



Results of Recently Held Special Election

A “Special Election” recently took place to fill a vacancy for Seat#2 on the Associations’ Board of Directors. The seat was formerly held by Mr. Tim DaSilva who resigned in September. Five members showed an interest in running for this slot. They filled out the required application, obtained five signatures from members who attested to their character and were placed on the election ballot. In total, the Association received 183 ballots, which were counted by the Election Certification Committee on December 20, 2017. Subsequently, a report on the results of the election was made to the Board of Directors at the conclusion of the Board meeting held on the same day.

Of the five candidates who ran we are pleased to report that Mr. Matt Efird of Caruthers, California garnered the most votes and will be installed as the newest Director at the next Board of Directors meeting scheduled for January 17, 2018. Robert Allen came in second, Lee Erickson was third, Jean Errotabere was fourth and Jeff Yribarren came in fifth.

The Association wishes to thank those who ran in this important election and took the time to gather the required signatures, as well as do a little campaigning. Democracy works! We also wish to thank those who participated in the election by mailing in a ballot to our office.

2017 Report – A New Record As the Almond Industry Grows

Once again, the Association achieved a new record shelling volume in 2017. A total of **120,484,511** pounds of Almonds were shelled at the Association’s two sites this season. The prior record of 109,287,465 pounds was recorded in 2016. The 2015 volume was 94,230,888 pounds. Therefore in just three seasons the shelling volume has soared by 26,253,622 pounds for an increase of 27.9%.

It was a bountiful crop in the central San Joaquin valley. Our average yield per acre was 2,164 lbs. Nearly all varietal types were up significantly. It was a phenomenal year for all of the softshell varieties and for most of the semi soft varieties. However, the varieties of Carmel, Price, Butte and Padre were off in some cases. Please note that roughly 4.16% of this increase is due to new acreage coming into the Association from formerly non-bearing acreage or new members. When this variable is factored in it reflects a net increase 5.5% over the prior year. We were exceedingly happy with these final results. Overall average turnout of all varieties was 26.03%.

All of the Association’s shellers performed well last season with minimal downtime. Unlike prior seasons during the drought, the 2017 season saw a crop of much improved moisture levels allowing the production to be run very efficiently. However, reject levels were exceedingly high on many runs and we took great care in trying to separate any compromised product that would hurt a member’s overall return delivered to his packer. For the most part it was an excellent crop to shell and ran through our plants very efficiently. Total overall run time was 100 days, which is three days longer than the prior shelling season. Sangers shelling operations concluded on November 28 and the Kerman Plants went silent on December 6. This is an amazing achievement and we continue to record impressive records due to the overall success of the Almond industry. We couldn’t be more proud and grateful for what we achieved on behalf of our 403 member owners.

Changes to Your Membership? Please Let Us Know Soon!

Each year we often have growers who request changes to their memberships. This year the last minute changes were inordinate. They hurt our efficiency as we were trying to get the plants going at the start of the shelling season. This is just too

late to get requested changes in place. Late changes can cause payments to be delayed to our members from their handler, and for hulling fees from those handlers to be delayed to the Association. It can also cost us a great deal of time in trying to correct paperwork to reflect needed changes.

Do you have changes which have been 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 as fast as we can to make sure the change is in place. Please be aware that the time to make these changes is not when the shelling season is already under way; it should be done well before the next harvest season commences!



President's Report – How Do We Stack Up

We get it! Our membership expects us to process their almond production on a timely basis, at the lowest cost and of the highest quality possible when we deliver your almond production to your packer. This is and has always been our focus and we strive to perform on each of these critical components along with our dedicated Board of Directors and staff. Timeliness and achieving high standards on quality are monitored constantly and I might say doggedly. In regards to the cost of hulling, how do we rate? This is probably the most important factor in determining your desire to be a member. We can illustrate this situation quite easily by using the 2016 “Pool” period that concluded in October as a basis of comparison with other shellers in our area. This analysis should give you some comfort that you chose well when you decided to be part of the largest huller and sheller in the world.

The 2016 fiscal year was by far the most daunting in the thirteen seasons upon which I have been your President & CEO. Earlier in the fall the Association closed the books on the 2016 “Pool Period” with a partial repayment of the 2 cent Operating Retain assessed as part of the hulling fee on the 2016 crop. The disbursement was 1.5766 cents per meat

equivalent pound. Therefore, when we settled the “Pool” on October 7, 2017 we actually recorded an Operating Loss of .423 cents per meat equivalent pound, or a little less than a half of 1 cent. Unlike prior years a dividend was not paid out to the membership on the sales of our hulls, shells and hash as revenue fell short of expenses. This was primarily due to lower commodity prices we receive for our sales of hull and shell, which reflects the unfortunate state of the dairy industry - the primary purchaser of our by-products. Additionally, the almond shellers experienced a very low hull to meat ratio. This means there were fewer hulls to sell into the marketplace and those hulls we did sell were valued at historically low levels. Despite these disappointing industry headwinds we continue to perform significantly better in our cost of hulling than our competition by a wide margin. Let's take a look at how our result compares.

Below we have provided a simple spreadsheet that shows how we stacked up against some of our local competition. These values compare the Hulling Fees charged by five of the major competitors in our area on the 2016 crop only. The Hulling Fees shown are for our competitors largest volume growers that deliver production. Rates are higher for those with lesser volumes. All numbers shown below do not include freight and so any freight cost you incur to deliver your harvest needs to be added to all of the values shown below.

Sheller	CCAGA	Sheller A	Sheller B	Sheller C	Sheller D	Sheller E
Hulling Fee	0 . 4 2 3 cents	4 . 3 3 cents	4 . 5 cents	4 . 0 cents	4 . 5 cents	5 . 0 cents

(Net of Trucking)

In this difficult environment it is gratifying to see that we significantly outpaced our competitors by a wide margin of over **3.5 cents** per meat equivalent pound. You indeed have chosen wisely when you became a member of Central California Almond Growers Association. Our competitive advantage is due to the fact that we shell large volume crops, have a very low level of depreciation and carry no



CENTRAL CALIFORNIA ALMOND GROWERS ASSOCIATION

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CCAGA ♦ *GROWING STRONGER EVERYDAY* NEWSLETTER ♦ WINTER 2011 ♦ *Vol. 6, No. 2*

long term debt. This is a compelling story of which you can be exceedingly proud. It is indeed a pleasure for all of us who work on your behalf to be able to serve you. Thank you again for your patronage and best wishes for a wonderful holiday season!

CORE VALUE

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