



## Nomination Period Opens on April 1

The nomination period for the election of members to sit on the Association's Board of Directors opens April 1 and closes April 30, 2017. Three seats are up for election this year.

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 when filled out must be returned to Mr. Brent Beene, the Chairman of the Committee for Election Certification. He along with two other committee members will gather the nominations. On May 8, the election ballots will be mailed and the election will run for thirty days. In early June the ballots will be counted and the committee will make a report to the Board of Directors at a Board meeting scheduled for June 7, 2017. Subsequent to the Board meeting a report announcing the results will be made to the membership at the Annual Meeting scheduled for Tuesday, June 13, 2017.

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. He will be happy to walk you through the entire process. It is clear that the election process has worked well since its inception three years ago as there has been a marked increase in participation, evidenced by the number of ballots returned by our members.

## Association Repays a Portion of 2016 Capital Retain

On March 3, 2017 the Association distributed a payment on the overage of 1.6275 cent per meat pound on the hulling fees paid during the 2016 season. The repayment of the overage, also called the supplemental retain, totals \$1,778,623.95 in disbursements to the membership. There was not an advance payment made to the members as a dividend on the sales of the Association's by-

products due to persistently low values we are receiving on our hulls and shells.

In 2016, in anticipation of historically low by-product prices, a total of 5.0 cents was assessed as hulling fees, or retains. The Board of Directors and Management felt it was prudent to assess 3.0 cents as a Capital Retain and 2.0 cents as an Operating Retain as a backstop amidst these uncertain times. This payment of 1.6275 cent per meat pound represents the difference between the 3.0 cents paid as hulling fees as a Capital Retain by our members on the 2016 crop, and what is being allocated to the Revolving Fund Retains. The Bylaws (and prior Board action) allows the Association to hold no more than \$1,500,000 on any given crop year for a period of five years as our Revolving Fund Retains. The balance, or overage, must be paid back to the membership in the subsequent year after the shelling season has concluded. The Operating Retain that was also collected on the 2016 crop will be addressed in June. Any Progress Payment to be paid out as a dividend on sales will be considered later in the year.

The Association achieved a new shelling record in 2016! When the shellers went silent in late November we were happy to have shelled out 109,287,465 pounds of meat equivalents compared to 94,230,888 pounds in 2015. Many other shelling operations in our area reported increases as well. Primarily this was due to an exceptional growing season and increasing acreage as growers have augmented almond production to supply into an expanding marketplace. This sizable shelling volume has happened amidst persistently difficult times in the dairy industry. As you know by now, central California dairies account for 90% of our revenues derived from sales of hull and shell by-products used in the dairy ration. Therefore, the health of the dairy industry has a direct effect on the pricing of hull and shell, which has stayed at exceptionally low levels during most of the current sales period. On top of this there is a glut of prior

season hulls at other shelling operations in the State that weighs heavily on the marketplace and when adjusted for inflation continues to keep the pricing of our primary source of revenue at historically low levels. We are keeping things tight and we hope for a modest improvement in the price we receive for hulls in the months to come.

### **Ranch Stockpiling Allowance Set for 2017**

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 pound as an incentive for enhancing member participation in delivering production into our **Kerman** or **Sanger** locations. The program is limited to the first 3,000,000 meat pounds signed up with our office before the start of the harvest season.

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 call Bob Donnelly at the Association's Kerman office at 559-846-5377. He can provide additional information and answer any questions you may have about this program.

### **Member Event Planned**

Last May, the Association dedicated a 1 megawatt solar array on the new land we purchased adjacent to our Kerman facility during the summer of 2015. The array, installed by Cenergy Power and leased through Farm Credit Leasing, appears to be right on track with regard to power generation. We wish to let our members know how close we are in our

projections and what we have potentially saved this fiscal period on our overall power expense.

In order to make a full report to the membership we will be holding a luncheon on **May 23, 2017** at **11:00 am** to celebrate the first successful year of power generation into the PG&E grid. We will be co-hosting a Tri-Tip lunch at the Association's new shop with Pacific Gas & Electric. The address is 8225 South Madera Avenue in Kerman. After lunch PG&E representatives will be present to provide an update regarding their incentive programs offered to the farm community for solar projects and motor conversion. An invitation will be in the mail soon. Please save the date and we hope to see you there!

### **President's Report**

Each time I compose the President's Report for the CCAGA newsletter it is my opportunity to share with you my impressions about your shelling operations and my ideas about our overall profitability. As I have mentioned before, we are clearly in different times as I sit and write about the current 2016 fiscal period. The dairies, the primary customers for our by-products of hull and shell, continue to weather some of the most difficult times they have seen. Not only is the price of dairy products and milk low, but burdensome regulations by multiple government agencies are putting the industry on unsure footing and an uncertain future in California. That, coupled with lower values for other products used in the dairy ration and a growing quantity of hulls and shells in the marketplace, portends an indefinite period of low prices for hulls and shells.

How are we able to be in such an envious environment with superior returns compared to our competition? As mentioned in previous newsletters, your Board of Directors and Management have worked hard to eliminate debt and depreciation that directly affects our returns. Also, being the largest huller and sheller by volume in the world works to reduce unit cost. This Service Cooperative business model is one that has served our members well over the years. We have worked hard to get your organization into the aforementioned environment



to withstand the current trying times in the hulling and shelling industry. We are proud of our competitive business model. Truly, you chose well when you became a member of Central California Almond Growers Association. We wish you a safe and 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 and wish to discuss how we fare compared to other operations then please call me directly.

CORE VALUE

*Adding the greatest potential value  
to the Members' product with the*