

AGREEMENT

THIS AGREEMENT ("Agreement") effective as of August 1, 2025, by and between **ProCot Cooperative**, a cooperative marketing corporation organized under the laws of the State of Tennessee ("Association"), and **Allenberg Cotton Co.**, a registered trade name for Louis Dreyfus Company Cotton, LLC ("Allenberg"), with Allenberg's office and principal place of business at 7255 Goodlett Farms Parkway, Cordova, Tennessee 38018.

WHEREAS, Allenberg is one of the nation's largest cotton merchants and desires to obtain from Association a source of cotton on the terms and conditions herein set forth; and

WHEREAS, Association desires to continue to engage Allenberg as Administrator to perform certain functions for the Association on the terms and conditions herein contained.

NOW, THEREFORE, for and in consideration of the foregoing premises, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Association and Allenberg do hereby agree as follows:

1. Option to Purchase. Subject to the terms and conditions herein set forth, Association hereby agrees to sell and Allenberg has the option to purchase the right to redeem cotton placed into loan with CCC by Association during the crop year **2025-26**, beginning August 1 and ending July 31, and, except for placement of eligible cotton into loan with CCC, Association shall not sell, market, consign or deliver, directly or indirectly, any cotton whatsoever, to any such other person or corporation without first offering the same or better terms to Allenberg, it being understood that this Agreement sets out an exclusive arrangement between Association and Allenberg.

2. Consideration.

(a) Redemption of Cotton. In consideration for the right to redeem the cotton placed into loan with CCC by Association, Allenberg shall perform the services and duties described herein, and, if it so desires to redeem such cotton, shall pay all amounts necessary to redeem the cotton from CCC subject to paragraph 7(b) hereof relating to USDA payment limitations.

(b) Distribution of Loan and Effect of Changes in Government Programs. For all cotton placed in loan with CCC by Association, Allenberg agrees to receive the loan proceeds on behalf of Association and shall deposit such proceeds in the Association's Depository Account and shall distribute to Association's membership in accordance with applicable USDA regulations and Association's Membership and Marketing Agreements an amount equal to the U.S. government loan value of the cotton received less cotton board fees ("Loan Amount"). Such Loan Amount is the minimum guaranteed amount that the Members shall receive subject to the paragraph 7(b) hereof relating to payment limitations. **Allenberg may, but does not promise or guarantee that it will, pay an Enhancement.** Association acknowledges that Allenberg's sole incentive to pay an Enhancement is to be able in future years to contract with Association.

Association acknowledges that the farm program may be changed, modified, and/or sequestered by Congressional or administrative action. If so, it is agreed that payments and distributions may be adjusted by Allenberg in reasonable proportion to the changes in the farm program. Association will be notified of the reasons for any such adjustment.

3. Definitions. As used herein, the terms set forth below shall have the following definitions:

(a) "Enhancement" means an amount paid to Association in excess of the Loan Amount. The amount of the Enhancement, if any, shall be in the sole discretion of Allenberg. There is no guarantee of any Enhancement, and no guarantee that the Enhancement for one program or pool will be the same as the Enhancement for other programs or pools. Allenberg anticipates that Enhancement will not be the same from pool to pool.

(b) "CCC" means the Commodity Credit Corporation established by federal charter as an instrumentality of the United States Department of Agriculture ("USDA").

(c) "Crop Year" shall mean the period from August 1 through July 31 during which this Agreement shall be or remain in effect in accordance with the terms hereof.

(d) "Membership and Marketing Agreement" means a membership agreement and all other agreements between Association and a member or members mutually approved by Association and Allenberg.

4. Warranties of Association. Association hereby represents and warrants that all Association's cotton delivered to CCC for loan, and to the extent if any it effects the eligibility of the cotton the member, shall be eligible for CCC loan, and the cotton shall be of the Upland Cotton variety, and shall be produced in the crop year designated by Association at the time of delivery. Association further represents and warrants that the cotton shall not be false packed, water packed, mixed packed, reginned or repacked. Association represents and warrants that all cotton shall be packed in bagging ties approved by the Joint Industries Committee on bale packing. All cotton will be produced, harvested and ginned using good practices. Any deduction, allowance or loss that Allenberg may make or suffer on the account of an inferior quality or standard, or condition at delivery shall be charged against Association and deducted from the amount otherwise due Association hereunder. Association represents and warrants that it has the capacity to make delivery of the cotton, and that it is entering into this Agreement in connection with its business.

5. Allocation Between Programs. Different pools and programs by date or geographical areas or on other lawful criteria may be established. Enhancement, if any, will be at Allenberg's sole discretion and may vary from pool to pool and/or depending upon the time in which a particular program was chosen by a member of Association or by the geographic area in which the member's farm is physically located and/or other factors.

6. Administrative Services.

(a) Collection and Disbursement. Except as otherwise directed by Association, Allenberg will collect and disburse applicable crop year CCC loan funds to the members of Association for and on behalf of Association in accordance with applicable USDA and CCC rules and regulations and the Membership and Marketing Agreements. The loan proceeds shall be placed in a mutually approved Depository Account and be disbursed therefrom. Allenberg may make Enhancements in periodic progress payments to Association and/or its members as hereinafter set forth. It is intended that final payment will be made on or before the last day of the crop year for cotton delivered in that crop year, but this may be extended by mutual agreement of Association and Allenberg if permitted by all applicable laws and regulations.

(b) Included within the administrative services performed by Allenberg shall be the following:

(i) maintaining adequate bookkeeping and accounting systems for CCC loan proceeds, and preparing annual financial report for the approval of the Board for Association and reporting to the members of Association at Association's annual meeting on the operations of Association during the year;

(ii) preparing or causing to be prepared, for tax years this agreement is in effect for and on behalf of Association, any and all tax and information returns for Association and preparing required tax reports concerning distributions and tax attributes of Association to go to its members (Association will provide to Allenberg necessary tax information in connection with the distribution of per unit retains of Association);

(iii) making distributions to the members of Association in accordance with the terms of this Agreement;

(iv) consulting with and making proposals to the Board of Directors for Association in connection with Association's operations;

(v) to make all filings necessary for Association to comply with the marketing nonrecourse loan provisions under 7 C.F.R. 1427 for Association to maintain its status as a cooperative marketing organization under 7 C.F.R. 1425;

(vi) to take all actions necessary or proper for and on behalf of Association to assist members of Association execute their Membership and Marketing Agreement and other documents in order for the members to sign their cotton into the Association for the particular crop year in question;

(vii) to perform all necessary administrative and clerical work including, but not limited to, reviewing and/or preparing electronic warehouse receipts in connection with gins, members and others for placing eligible cotton into loan for and on behalf of Association, disbursing proceeds to members (of loan proceeds, and of Enhancement, if any);

- (viii) communicating with members of Association on Association's behalf;
 - (ix) to cause to be prepared, for and on behalf of Association, an audit of Association for the crop year by an independent certified public accountant;
 - (x) to cause to be paid all agents, contractors and other providers to Association whose expenses have been mutually approved by Association and Allenberg;
 - (xi) to pay the reasonable expenses of Association for the service(s) necessary to account for and prepare disbursements for the per unit retains of Association to its members;
 - (xii) to prepare reports of deposits and disbursements from the Depository Account established under paragraph 6(a) hereof, such report to be distributed periodically to the Board of Directors of Association; and
 - (xiii) to take precautions to protect the data of members equivalent to those taken to protect similar data of Allenberg, however Association recognizes that computers run the risk of hacking, breaches and failures and the Allenberg does not guarantee complete security.
- (c) Association shall, upon reasonable request to Allenberg receive copies of all documents maintained by Allenberg with respect to deposits and disbursements on behalf of Association relating to the placement of cotton by Association with CCC in connection with a CCC loan if necessary for the purpose of defending any audit from the Internal Revenue Service or by USDA or as necessary for Association's auditors or accountants to prepare or conduct an audit of Association, or to prepare tax information or tax returns. The parties hereto agree that such documentation does not include the records of Allenberg set forth in paragraph 8 hereof, which such records shall only be provided on the terms set forth therein.

7. Loan and Other Provisions.

- (a) In no event shall Allenberg have any right to cause Association to place cotton in any government loan program or participate in any other government sponsored programs. It is understood that Association shall have the sole and complete authority to make any and all decisions with respect to the placement of Association's cotton in any governmental loan or any other government sponsored program. Notwithstanding any other provision of this option to purchase or any other contract, title and control of the commodity and beneficial interest in the commodity as specified in 7 C.F.R. 1427.5 shall remain with the producer until Allenberg exercises its option to purchase the cotton. The option to purchase granted to Allenberg hereunder shall expire, notwithstanding any action or inaction by either the producer or Allenberg, at the earlier of: (1) the maturity of any CCC loan that is secured by such commodity; (2) the date CCC claims title to such commodity; or (3) such other date as provided in this Agreement.
- (b) Association acknowledges that the USDA imposes payment limitations upon USDA Farm Program entitlements, payments, and benefits, and that the price to be paid by Allenberg and/or any enhancement does not take into consideration such limitations. In the event an Association member's payment limitation or lack of eligibility causes Allenberg to pay the

USDA/CCC in excess of the Adjusted World Price ("AWP") to obtain redemption, then Allenberg will be promptly reimbursed for its redemption cost in excess of AWP in effect at the time of redemption. It is intended that Allenberg's redemption price shall not exceed AWP, and that any redemption cost in excess of AWP attributable to payment limitations or lack of eligibility shall be for the affected member's accounts. Allenberg will be entitled to be reimbursed by the members who had caused the redemption price to exceed AWP, or if they fail to do so, by Association.

(c) Association warrants that the cotton to be delivered to Allenberg will meet all requirements of the Association Membership and Marketing Agreement applicable to the crop year covered by this Agreement. Allenberg will, at its option, receive credit or reimbursement for warehouse charges in excess of the USDA storage credit.

(d) If the Association elects not to place the cotton in the CCC Loan, it will sell it to Allenberg and Allenberg will buy it for an amount equal to the CCC loan less 20 cents per pound.

8. Conflict of Interest and Limitation on Remedies. Association acknowledges and agrees that, while Allenberg, in its discretion, will attempt to achieve a price Enhancement for the benefit of Association, Allenberg will also be attempting to maximize its own returns, and these activities may produce a conflict of interest between itself and Association. Allenberg will have no duty to sacrifice or subordinate its own interests in order to enhance the price of Association's cotton. Any and all claims of Association arising out of any conflict of interest on the part of Allenberg are hereby waived. Association further agrees to provide in its Membership and Marketing Agreement with each Member a provision waiving the conflict of interest. All trades completed on any futures, options, or spot market shall be for the sole benefit and at the sole risk of Allenberg, it being understood that in no event shall Allenberg be engaged in trading for Association or Association's members. It is specifically understood that any transactions by Allenberg for the purpose of seeking to enhance the price paid for Association's cotton shall be for Allenberg's account(s), using Allenberg's capital at Allenberg's risk. All records with respect to sales, futures and options trading, and other activities of Allenberg, shall be Allenberg's exclusive records, and shall not be subject to inspection by Association or its members or any third party, unless necessary to respond to a lawful request by IRS or USDA, and the records will be available only to those with a need to know for purposes of the government's request. Association acknowledges that the cotton delivered to Allenberg may be marketed in many different ways and co-mingled with Allenberg's inventory, and that Allenberg will have no responsibility to record or trace the ultimate disposition of Association's cotton. It is acknowledged that Allenberg's most important incentive if it seeks to enhance the return to Association and its members is to produce results which will encourage Association's members and potential members to have a future business relationship through Association with Allenberg. Allenberg shall have no liability for failing to provide an Enhancement. It is agreed that the sole remedy, should Association or its members be dissatisfied with the Enhancement or lack thereof, shall be for Association and/or the members to decline to commit cotton through Association to Allenberg in the future. This agreement does not create a partnership or joint venture between Association and Allenberg and neither party can bind the other party hereto. Neither party has an obligation as a fiduciary to the other party hereto.

9. Title to Cotton. Title to the cotton subject hereto shall pass from Association upon its delivery to Allenberg, which delivery shall occur for all purposes hereunder upon transfer of electronic warehouse receipts for such cotton. It is the purpose and intent of this Agreement that Association, in acting for its members, shall retain title, risk of loss and beneficial interest in the cotton until such delivery to Allenberg.

10. Term. This Agreement shall be binding upon Association, its representatives, successors and assigns, for the specified Crop Year. Termination shall have no effect on any obligations of the parties incurred prior to the Termination Date. Unless terminated for subsequent crop years by written notice or superseded by a subsequent agreement, this agreement will automatically renew for successive crop years each beginning on August 1 and ending on July 31.

11. Other Agreements. Association will reasonably cooperate with Allenberg in amending its agreements with its members to be consistent with this Agreement. Association agrees that Allenberg shall be entitled, for and on behalf of Association, to enforce the rights of Association under the Membership and Marketing Agreement and agrees that Allenberg shall also be a third party beneficiary of the Membership and Marketing Agreement to enforce its own rights, provided, however, that Allenberg shall have no obligation to enforce such agreement and that any action (if any) taken by Allenberg to enforce the rights of Association or Allenberg under the Membership and Marketing Agreement shall be at the cost of Allenberg.

12. Arbitration and Mediation.

(a) Mediation. In case of dispute, at the request of either party, the parties will engage in mediation, with the costs of the mediator shared equally by the parties. Because the statutes of limitation or arbitration rules might require a commencement of legal steps to preserve claims, the parties recognize that arbitration or a lawsuit might be commenced before the meditation to preserve claims, however, after such commencement, if any, the parties will delay the arbitration or litigation for a reasonable period of time in which to conduct a mediation. If the parties cannot agree on a mediator each will nominate one qualified, professional, independent mediator, and a flip of a coin will determine the mediator.

(b) Arbitration. All disputes arising out of or in connection with this Agreement shall be resolved by final binding arbitration conducted pursuant to the Federal Arbitration Act and the American Cotton Shippers Association Arbitration Rules and judgment may be entered on the award. The arbitration rules are available on the website of the American Cotton Shippers Association Arbitration or on request.

13. Attorney's Fees and Costs. If any party hereto substantially prevails in any arbitration proceeding or litigation, it shall be entitled to recover from the other party all court costs, arbitration charges, costs for bonds and otherwise, expenses of travel, all expenses arising out of or caused by the arbitration or litigation, and any reasonable attorney's fees expended or incurred by it in any such proceedings. All such costs and expenses shall be included in the award and/or judgment.

14. Remedies. If any party hereto breaches any material provision hereof, particularly as to the delivery of the cotton to Allenberg, the non-breaching party shall, upon its filing a proper action, be entitled to an injunction to prevent a further breach and a decree for specific performance of this Agreement according to its terms. Such action shall be for the purpose of protecting the rights of the ultimately prevailing party and shall not be deemed a waiver of the right to recover damages and of the right to arbitration. Allenberg and Association are satisfied with common law and contractual rights and thus they voluntarily, knowingly and intelligently waive the provisions of any applicable deceptive trade practices acts or consumer protection acts, however named.

15. Binding Effect. This Agreement shall be binding upon and inure to the benefit of both parties and their respective heirs, legal representatives, successors and assigns.

17. Non-Waiver. No delay or failure by either party to exercise any right hereunder and no partial or single exercise of such right, shall constitute a waiver of that or any other right unless otherwise expressly provided herein.

17. Headings. Headings in this Agreement are for convenience of reference only and shall not be used to interpret or construe its provisions.

18. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Tennessee, except as to arbitration, which shall be governed by the Federal Arbitration Act. The parties waive trial by jury.


19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.


20. Time. Time is of the essence in this Agreement.

21. Entire Agreement. This Agreement constitutes the sole agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning the same. This Agreement may not be amended or modified other than an instrument executed by both parties or their duly authorized representatives.

22. Notices. All notices hereunder shall be in writing and delivered personally or mailed by certified mail, postage pre-paid, or delivered by a national overnight delivery service such as FedEx Corporation, addressed to the parties at their last known addresses.

IN WITNESS WHEREOF, the parties have duly executed this Agreement this 27 day of February 2025.

ALLENBERG COTTON CO.,
By: 
Title: Administrator

PROCOT COOPERATIVE
By: 
Title: Secretary

