



### **Pre-Season Grower Meeting Date Set**

Save the date! The Association's annual Pre-Season Grower Meeting has been set for Thursday, July 21, 2016 at Pardini's, located at 2257 West Shaw Avenue, Fresno, CA 93711. This will be the only meeting in advance of what appears will be a very large shelling season. Please try and attend! Lunch will be served and you can sit back, relax and learn about how we have prepared to make the upcoming season as successful as last. The program will begin at 11:30 AM. Lunch will be served with presentations by our Chairman and Management. Grower Delivery Tickets will be available for pick up. Help us to prepare for the meeting by calling 559-846-5377 to reserve your seat.

### **Ranch Stockpiling Allowance Set for 2016**

Do you have adequate space on your ranch to store some or all of your harvested almond production? If so, the Association will make it worth your while. If you have space and are interested in this opportunity, then the Board of Directors has directed management to pay 2 cents per eligible meat lbs. as an incentive for member participation for deliveries into our Sanger location. The program is limited to the first 3,000,000 meat pounds signed up with our office before the start of the harvest season. This production would need to be delivered to the Sanger facility for shelling. The goal of the program is to shift some production from the Kerman facility to Sanger in order to increase the shelling volume at the Sanger plant. Any product delivered to Kerman would be paid at 1.25 cents per meat pound. Check it out, it just might pencil!

We can sell you plastic to cover your piles at our discounted rate and we will pick up the stockpiles with our loaders. We will retrieve the production once all receiving at the Sanger and Kerman facilities has ended. Under this scenario, we would run your production at the same time while maintaining variety and field separation.

If you are interested in this program please contact Bob Donnelly at the Association's Kerman office by telephone at 559-846-5377. Bob can provide additional information and answer any questions.

### **53rd Annual Meeting Reports Record Return to Members!**

This year's annual meeting was held on Tuesday, June 14, 2016 at TorNino's Banquet Hall. It was a very special evening in which we celebrated the 53rd Dinner Meeting of the Association. Presentations were made telling the tale of a highly successful shelling season with good member returns.

The Association's Chairman James McFarlane gave his report on corporate governance, the importance of members delivering their entire production and the need for members to respond to surveys as a tool to manage growth. President Kelley reported on the prior season's volume in which 94,230,888 lbs. of meat equivalents were hulled or shelled last season.

When the final payment is made in October it appears the Association will return 4.18 cents per meat pound excluding retains. To date, the membership has received an advance payment of 2.00 cents per meat pound in March of this year and another 1.0 cents was distributed at the Annual Dinner or by mail shortly thereafter. Therefore, overall the membership has received 3.0 cents as payment on last year's crop. Additionally, the members who delivered crop in 2011 also received an additional check in repayment of the 2011 Crop Revolving Fund (Capital Fund) at or following the Annual Dinner as well.

The payments distributed at the Annual Dinner inclusive of the progress payment along with the repayment of the 2011 Capital Fund totaled \$2,434,784.97 in distributions to the Association's membership.

Mr. John Nale, Chairman of the Election Certification Committee, then reported on the recent election for Board of Directors seats that were expiring. He informed the audience that James McFarlane and Gary Coleman were reelected to their respective seats on the Board for another three year term.

To close out the evening the audience had the pleasure of listening to comedic talents of Bob Zany. He was kindly sponsored by Bank of the West.

### **Changes to Your Membership? Please Tell Us!**

Each year we often have growers who request changes to their memberships. Sometimes these requests for changes are made during the shelling season which is frequently too late to get them in place. This can cause payment delays to our members from their handler, and for hulling fees from those handlers to be

delayed to the Association. It can also cost a great deal of time to correct paperwork with needed changes.

Are there changes you have made to your farm which we should know about? If so, please make sure not only to let your handler know, but to let us know as well. We will work fast to make sure the revision is in place before the first load of your production is delivered. Please be aware that the time to make these changes is not when the shelling season is already under way; it should be done before the harvest season commences! To do otherwise will only cause delays.



### President's Report

Every year is a new year at an Agricultural Service Cooperative like ours. We close the books on one fiscal period, pay out our dividend and then start anew. In our current situation we are going from a year of record returns in 2014 to returns that will be half of those when the final payment is made in October on the 2015 crop. What about the 2016 season ahead? What does it portend? At this time it appears that the returns on the season's crop which is yet to be shelled will be demonstrably lower. What changed and what is going on? Well, things changed dramatically for all hullers and shellers in the San Joaquin and Sacramento Valleys as we are currently experiencing exceptionally low commodity prices for almond hulls. There are three prime revenue sources at the Association, which are used to pay our annual dividend. They are hulls, shell and hash. The current global slowdown in all commodity markets and difficulties in the dairy sector have pushed hull prices to extremely low levels. In the past, 90% of our annual revenue has come from the sale of our hulls. Therefore, what happens in the dairy sector and the various commodity markets (especially hay and corn) affects the returns we are able to pay our members.

With what we now know, and in order to be pro-active in considering this difficult situation, your Board and Management have taken an important step. In this environment we believe it would be prudent to change the level of retains, which in effect is the cost of hulling that you pay on each pound of Almonds. This will give us a level of support should the markets decline further. Let me explain. As described in the Bylaws, there are two types of retainage available to the Association to assess our Members - a Capital Retain and an Operating Retain. In this environment the Board and Management think it would be prudent to change the level of retains, which in effect is the cost of hulling that you pay on each pound of Almonds we shell on your behalf, from last season's 2.5 cents per meat pound to 5 cents per meat pound for the 2016 season. Three cents of this amount will be allocated to Capital Retains. Two cents will be allocated to an Operating Retains. This may be new

terminology to some, but to those long-time members of this Association you will remember we had an Operating Retain up until the 2002 crop year when it was discontinued and then utilized it again in the 2009 and 2010 fiscal years. In fact, we are one of the few Cooperatives which have been in operation during the last five years without an Operating Retain. Both retain structures are described in the Bylaws and we feel it is prudent to reinstate the Operating Retain at this time to ensure we have adequate capital available to carry on normal operations. As soon as we know that we do not need these funds, and when and if Hull and Shell prices recover, we will return these funds to you when we are confident of our position.

Despite a drop in hull prices we will remain exceedingly competitive in our territory. This is important to point out because as you know competition and the fight for business has never been more intense. On the positive side, our shelling volumes will be at or near record levels. Our financial position is exceedingly strong. We have zero long term debt and very little depreciation. Our interest expense on short term borrowing needs for our member payments is exceedingly low. Fortunately, with two sites and four shellers, this Association is in an ideal place to meet the challenges of any of our competitors. We are under the leadership of a strong Board of Directors with a sound management team. We have an honest, hardworking and pro-active staff that is always focused on our grower members. These are certainly different times from what we have enjoyed in our more recent history. However, we have planned well for this moment. We knew years ago that the tough times the industry had encountered in the past would return and we planned accordingly. We are continually focused to ensure the best home for your almonds is here with Central California Almond Growers Association. This is where you enjoy the highest returns with the best quality of product for you to sell to your packer.