

**MEMORANDUM OF UNDERSTANDING IMPLEMENTING THE
ASSESSMENT FOR EMERGENCY AVIAN INFLUENZA AND VELOGENIC
(EXOTIC) NEWCASTLE FUNDS**

April 11, 2006

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Section A – Memorandum Purpose and Implementation

A-1 Purpose of this memorandum

This memorandum of understanding is among the members of the Texas Poultry Federation as listed in **Section B** and begins the implementation of the assessment of pledges toward a fund to be available in the event of an outbreak of Avian Influenza or Velogenic (Exotic) Newcastle in the State of Texas. Member companies not participating in this memorandum of understanding will not be eligible for this fund.

A-2 Pledging of Monies to the Fund

Each member company shall pledge a portion of the total industry fund of \$1,000,000 based on the schedule described in **Section C**. Each company shall make this pledge promptly upon receipt of this memorandum through return of a fully executed and signed copy to the Texas Poultry Federation Office. The schedule of pledge amounts in Section C and Flock Valuations in Section F may be recalculated at the request of the Emergency Disease Task Force of the Texas Poultry Federation.

A-3 Payment from the Fund

The Emergency Disease Task Force of the Texas Poultry Federation shall determine the conditions under which a member company or any other entity is to receive funds, as well as the amount of each such payment. Any entity or company receiving

funds through this assessment is required to reimburse the fund, up to the full amount received, for any loss of poultry compensated through any indemnification program.

A-4 Collecting Pledge

If it is determined that funds should be paid, the Texas Poultry Federation shall bill each member company for their portion of the total disbursement up to a total disbursement of \$1,000,000 based on each member company's respective pledged share of the fund.

A-5 Initial Outbreak

Each member company agrees that the losses associated with an initial outbreak of avian influenza or Velogenic (Exotic) Newcastle as covered by this Memorandum of Understanding up to the amounts listed in **Section D**, shall be borne by the affected member company and further, that the affected member company may not make a claim to be exempt from any collection of pledges subsequent to this initial loss.

A-6 Term, Renewal and Cancellation of this Memorandum of Understanding

- a. The initial term of this memorandum of understanding shall expire on June 30, 2002 and shall renew automatically, from one year to the next unless canceled as provided under section A-6-b.
- b. The member companies or the Texas Poultry Federation may choose not to renew this memorandum of understanding for a successive one year term by providing written notice of such intention to all parties at least sixty (60) days in advance of the memorandum of understanding's automatic renewal date.

A-7 Participation in Voluntary Monitoring Program

Member companies participating in this memorandum of understanding agree to participate in the voluntary monitoring program as outlined in **Section E**.

A-8 Individual Company Pledge and Signatures

As a member company in the Texas Poultry Federation:

(Company name)

(Address)

(City, State, Zip)

Based on;

Placement of _____ broilers per week

Production of _____ hens housed annually

Placement of _____ turkeys annually

Placement of _____ primary breeders annually

Pledges \$ _____ to the Texas Emergency Avian Influenza or Velogenic (Exotic) Newcastle Fund and agrees to all conditions described in this Memorandum of Understanding.

Signed:

(Authorized signature)

(Date)

Any Funds Received Are Subject To Being Reimbursed (see A-3)

This agreement supersedes any and all previous such agreements

Return original, fully completed copy to the Texas Poultry Federation.

Section B - Participating members

Omitted from web version

Section C - Assessment for indemnity
As of April 11, 2006

C-1 Industry Statistics

	No. Produced	\$ Value	% of Total
Broilers	550,630,732 hd	1,098,408,000	72.35
Eggs	14,195,000 hens housed	358,288,000	23.60
Turkeys	(withheld)	59,600,000	3.92
Primary Breeders	(withheld)	1,800,000	0.12
TOTAL FARM VALUE		<u>1,518,096,000</u>	

C-2 Assessment based on values from above table

- a. Broilers:
To support a \$1 million fund, the broiler industry assessment is \$723,543 or **\$68.33/1000** birds placed per week.
- b. Eggs
To support a \$1 million fund, the egg industry assessment is \$236,011 or **\$16.63/1000** hens housed annually.
- c. Turkeys
To support a \$1 million fund, the turkey industry assessment is \$39,260.
- d. Primary Breeders
To support a \$1 million fund, the primary breeder industry assessment is \$1186 or **\$5.93/1000** birds placed annually.

Section D - Initial loss to be incurred by a company before funds are available.

D-1 Broilers, **\$30/1000** birds placed per week.

Example: A company placing 2.75 million/week will have to incur \$82,500 in loss before any payment.

D-2 Eggs, **\$100/1000** bird capacity

Example: A company with 625,000 hen capacity will have to incur \$62,500 in loss before any payment.

D-3 Turkeys, **\$15/1000** birds placed annually.

Example: A company placing 4 million annually will have to incur \$60,000 in loss before any payment.

D-4 Primary Breeders, **\$250/1000** bird capacity.

Example: A company with 100,000 bird capacity will have to incur \$25,000 in loss before any payment.