



### **Nomination Period Opens on April 1**

The nomination period for the election of Directors to sit on the Association's Board of Directors opens April 1 and closes April 30, 2016. This year two seats are up for election, Seat #6 held by Chairman McFarlane and Seat # 7 held by Director Coleman. If you are interested in running for a seat on the Board of Directors please let us know. We will be happy to provide you with an application which can be filled out and returned to the Chairman of the Committee for Election Certification. The election begins on May 10 and will run for 30 days. This year's Committee Chairman is John Nale of Kerman. He, along with Brent Beene of Kerman and Forrest Felger of Fresno, will open the ballots and count the votes on June 13, 2016.

Should you have questions about this year's election process please call the Kerman office and ask to talk with Michael Kelley, the Association's President & CEO. We will be happy to provide you with the timeline and walk you through the entire process. It is clear that the election process worked well over the last two years, shown by an increase in participation which is evident by the number of ballots that were returned by our members.

### **Matt Abercrombie Appointed to Board of Directors**

In March, Kerman area almond grower Matt Abercrombie was appointed by the CCAGA Board of Directors to fill out the remaining term of Director Denis Prospero who held Seat #1. Mr. Abercrombie is a longtime member of the Association doing business as Abercrombie Farms along with his wife Pat, and son Patrick. Mr. Abercrombie has strong experience serving in the past on the Board of Fresno Madera Farm Credit and Kerman School District. Abercrombie Farms has been a member of the Association since 2003.

Mr. Abercrombie replaces former Chairman and longtime Board member Denis Prospero who stepped down from the Board in February after the successful sale of his almond ranch. Mr. Prospero will be missed as he brought a wealth of knowledge to the Board at each and every meeting. He was seated as a Director in 1993 and became the Chairman of the Board in 2009, stepping down from that position in July of 2015.

### **Another Profitable Year is in the Making**

On March 4, 2016 the Association distributed a first advance on the 2015 crop. The payment totaled 2.0 cents per meat pound. In addition, a payment was

also made on the 2015 overage of 0.90817 cent per pound on the hulling fees paid during the 2015 season. This first payment to the membership of 2.90817 cents represents a total distribution of \$2,740,389.96.

The Association recorded another high volume shelling season in 2015. Despite several agronomic factors that challenged growers in our area we were very happy to have shelled out a highly respectable volume. When the shellers shut down in mid-November, the record showed we had cracked out 94,230,888 pounds of meat equivalents compared to 97,139,025 pounds in 2014. This sizable volume occurred amidst unstable times in the dairy industry with great pressure being placed on the prices we receive for our by-products of hull and shell. Fortunately, we sold much of our products while prices were much higher. However, in the late Fall the almond hull market collapsed! Our earlier contracted sales protected our overall average from succumbing to the depths at which hulls are currently trading. As such, we will be able to provide the membership with exceedingly competitive returns on the 2015 crop.

### **Solar Project Nears Completion**

In September of last year, the Board of Directors approved the installation of a 1 megawatt solar project on the adjacent property just north of the Association's Kerman office. The construction process has gone very smoothly and the project is scheduled for completion around April 5, 2016 with a Permit to Operate around the middle of the month.

The construction of the solar array has been performed by Cenergy Power who we feel has done an exemplary job. The Association has entered into a 10-year lease agreement with Farm Credit Leasing in order to take advantage of certain tax incentives and accelerated depreciation which will lead to immediate savings on electricity in the project's second year. At that time, when the project comes online, it will offset 17% of our overall electrical expense which will provide a hedge against the future rise in the cost of power. Electricity accounts for 10% of the Association's total expenses and the Board and Management are constantly mindful of any possible way we can save money and maximize returns to the membership.

### **Member Event Planned**

Save the Date! On May 4, 2016 at 11:00 am the Association will have an event to inaugurate our new Solar Project near our headquarters in Kerman. Pacific Gas & Electric will be hosting Tri Tip luncheon at the Association's new shop, located at

8225 South Madera Avenue in Kerman. After lunch PG&E representatives will present information regarding their incentive programs offered to the farm community for solar projects and motor conversion. It will be a great occasion for members to visit with the Board and Management, and it will also be a good opportunity for the membership to see the newly purchased 30.05 acres of land upon which our new 1 megawatt solar array is located. The land purchase included 25 acres of open ground, a 19,152 square foot shop, a small home, a truck scale and a domestic water well. Please come and see this new acquisition of which our members can be very proud. It should be a great event. An invite will be in the mail soon and we hope to see you there!

### President's Report



In the last few years, your Association has experienced some very good times with exceptional member returns. From the period beginning with the 2010 thru 2014 crops, the membership has received a net return of 5.8, 7.85, 7.75, 8.26 and 9.37 cents respectively, net of retains. These are certainly excellent returns for our members and even the 2015 returns will be along the lower range of these amounts when they are disbursed this fall. However, while this is great news, I do wish to make you well aware of the current dynamics that underlie the market conditions for the by-products that we sell, plus the measures we have taken to prepare for this cyclical environment in which our industry now finds itself. Yes indeed, times are a-changing!

There has been a general slowdown in the global economy. We all know the declines you have heard about as they affect almonds. However, almonds are faring better than most other commodities. Other feed stuffs such as Corn, Soybeans, Wheat and alfalfa have hit the skids. Even our friends in the dairy industry who purchase our by-products have seen prices for the last few months fall well below the price of production. A general malaise has settled on the dairy industry. This fact, in combination with the lack of price support for competing proteins, has seen the prices paid for hulls drop to levels I have not known since I became the President & CEO of this Association in 2005. Currently, hulls are trading at \$60.00 for both new and old crop – a paltry sum compared to levels of \$150 - \$155 paid at our gate just one year ago.

So what have we done to prepare? First, we made sizable sales early at much higher prices. This has greatly helped with our overall average and movement has been decent and ahead of last year. In fact, dairies have doubled the quantity of hulls they feed in the

ration in order to take advantage of these low hull prices. Remember, low prices cure surpluses! Second, we have no long term debt and minimal levels of depreciation unlike some of our competitors who have recently built new shellers. Both work detrimentally in adversely affecting member returns. Third, as the largest huller and sheller of almonds in the world, our plants run efficiently and our enormous volumes help lower unit costs. All these factors will work to keep us exceedingly competitive in relation to other hulling shelling operations in our theater of operation. Your Board and Management have prepared well for the environment we are in today. We will be okay!

As always, we wish you a successful growing season and we will continue to focus our efforts to keep your cooperative the envy of the industry. Should you ever have any questions please call me directly. I am only a phone call away. On behalf of the Board of Directors and Management, we thank you for your patronage, and as always with our talented staff and superior hulling and shelling facilities, we are committed to overcoming any challenge that may face us next season.

## CORE VALUE

*Adding the greatest potential value  
to the Members' product with the  
highest quality service and*