



### What's New for 2018?

Your Association has seen constant growth since we hulled our first almond crop in 1963. The almond industry has truly been a growth industry and one at which other agricultural commodity leaders and growers can only marvel. This rate of growth has challenged us to be proactive and not reactive in order to make sure we anticipate change and are ready for the next almond season. This year a freeze has taken place in our area of operation and that may diminish our potential harvest volume. However, prior to the freeze event in February, the Board approved a few improvements preparing us for the rapidly increasing almond acreages to be delivered in the years ahead. Here are some of the items which the Board sanctioned that will be in place by early summer.

- A New Truck Scale - A third scale is nearly installed adjacent to the Kerman office and will complement two existing scales. The third scale will operate as an overflow scale and during the busiest time of the harvest will help take the pressure off inbound deliveries of your field run almonds, deliveries of commodities, and shipments of brown skin or inshell almonds to your handler.
- Concrete Work – The ingress and egress from the scale at Kerman, (which is now asphalt), will be replaced with concrete. The existing asphalt surface no longer could be sealed and as we needed to make a substantial change to the surface, the Board felt it would be prudent to replace the asphalt with concrete at this highly important area. This area services nearly 400 transactions a day during the peak of the season.
- New Stockpile Belt-Loader Ordered – This will bring us to a total of nine Stockpile belt-loaders at Kerman and will ease congestion during our peak receiving period.
- New Electrical Starters and Soft Starts at the Sanger Sheller – The changes we have made to this electrical service will increase productivity. The sheller had been shutting down from time to time which hindered efficiency.
- LED Lighting At K-3 – We are pleased to report that 95% of the lighting at our Kerman and Sanger sites is now converted over to LED lighting. This has not only saved the Association money, but the luminosity in the plants is greatly enhanced.

#### **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, 2018. Two seats are up for election in 2018.

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. Forrest Felger, the Chairman of the Committee for Election Certification. He along with two other committee members, will gather the nominations. On May 7, 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 6, 2018. Subsequent to the Board meeting, a report announcing the results will be made to the membership at the Annual Meeting scheduled for Tuesday, June 12, 2018.

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.

#### **Association Repays a Portion of 2017 Capital Retain**

On March 7, 2018 the Association distributed a payment on the overage of 1.75503 cent per meat pound on the hulling fees paid during the 2017 season. The repayment of the overage, also called the supplemental retain, totaled \$2,114,535.33 that was distributed 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 received on our hulls and shells earlier in the sales period. This situation persists somewhat today.

In 2017, 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 1.75503 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 2017 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 2017 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.

### President's Report - Food Safety and Modernization Act Implementation



The Food Safety and Modernization Act (FSMA) was promulgated into law on January 4, 2011 with the goal of making our nation's food supply safer. Over the course of the last three years certain portions of the legislation have been rolled out and implemented in different aspects of the agricultural supply chain. On January 26, 2018 the section that affects our Association and every other tree nut operation in our land was implemented.

Your Association has been very active in regards to the implementation of FSMA and has worked closely with Western Agricultural Processors Association (WAPA) an organization of which I am the current Chairman. Collectively, we have worked to make sure that FSMA is workable for the tree nut industry and not implemented with a command and control approach that would be a disservice to all stakeholders. To this end, I traveled to Washington, DC with WAPA President & CEO, Roger Isom and fellow Board members and staff in 2016. We went to lobby our congressional delegation and for direct discussions with the Food & Drug Administration in order to make those who implement the laws knowledgeable about our concerns. I am pleased to report that our concerns were heard and while FSMA is now the rule of the land, and implemented, we believe that the regulations as they pertain to almond Hullers and Shellers are attainable. Our Association is under the Produce Safety Rule and as such our portion of FSMA pertains to Good Manufacturing Practices, most of which we had already implemented. Over the last 14 years I have felt that due to our enormous size it was important to protect the Association's members and our handlers from potential recall events. It made good sense!

I am so pleased that we have been able to transition to a smooth execution of FSMA because we were proactive and did not wait for the regulations to come into force before we acted. As such, we were able to discuss with regulators and work with our friends at WAPA to affect change on components we felt were not necessary and implement those components our industry could embrace for the betterment of the food supply chain. To make sure we are documenting each and every requirement of FSMA we worked with Priscilla Rodriguez, the Director of Food Safety at WAPA. We shared advice and ideas in developing a step-by-step binder for our specific Food Safety Plan

for Almond Hullers and Shellers. This document will be the first point of reference when FDA comes for inspections when the enforcement component of the Act is implemented in January 2019.

### Please Discard All Old Delivery Ticket Booklets

As part of fulfilling new requirements of FSMA we will need to give you a completely redesigned delivery ticket booklet for 2018. **Please throw away all of your old Delivery Ticket booklets immediately.** In late spring we will mail new Delivery Ticket booklets to you. If any truck should come across any of our scales with a pre-2018 Delivery Ticket, please be advised that the trucker will have to get off the scale, fill out the information onto a new Delivery Ticket form and then get back in line to complete the transaction. This will certainly slow inbounds at the scale considerably so please prepare accordingly.

#### CORE VALUE

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