



TESTIMONY OF

G. L. STRALEY

Pecan Federal Marketing Order Hearing

Docket No. AMS-FV-15-0023; FV15-986-1

Western Region – Las Cruces, New Mexico - July 20 and 21, 2015

My name is G. L. Straley. It's spelled G-L S-T-R-A-L-E-Y. I live in Roswell, New Mexico. I am the CFO of Chase Farms and have been for the past three years. Before Chase Farms, I spent 32 years with Farm Credit of New Mexico in various capacities with a focus on agricultural lending. My resume is attached. Chase Farms is a vertically integrated pecan business headquartered in Artesia, New Mexico. We have over 7,000 acres planted and over 4,000 acres are currently in production in Arizona, New Mexico and El Paso County, Texas. Last year we produced ten million pounds of pecans, and we expect to double that production in the next six years. On our farm we grow improved varieties of pecans. Chase Farms also owns a large sheller, San Saba Pecans. Chase Farms is a large grower and a large sheller under the Small Business Administration definitions.

I feel like we have been informed about the process of securing a federal marketing order and we have been given an opportunity to participate in this process.

I have reviewed the economic analysis summary prepared by Dr. Marco Palma, specifically, the projected average price increase from promotion of 6.3¢ per in shell pound versus the average 2.5¢ per in shell pound cost. Overall, I am aware of the costs that a federal marketing order may impose on our farm and handler interests and I do not believe those costs are unduly burdensome. Further, I believe that the benefits of the federal marketing order to our farm and handler interests will greatly outweigh any costs associated with it.

I especially have two concerns that the proposed federal marketing order addresses. First, we need to market to increase demand and stabilize prices. Next, we need to continue researching the benefits of pecans. The American Pecan Council is our best hope of doing both of these.

Also, I am aware that the proposed order may impose some direct costs on our shelling operation, such as the 1-3¢ per pound assessment. I am aware that there may be some indirect costs, such as the obligation to keep records of the amount of product we handle and the calculation and remittance of assessments to the American Pecan Council. I believe these indirect and direct costs are reasonable and are not unduly burdensome to our sheller operations.

The lack of accurate market information on the anticipated size of the pecan crop in any given year also makes it difficult for us to negotiate fair prices for our

crop and to make reasonable business decisions about investments. Increased price stability and more accurate market information would greatly benefit our farm.

I think the pecan industry would also benefit in the future from grade, size, quality, packaging, shipping protocols, and other handling requirements as we compete with other tree nuts for shelf space and consumer attention.

I understand that under the proposed order, only growers with more than thirty acres of pecans or more than 50,000 pounds of average production per year over the last four years will be allowed to vote on the proposed order. In my opinion, this threshold is reasonable because a grower that does not meet this threshold is not a commercial grower. Any grower that is smaller than the proposed threshold could not justify the cost inherent in such a small production and is most probably merely a seller of pecans from older trees that happen to be on his or her property, a hobby farmer or one that does not plan to put all commercial inputs (fertilizer, water, etc.) on his farm.

I also understand that only shellers that handle more than one million pounds of in-shell pecans per year will be eligible to nominate and to be elected to the sheller seats on the Council. I believe this is a fair threshold. First, I am not aware of any sheller in my area which handles less than one million in-shell pounds per year that is in the commercial shelling business. Further, if there is such a sheller in my area, I do not believe it would be commercially viable because such a small

operation could not invest in the required equipment and turn a profit on such a small production.

The American Pecan Board has kept our team informed about its efforts through its website and personal meetings. In fact, Mike Adams met with Richard Chase, one of our owners, and Richard gave Mike some counsel on how to specifically handle substandard pecans, which eventually was made part of the proposed federal marketing order. I can say, the American Pecan Board has really reached out to all segments of the pecan industry over the last two years.

In conclusion, we fully support the proposed federal marketing order for pecans and encourage the Secretary to implement the order as proposed by the American Pecan Board.

I would be glad to answer any questions anyone may have.

GL STRALEY

QUALIFICATIONS

Assist in management and oversight of one of the larger pecan operations in the United States with orchards in Chaves and Eddy County, New Mexico; Cochise County, Arizona, and El Paso County, Texas

Knowledge in all areas of pecan operations including production, processing, and marketing

30+ years banking experience, Well versed in reading and understanding financial statements

25+ years management experience, working knowledge of Human Resource issues with direct management of 21 individuals

Working knowledge of appraisal standards and practices, former Accredited Rural Appraiser with American Society of Farm Mangers and Rural Appraisers

Good working relationship with area pecan producers and industry representatives

Well versed in negotiations and legal issues involved with purchasing and selling of agricultural and commercial properties

WORK EXPERIENCE

November 2012 - Present Chief Financial Officer, *Chase Farms LLC*

- Provide oversight and assist in management aspects of a large pecan operation in Western United States with farms in New Mexico, Arizona, and Texas
- Provide oversight and assist in procurement, processing, and marketing procedures for San Saba Pecan with plants in Texas and Georgia
- Prepare annual budgets and monitor financial statements for 4 separate farm units with annual production in excess of 10MM pound
- Assist in budgeting and financial oversight of large Pecan Processing facility with an sales in excess of \$80MM

August 1980- October 2012 Vice President/Branch Manager, *Farm Credit of New Mexico*

- 19 years as Branch Manager with direct oversight of 2 offices and 21 employees
- 5 years as Regional Appraiser with hands on appraisal experience of farm and ranch operations throughout New Mexico
- 2 years in loan collection and problem workouts with further experience in management and liquidation of farm and ranch properties in New Mexico
- 4 years as loan officer in the Clovis, Roswell, and Tucumcari New Mexico areas