Grower agree as follows:

1. **Reaffirmation of Marketing Agreement as Supplemented Hereby.** The Association and the Grower each hereby reaffirm the Marketing Agreement referred to above as supplemented by this Call Pool Agreement. Such Marketing Agreement and this Call Pool Agreement shall, with all supplemental agreements entered into among the Association and Grower, constitute a single contract. The Grower hereby represents that the Grower is in compliance with all material terms of the Marketing Agreement referred to above and all other agreements executed in connection therewith. Capitalized terms used, but not defined herein, shall have the meanings ascribed to those terms in the Marketing Agreement.

2. **Establishment of Call Pool.** The Association has established by Board resolution the \_\_\_\_\_ Call Pool commencing on \_\_\_\_\_, 2021. The \_\_\_\_\_ Call Pool shall be hereinafter referred to as "Call Pool".

3. **Operation of Call Pool.** The Call Pool is not intended to alter the membership status of any grower or to modify the required provisions relating to the production, delivery, sale and marketing of cotton as provided under the terms of the Marketing Agreement or any other agreement executed in connection therewith. Instead, the Call Pool is established only to create a marketing pool among the growers of the Association opting to participate, within the guidelines set forth from time to time by the Board, permitting the growers so participating to establish a fixed call sale price for the sale of their cotton committed to the Call Pool. The economic benefits and burdens related to the marketing and sale of cotton produced by those growers participating within the Call Pool are borne solely by such growers and not by any grower of the Association not participating in the Call Pool as described under paragraph 4 hereof. The initial guidelines established by the Association's Board are set forth in Exhibit "A" attached hereto, which by this reference are incorporated herein and made a part hereof, and are subject to change upon thirty (30) days prior notice through action of the Board. The Association's Board shall have the sole discretion to establish sign in and the dates of closing the Call Pool.

4. **Payment for Cotton Sold within the Call Pool.** All proceeds realized from the sale of cotton produced by growers participating in the Call Pool shall be pooled into a single fund, from which shall be deducted all costs of operation associated with the operation of the Call Pool, including, but not limited to, all commissions, compression and warehouse charges, insurance premiums, brokerage fees (if any), hedging costs and expenses, freight, interest, legal expenses, accounting expenses, the cost of any Association employees assigned to serve growers in the Call Pool and not serving Association members in general, and any other costs associated with the marketing and sale of cotton produced by growers within the Call Pool, except for those costs and liquidated damages for which Grower is liable hereunder for failure to deliver. Thereafter, the resulting net proceeds shall be distributed to all growers participating in the Call Pool as patronage dividends in accordance with the patronage of each grower as compared to the total patronage of all growers in the Call Pool, all as provided in the Association's Bylaws and in the Marketing Agreement. Any gains or losses attributable to a grower's establishment of a Call Price with respect to his cotton in the Call Pool shall be borne by the grower establishing such Call Price, in the manner calculated as directed by the Association's Board except as otherwise provided herein.

5. **Remedies for Breach of Agreements.** In the event that Grower fails to deliver the cotton committed to the Call Pool as provided herein with respect to which a Call Price (as defined in Exhibit "A" attached hereto) has been established, including, but not limited to, by reason of failure to produce the yield for the acreage to deliver the cotton committed, the Association shall be entitled, to the extent that such Grower does not reimburse the Association for the damages caused by such Grower's failure to deliver as determined in accordance with the guidelines, which amount shall be considered liquidated damages constituting a reasonable approximation of the damages suffered by Association and not a penalty, within thirty (30) days of written demand in accordance with the provisions of the Marketing Agreement, to offset and recoup the resulting unreimbursed damages against the proceeds that would otherwise be payable to the Grower from the Call Pool in accordance with Section 4 hereof. This right of offset and recoupment shall be in addition to the remedies provided the Association under the terms of the Marketing Agreement or otherwise available at law or in equity, to the extent that any such other remedy does not adequately

compensate the Association for the damages it incurs as a result of the failure of the Grower to deliver. In addition, the Grower agrees to reimburse Association for all expenses, legal, market or otherwise, which Association incurs by reason of any failure to adhere to this Call Pool Agreement and the guidelines.

[Execution to Follow on Next Following Page]

**IN WITNESS WHEREOF**, the undersigned parties have executed this Call Pool Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**WITNESS:**

\_\_\_\_\_

\_\_\_\_\_  
Print Name

**"ASSOCIATION":**

**COTTON SOLUTIONS COOPERATIVE**

\_\_\_\_\_  
By: Its President

**"GROWER":**

\_\_\_\_\_  
Name of Grower, Partnership, Corporation,  
LLC or Sole Proprietor

**WITNESS:**

\_\_\_\_\_

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature of Person Signing Agreement

\_\_\_\_\_  
Printed Name of Person Signing  
Agreement

**MAILING ADDRESS:**

\_\_\_\_\_

\_\_\_\_\_

## EXHIBIT “A”

### Call Pool Guidelines

The following are guidelines applicable to the Call Pool to which the Grower executing this Call Pool Agreement agrees, to-wit:

1. A grower opting to participate will adhere to the dates established by the Board for opting in to the Call Pool and to the time periods in which the grower is entitled to establish their fixed price.
2. The Association reserves the right to close or limit the sign-in of cotton into the Call Pool at any time the Association determines a sufficient quantity of cotton has been obligated to be delivered to the Call Pool.
3. The grower opting to participate in the Call Pool may establish and fix the forward sales price on their cotton committed to the pool (“Call Price”), provided, that, the maximum amount of cotton with respect to which the grower is permitted to establish a Call Price prior to harvest shall not be in excess of eighty percent (80%) of the grower’s five-year average yield [FCIC Actual Production History] for the acreage of upland cotton committed in the Options Notice to the Call Pool and within the time frames otherwise established by the Board. Under rules adopted by the Board, a grower may be permitted to establish a Call Price on any amount of cotton above that eighty percent (80%) yield once final production of the cotton committed to the Call Pool by the participating grower in the Options Notice is known.
4. Subject to time periods and other rules established by the Board and subject to these guidelines, a grower participating in the Call Pool may establish the Call Price with respect to the cotton committed to the Call Pool at any time while the ICE Futures U.S. Exchange is open and trading cotton futures.
5. The grower shall be required to deliver all cotton committed to the Call Pool for which a Call Price has been established even in the event of a cotton production shortfall as noted in the Marketing Agreement. In the event the grower is unwilling or unable to deliver all cotton in satisfaction of his or its cotton committed for which a Call Price has been established, the grower shall pay to the Association a cash settlement as liquidated damages equal to the product determined by multiplying (a) the sum of (i) the Call Price per pound of cotton and (ii) the amount by which the closing price for the closest nearby contract month for the ICE Contract No.2 for cotton as of the date of the failure of delivery (in points per pound of cotton) exceeds the Call Price, by (b) the shortfall in the amount of cotton (in pounds and portions of pounds) required to be delivered by the grower to the Call Pool. The calculation of the cash settlement, based on the foregoing formula, shall be

determined by the Association and shall be conclusive absent manifest error. This determination of damages shall be considered liquidated damages. In no event shall a defaulting grower be entitled to a payment from the Cooperative from a default as a result of a favorable market movement below the Call Price or otherwise with respect to the failed delivery of cotton.

6. Any grower participating in the Call Pool is required to establish that Call Price on or before the Last Trading Day before the "First Notice Date" of the "May ICE Contract No. 2", as those quoted phrases are defined (or if not defined, interpreted by) the Intercontinental Exchange rules. Once established, the grower shall not be permitted to modify that Call Price.
7. The cotton placed into the Call Pool shall meet the applicable requirements for the cotton as required under the Marketing Agreement and such additional requirements as the Board may determine.
8. Notwithstanding the foregoing, the Association and its marketer are authorized and empowered not to accept a grower's Call Price or establish a futures reference price for the cotton when a Loan Deficiency Payment (as defined by the Commodity Credit Corporation ("CCC")) is applicable. For this purpose, the CCC defines a Loan Deficiency Payment as applicable when the Adjusted World Price ("AWP") is trading below the CCC marketing assistance loan value, as each of the AWP and the governmental loan value are determined by applicable CCC regulations and CCC personnel.

Grower Acceptance Initial: \_\_\_\_\_