



A Report on our Kerman Plant # 1 Modernization

The modernization of our oldest sheller in Kerman is proceeding quite well. When Kerman Plant #1 cracked its first nut in 1983 it was the first sheller to have this capability behind the huller. Prior to this major modification, hullers would ship inshell almonds elsewhere to be shelled. This major innovation revolutionized the almond industry and the membership enjoyed 37 successful shelling seasons of plant operation. However, in recent years the facility had shown its age and was not able to perform at the level we will need to service our existing membership's future almond production. It was clear that a new processor was needed, one which will aid our other three shellers to make sure we process your almond production on a timely basis and with the exceptional quality you desire to present to your packer. The new modernized K-1 sheller will be ready to process the 2020 crop for our members as planned.

We are pleased to report that most of the older equipment has been shipped to a company in Chile for their emerging almond industry. All the new equipment to be used in the modernized facility has been delivered and is on site. At this time, the larger decking has been installed ahead of schedule. So now we can address the minutia, such as the connection of troughing, elevators, conveyances and wiring. We are ahead of schedule, which is great news as we are focused on handling the larger crops that are in our immediate future.

Two New Stockpile Belt-Loaders on the Way

We are pleased to report that in the next couple of months we will take delivery of two new stockpile belt-loaders. These will replace two older units, and once again we were able to use air district credits to offset their overall price. In fact, the reduction in cost of the Stockpile Belt loaders is 33% off the units purchase price. These newer Gruber units are much more efficient than the older ones, so they will improve our offloading operations and help decrease the delay in truck turnaround time in the stockpile yard.

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, 2020. Three seats are up for election in 2020.

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. Jim Nichols, the Chairman of the Committee for Election Certification. He will gather nominations along with two other committee members. On May 4, the election ballots shall be mailed to all regular members of record 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 Wednesday June 3, 2020. Subsequent to our Board meeting, a report announcing the results will be made to the entire membership at our Annual Meeting scheduled for Tuesday, June 9, 2020.

Should you have questions about this year's election please call the Kerman office and ask to talk with Michael Kelley, the Association's President & CEO. The phone number is 559-846-5377. He will be happy to walk you through the entire process.

Association Repays a Portion of the 2019 Capital Retain

On March 6, 2020 the Association distributed a repayment of the overage of 1.9005 cents per pound on the hulling fees collected during the 2019 season. The repayment of the overage (also called the supplemental retain) totaled \$2,592,818.43 in disbursements to the membership.

Last season our area incurred freeze events during pollination that many believed would jeopardize the almond crop's potential. However, the cold was not as significant in our area of operation as in areas north of Madera county where yields were greatly compromised. Our production volume once again marked another record as the Association's plants hulled or shelled out **136,427,281** meat equivalent pounds. This is a dramatic increase over 2018 when 105,816,119 lbs. were cracked out. This was an increase of 28.9%, over the prior season. The average yield per acre came in at 2,311 lbs., which is the second highest yield ever recorded at your Association!

As we have observed in the past, high yielding crops usually have lower levels of pest damage. This was certainly the case last season with very low levels of Naval Orange Worm and ant damage being seen on our processing lines in the shellers. The average turnout of all varieties was 26.02%.

Renewable Energy Credits (REC) for Solar

There has been some talk for a great while about receiving monetized carbon credits for those of us who have installed solar projects. As you are aware, the Association has put in place over two megawatts of solar at our Kerman site to offset the ever-escalating cost of energy in California. Therefore, we are keenly interested in this possibility. Recently, one of our consulting companies who advises us on electrical and solar issues has informed us that the value for RECs now seems to be at a point where they may be commercially viable to pursue as a source of additional revenue on our Stage 1 and Stage 2 solar projects.

Enclosed with this newsletter is an information sheet from a company formed by our consultant to provide a service in pursuing these RECs. As a service to you, your Association is providing this information should you be interested in pursuing this possibility on your own. As indicated in the document, Mr. Morris would be happy to answer any questions you might have.

President's Report – COVID-19 and Your Association



We have had a great many things to attend to in preparing for future crops. As almond production increases, we have stayed ahead of the game by constantly improving our plants and equipment. In doing so, we have strived to stay ahead of the curve in meeting this future growth, while at the same time providing a competitive return to our members. Our

substantial improvement to Kerman Plant #1 was conceived and discussed four years ago with our Board of Directors and now that dream is just about reality. At every turn we have tried to be pro-active and not reactive. We have tried to plan for every incident that could affect normal operations, but nothing could have prepared us for this “Black Swan” moment – COVID 19.

Now, we are amidst a global pandemic and it is important for all our members to know about the current state of our affairs at CCAGA and explain from our perspective how the COVID-19 virus will affect us in the days and months ahead. Clearly, the concern will diminish when ample tests are available, treatments for the symptoms of the disease become known and more importantly, a vaccine is discovered. For now, there is just great uncertainty.

Central California Almond Growers Association is currently operating with full staff. We are recognized as an essential industry and therefore we are allowed to continue operating in order to process members' crops. We also provide a critical component (hulls) to our dairy customers, which are used in their feed ration. Currently, between 4 to 12 lbs. of hulls are fed to each dairy cow on a daily basis. Almond hulls can make upward of 5 to 20 percent of the feed ration, and are essential to our dairy friends whom we have under contract. We must ensure that they are supplied with hulls and shells. As such, we are an important element in their creation of dairy products to feed our nation and the world.

Our entire staff has been trained on the current status of COVID-19 and we are taking this pandemic very seriously. Physical access to our offices has been strictly limited, but please feel free to call our office with any concerns or questions. Staff is practicing social distancing even within the office and we have all of the necessary Personal Protective Equipment to make sure we are as safe as possible.

I truly enjoy writing this section of the quarterly newsletter as we often have so much good news to tell. We are coming off a record volume processing season and what I believe was the finest quality crop we have ever shelled during my tenure. Now, we take pause for this Pandemic to play out. But I am confident that those in the medical profession and our scientists and leaders will mitigate and cure this horrible disease soon. In the meantime, we are still in full operation mode and getting ready for the shelling season ahead. We are actively shipping out hulls and shells from last year's crop to our dairy friends as normal. It is business as usual at Central California Almond Growers Association, until and unless conditions change.

We wish you and your families safety and great health in the days ahead!

CORE VALUE

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