

2016 Annual Report



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A special thanks to Monsanto for sponsoring the 2016 ARA Annual Report



Chairman's Message



Harold Cooper
Chief Executive Officer
Premier Ag
Columbus, Ind.

Dear ARA Members and Stakeholders,

2016 was a big year for the Agricultural Retailers Association and our industry.

As I look back on my term as Chairman of the Board of Directors, I remain in awe of the focus and commitment of the board, committees and staff to advocate on behalf of the ag retail sector. ARA worked tirelessly and successfully defended retailers' freedom to operate as we continue to employ proven, safe and efficient best management practices.

Prioritizing and concentrating on critical industry issues, such as safe handling of fertilizer, environmental regulation and transportation better equips ARA and the industry to address legislative, regulatory and public challenges now and in the future. Examples this past year include:

- ARA and The Fertilizer Institute successfully fought off the Occupational Safety and Health Administration's unlawful application of Process Safety Management. We used every means available including negotiation, legislation and litigation.
- ARA is serving a shared leadership role in coalitions of national and state organizations who are developing responsible soil conservation and nutrient stewardship programs.
- Actively voicing ag retailer interests in groups like Field to Market, which includes food groups (Kellogg's, General Mills, Pepsi and WalMart, etc.), ag research companies (Monsanto, Syngenta, DuPont, Bayer, etc.), environmental groups (World Wildlife Federation, Environmental Defense Fund, Nature Conservancy, etc.) and land grant universities. Topics where wide stakeholder consensus has been reached include 4R nutrient stewardship, GMO labeling and defining sustainable agriculture.
- Continued to grow and expand ResponsibleAg, our industry's means of certifying facility compliance to federal laws governing our industry.

ARA was an active participant in:

- Rollback of the Environmental Protection Agency's Risk Management Plan final rule
- Termination of the Waters of the U.S. rule.
- Denial of activist petitions banning certain pesticides.

I look forward to proudly continuing my involvement with ARA because the organization remains dedicated to its mission: advocating, influencing, educating and providing services to support a profitable business environment for ag retailers and our farmer customers.

Commitment to this mission requires engagement from industry leaders like you. I hope you will continue to be involved as a board or committee member, event or program participant or supporter.

If you are not a member or not currently participating in ARA activities, there are many ways to get involved, including attendance at the ARA Conference & Expo, November 28-30, at the Arizona Biltmore in Phoenix, Ariz.

Contact ARA President and CEO Daren Coppock at (202) 457-0825 or dcoppock@aradc.org to find out more.

See you in Phoenix!

Sincerely,

Harold Cooper
Premier Companies, Seymour, Ind.



Serving as the ag retail and distribution industry's voice, the Agricultural Retailers Association advocates before Congress and the Executive Branch to ensure a profitable business environment for members.

Strategic Priorities 2014-2019

The Agricultural Retailers Association continues to concentrate on advocating for ag retailers, communicating our message, building the industry's image, improving member services and developing effective alliances.

PUBLIC POLICY

- Maintain advocacy as ARA's highest priority
- Enhance resources in technical/regulatory areas by engaging outside resources.
- Involve members and their staff more deeply in advocacy.
- Seek opportunities to showcase ag retail to legislative/regulatory audiences.
- Identify opportunities to replicate sound state legislation; harmonize conflicting state and federal requirements.
- Increase eligible ARAPAC donations and campaign contribution activity.

MEMBER COMMUNICATIONS

- Develop an Integrated Marketing Communications Plan to tie our communications and brand together.
- Push ARA communications and engagement more deeply into member companies.
- Deliver custom content to members based on profile preferences.
- Strive for personal communications with members separate from renewals.
- Develop an orientation program for new primary members.
- Redesign and upgrade ARA website.
- Seek opportunities to conduct regional meetings in conjunction with state affiliates and/or other national organizations on topics of local interest.
- Develop and provide a listing of staff member responsibilities for members.

INDUSTRY IMAGE

- Stand up to challengers – confront anti-agriculture advocates who inaccurately portray our industry.
- Provide a Community Relations Toolkit for retailers to polish their image in their local communities.
- Promote and recognize members who excel in cultivating industry image in their communities.
- Equip members to advocate on key policy issues in their local communities and within their companies.
- Continue to promote excellence in the industry with awards such as Retailer of the Year.

MEMBERSHIP AND SERVICES

- Consistently communicate the value of ARA membership.
- Continue to pursue new members.
- Streamline the renewal process.
- Maintain quality of existing affinity programs, leadership training and professional development; seek opportunities to expand and create new programs.
- Quantify and promote "DC Help Desk" to members.

ALLIANCES

- Recruit unaffiliated state/regional organizations.
- Maintain effective working relationships with state affiliates and national allies.
- Partner through coalitions to leverage efforts.
- Develop international partnerships.

For a more detailed description of these strategic objectives and the tasks associated with them, please go to: www.aradc.org/strategicplan

2016 Public Policy Review

Ag Retail Earns Policy Victories, Prepares for Next Challenges

Two thousand sixteen capped a multi-year period of aggressive regulatory action by federal agencies which required constant vigilance and pushback from ARA and our allies. However, the year ended with what many consider an unexpected win by Donald Trump and the prospect of meaningful regulatory relief on the horizon.

Many of the new rules imposed costs of more than \$100 million dollars. The most frequent purveyors of excessive, unlawful regulations during the past year were the U.S. Environmental Protection Agency and U.S. Department of Labor's Occupational Safety and Health Administration.

Congressional partisan gridlock led to more stalemates than accomplishments. This legislative dysfunction led to federal agencies like EPA and OSHA to fill in the policy vacuum, and continue to expand federal regulations well beyond Congressional intent while frequently circumventing proper rulemaking procedures.

For example, OSHA issued an unlawful enforcement memorandum seeking to expand the scope of the Process Safety Management regulations to include agricultural retailers, contrary to more than 20 years of regulatory precedent of the "retail exemption" using a long-standing definition of retail facility to mean one that derived more than 50 percent of its income from direct sales to end users.

The Agricultural Retailers Association, in partnership with The Fertilizer Institute, spent hundreds of thousands of dollars litigating this unlawful action and eventually prevailed in federal court.

EPA's Office of Pesticide Program actions over the past few years threatened the effectiveness and quantity of

pesticide products available for crop protection. Several important pesticides such as flubendiamide, sulfoxaflor, and chlorpyrifos were on the EPA's target list for removal from the marketplace.

These continuous challenges and roadblocks led to frustration and lack of regulatory certainty for the agricultural industry.

Despite the full force of these powerful federal agencies coming to bear down on agricultural retailers and their farmer customers, ARA stepped up our efforts in 2016 to fight these types of illegal agency actions with industry coalition partners and experienced some major wins for our members.

COURT UPHOLDS OSHA PSM RETAIL EXEMPTION

In July 2015 OSHA issued an enforcement memo revising the PSM retail exemption. The change would have impacted more than 3,800 agricultural retail facilities that store and handle anhydrous ammonia fertilizer.

ARA secured help from key allies in Congress to include language in the annual federal spending bills to prohibit OSHA from using any funds to enforce the retail exemption memo. This important provision was extended in the "Consolidated Appropriations Act of 2016."

In response to this language, OSHA announced it would suspend enforcement action only until the new fiscal year beginning Oct. 1, 2016.





In a case brought against OSHA by ARA and TFI, on September 23, 2016, the U.S. Court of Appeals for the District of Columbia ruled that OSHA violated the Occupational Safety and Health (OSH) Act by not following proper procedure to make this change. The agency appealed the three-judge panel decision to the full D.C. Circuit, which declined to hear the case.

In applauding the court decision, ARA President & CEO Daren Coppock stated: “This administration broadly and unjustly avoided proper procedure to construct and reinterpret myriad of federal regulations without public input. The court’s decision in this case affirms the importance of regulatory agencies following proper notice and comment rulemaking procedure.”

Following the election of Donald Trump in November, the agricultural retail industry is unlikely to see OSHA attempt further expansions of the PSM regulations.

PROTECTING AVAILABILITY OF CROP PROTECTION PRODUCTS

In 2016, ARA was actively involved in initiatives to help maintain essential crop protection products as available tools for the industry.

Several products subject to cancellation, such as sulfoxaflor and flubendiamide, were targets of anti-chemical groups that filed lawsuits against EPA. There was also the Anderson Seed lawsuit, which would have had severe impacts on seed treatments and retailers that apply them.

In the flubendiamide case, the EPA’s Environmental Appeals Board upheld the cancellation of flubendiamide, a Bayer CropScience insecticide sold under the trade name Belt, but allowed existing stocks to be sold by retailers and distributors. Initially EPA did not want to allow any existing stocks use except those already in the hands of the end-user; anything else would have to be returned to the manufacturer, exported to a legal market, or held and relabeled if a new label were issued. In overturning the EPA’s existing stocks decision, the Appeals Board cited ARA’s amicus brief that pointed out long-standing precedent to allow existing stock sales, as well as the financial hardship placed on retailers. ARA previously sent a letter to the EPA commenting on the existing stocks provision.

In the Anderson v. EPA seed treatment case, ARA joined CropLife America and several other organizations that would have been impacted by the court decision. In this case, the plaintiffs, comprised mainly of beekeepers, had asked a California court to order EPA to regulate seeds treated with pesticides as if the seeds were the pesticides themselves.

If the plaintiffs were successful it would have resulted in unnecessary duplication of EPA’s science-based regulatory review of active ingredients used in the treatment of products. In November, the court ruled in favor of the EPA and the industry coalition finding that the 2013 Bee Guidance document on which the plaintiffs had relied was neither an “agency action” nor “final” under the Administrative Procedure Act (APA) and the claims were not reviewable by the court. This important decision protects the ability of agricultural retailers to continue to use seed treatment technologies on behalf of their farmer customers.

At the end of 2016, EPA was due to respond to a petition from anti-pesticide groups to revoke food use tolerances for chlorpyrifos, a widely-used insecticide. Rather than approach it as a product cancellation under FIFRA, the activist groups – with tacit help from EPA – instead proposed to revoke food use tolerances under the Federal Food Drug & Cosmetic Act. ARA claimed that this amounted to an end-run around the FIFRA cancellation process. ARA will continue to pro-actively weigh in with EPA on several other crop protection products such as Atrazine, chlorpyrifos, and others that are under attack by the agency. The Trump Administration and EPA Administrator, should quickly help reset the process and help preserve risk-based regulation of pesticides based on sound science and a predictable registration and regulatory review process.

BIOTECHNOLOGY / NATIONAL GMO LABELING

In early August, President Barack Obama signed legislation that will protect family farmers and small businesses from the severe impacts of disparaging state labeling laws and provide consumers with a nationwide transparent food disclosure system for genetically engineered ingredients.



EPA RISK MANAGEMENT PROGRAM

Issue Summary

- On January 13, 2017, the EPA published an unnecessary midnight final regulation related to the Risk Management Program.
- RMP regulations are intended to reduce the risk of accidental releases hazardous chemicals impacting areas surrounding the facilities.
- The final rule imposes significant costs on agricultural retailers and compromises facility security with no substantive increase in safety.
- EPA ignored input from small businesses and other industries.
- Current RMP regulations work extremely well and will continue to drive safety improvements, as well as robust protections for employees and their local communities.

ARA Position

- Support a Joint Resolution of Disapproval of the EPA RMP final rule (HJ Res. 59, SJ Res. 28).

REGULATORY REFORM

Issue Summary

- All Americans have a vested interest in a transparent regulatory process, grounded in facts, which faithfully implements the will of Congress, and respects the proper role of the states.
- The primary statutory authority governing the rulemaking process, the Administrative Procedure Act, is more than 70 years old and enacted before many Federal regulatory agencies even existed.
- The regulatory process is the product of decisions made over decades, often without any effort to integrate past decisions into a coherent system.
- Federal agencies increasingly exercise legislative functions, encroaching on the roles of the states and the judiciary.
- Sound regulation is not possible unless the full process is open and agencies enable meaningful public participation.

ARA Position

- Support bipartisan proposals such as the “Regulatory Accountability Act,” “Sunshine for Regulatory Decrees and Settlement Act,” and “Small Business Regulatory Flexibility Improvements Act of 2017” designed to bring accountability, transparency, and fairness to the federal rulemaking process.



The bill, which includes federal preemption of GMO state labeling, passed in the Senate and House with broad bipartisan support. ARA was an active member of the coalition supporting this bill.

ARA will be working with industry partners and USDA on the implementation of these new labeling requirements.

DRAINING THE REGULATORY SWAMP

The regulatory process today is the product of decisions made over decades, often without any effort to integrate those decisions into a coherent system. All stakeholders have a right to fair, open and transparent rulemaking that respects the proper role of the states and the intent of Congress.

For decades, there have been Executive Orders issued from both Republican and Democratic administrations highlighting the importance of an open, transparent, and fair regulatory process. During his campaign President Trump vowed to “drain the swamp” in a reference to the growing power and influence of Washington, D.C., and the federal bureaucracy and regulations. During his first months in office, Trump has issued several Executive Orders (EO 13771, 13777) designed to reduce regulatory burdens on the American people by implementing and enforcing regulatory reform.

Now is the time for Congress to reclaim its constitutional legislative authority by ensuring agencies implement congressional intent, not the intent of the agency. There is a narrow opportunity in 2017 for President Trump and the 115th Congress to pass and implement much-needed regulatory improvement and reform. That bipartisan, bicameral effort should start with the modernization of the Administrative Procedure Act (APA), whose rulemaking procedures have remained virtually unchanged for over 70 years since it was enacted in 1946.

The “Regulatory Accountability Act” led by Rep. Bob Goodlatte (R-Va.) and Sen. Rob Portman (R-Ohio), is strongly supported by ARA, American Farm Bureau

Federation, U.S. Chamber of Commerce and more than 600 national and state organizations.

Federal regulations should be narrowly tailored, supported by credible and accurate data and evidence, and impose the least burden possible while following congressional intent. The RAA is designed to update the APA by improving transparency and accountability and streamlining the regulatory process.

This legislation will give agricultural retailers and their farm and ranch customers a larger voice in the process. Specific RAA provisions include earlier public stakeholder participation earlier in the process; requiring agencies to choose the lowest cost option that achieve the goal or demonstrates that a more costly option is necessary to protect public health, safety or welfare; allows for on-the-record administrative hearings for high-impact regulations so that interested parties can challenge agency assumptions and the reliance on poor quality data; and places restrictions on agencies' use of interim final regulations.

Other essential reforms include requiring federal agencies to explain how proposed regulations impact small business owners, their employees, and customers; prohibiting any new rules with significant economic impact from taking effect until it has been fully litigated with no impact on existing regulations; and require federal agencies to publish mandatory transparency reports. Federal agencies should also be prohibited from using social media to sway public opinion in favor of pending agency proposals. There also needs to be more openness to the "sue and settle" process by agencies providing early notice of intended settlements and provide an opportunity – in limited circumstances – to participate.

ARA request to Congress: Support the "Regulatory Accountability Act of 2017" – H.R. 5, H.R. 45; support the "Sunshine for Regulatory Decrees and Settlements Act" – H.R. 469, S. 119; and support the "Small Business Regulatory Flexibility Improvements Act of 2017" – H.R. 33, S. 584.

EPA NPDES PESTICIDE GENERAL PERMIT

In 2009, the U.S. 6th Circuit Court of Appeals drastically expanded the enforcement reach of the Clean Water Act into pesticide policy in *National Cotton Council, et al., v. EPA, et al.* The court ruling invalidated decades of precedent and an EPA regulation that had exempted pesticide applications made into, over, or near water from the numerous requirements of CWA's National Pesticide Discharge Elimination System permits.



NPDES PERMITS

Issue Summary

- For nearly 30 years, the Clean Water Act and Federal Fungicide, Insecticide, and Rodenticide Act coexisted.
- FIFRA controls the pesticide registration process, including environmental data for use.
- In 2009, courts overturned EPA's 2006 rule exempting aquatic pesticide applications from National Pollutant Discharge Elimination System permitting.
- Without any measurable environmental benefit, the ruling is a cost and resource burden for state regulators and to applicators – including mosquito control, water conservation districts, farmers and applicators

ARA Position

- Support legislation (H.R. 953, S. 340) that protect users from the permit's duplicative requirements and legal liability.

PRO-GROWTH ECONOMIC AGENDA FOR RURAL AMERICA

Issue Summary

- Comprehensive tax reform to promote economic growth.
- Protect tax provisions beneficial to American agriculture and small businesses, including support for full repeal of the estate tax.
- Workable sales and use tax collection systems to shield retailers and farmers from burdensome tax compliance requirements.
- Reform of Affordable Care Act provisions that do not adequately address the current full-time equivalency formula for agricultural seasonal workers.
- Support federal energy policies to increase domestic natural gas production, reduce U.S. manufacturing costs for crop input materials, and promote development and use of renewable fuels.
- Free and Fair Trade of agricultural products, equipment, and crop input materials (pesticides, fertilizers, seeds) creates opportunities for the benefit of American agribusinesses and farmers.
- ARA also supports extensive improvements to rural broadband infrastructure.

ARA Position

- Support comprehensive tax reform, domestic energy production, and fair trade agreements.
- Fix ACA provisions adversely impacting agriculture and other industries.
- Support creative solutions pairing federal investment with state / local government and private sources of capital to raise the necessary funds to get the job done.

2016 Public Policy Review *Continued*

The court ruled that such applications require compliance with NPDES discharge permits whenever they occur “into, over or near” one of the many types of “waters of the U.S.” This, even though the FIFRA law already regulates pesticide use. FIFRA requires, through years of extensive testing, demonstration that registered pesticides can be safely applied per product labels in a manner that poses no unreasonable adverse effect to humans or the environment.

Rep. Gibbs re-introduced the “Reducing Regulatory Burdens Act” (H.R. 935) to end NPDES PGP requirements for applications of pesticides already determined by EPA to present no unreasonable risk to humans or the environment.

Senators Mike Crapo (R-Idaho) and Claire McCaskill (D-Mo.) have re-introduced its companion, the “Sensible Environmental Protection Act” (S. 340). In the 114th Congress, a version of Congressman Gibbs’ bipartisan bill passed the House by an overwhelming margin, marking the third time the elimination of NPDES Pesticide General Permit requirements received bipartisan support in the House. That same Congress, the Crapo-McCaskill proposal passed the Senate Environment and Public Works Committee by voice vote.

ARA is lobbying Congress to support bipartisan legislation (H.R. 935 / S. 340) to exempt pesticide applications from NPDES pesticide general permit requirements for the use of EPA FIFRA approved pesticide products.



EPA RISK MANAGEMENT PROGRAM

In 2016, the EPA proposed significant new regulatory requirements to its Risk Management Program rule including expanded public access to chemical facility information, a prescriptive third-party auditing regime, and consideration and documentation of any potential inherently safety technology and design changes to every RMP process for selected facilities.

During the public comment period, EPA received thousands of comments from impacted stakeholders such as ARA and individual agricultural retailers and state and local officials that voiced concerns with

substantial proposed changes to the RMP requirements that imposes significant costs on facilities and state and local governments with minimal benefits.

EPA published the final RMP rule on January 13, seven days before the end of the Obama Administration, with the new rule taking effect on March 21, 2017. The Agency largely ignored the concerns and comments of the regulated community in its final rule. The new rule impacts approximately 3,800 agricultural retail facilities. Rep. Mark Wayne Mullin (R-Okla.) and Sen. Jim Inhofe (R-Okla.) introduced a Congressional Review Act Joint Resolution of Disapproval (H.J. Res. 59; S.J. Res. 28) and encouraged the agency to work with stakeholders to ensure that the regulatory framework is effective in increasing safety and security, not detrimental to it.

The current RMP framework works in a sector that already prioritizes safety above all else and that Bureau of Labor Statistics proves is among the safest in the nation.

WATER RESOURCES DEVELOPMENT ACT (WRDA) REAUTHORIZATION

Attention to U.S. waterways infrastructure is necessary to compete in a global marketplace. ARA is part of a broad coalition that supports additional resources for the Inland Waterways Trust Fund (IWTF) and Harbor Maintenance Trust Fund to ensure the construction of major rehabilitation projects on the nation’s waterways system.

In late 2016, Congress approved a new Water Resources Development Act (WRDA). The bill authorizes projects at American harbors, locks and dams, and reservoirs. Additional resources are authorized to help ensure U.S. Army Corps of Engineers can maintain the nation’s water infrastructure. ARA strongly supports this necessary infrastructure investment.

During last year’s Presidential campaign then candidate Donald Trump stated, “We will have so much winning if I get elected that you may get bored with winning.”

After the last eight years of regulatory onslaught, we can only hope the key wins ARA and the industry experienced in 2016 can continue into 2017 during the Trump administration.



MEMORANDUM OF UNDERSTANDING WITH THE NATIONAL RESOURCE CONSERVATION SERVICE

In Dec., the Agricultural Retailers Association, in partnership with several other agricultural organizations, signed a memorandum of understanding with the U.S. Department of Agriculture's Natural Resources Conservation Service to extend the reach of NRCS' technical and financial assistance to new customers and through new channels... to expand conservation adoption and increase the overall sustainability of farming, ranching and forestland operations.

Those other agricultural organizations included the National Association of Conservation Districts, National Association of State Departments of Agriculture, The Fertilizer Institute, the American Society of Agronomy, Soil Science Society, Crop Science Society, Syngenta and CropLife America.

The MOU establishes a collaborative framework for cooperative activities intended to enhance and accelerate the transfer and adoption of technologies and approaches. The partnering organizations will develop initiatives such as employee training, producer outreach, joint projects



and communications efforts that advance conservation practices. Efforts will be focused on soil health and 4Rs (Right source, Right rate, Right time and Right place).

Regarding this important MOU, ARA President and CEO, Daren Coppock, had this to say, "The Agricultural Retailers Association is proud to join this collaborative effort to promote and expand conservation programs. As a trusted resource, ag retailers are in a prime position to advise farmers on implementing conservation methods and tactics that improve nutrient stewardship, sustainability and profitability."

Developing the MOU has been an ongoing project for ARA during the last two years and is a result of groundwork laid in the 2014 Farm Bill, which included provisions for a pilot program to allow ag retailers to become technical service providers for NRCS.

ARA Recognizes Blunt, Heitkamp for Legislative Efforts Supporting Agriculture

Agricultural industry continues to face federal regulatory challenges. Thankfully, agriculture's allies in the U.S. Senate stepped forward in 2016.

The Agricultural Retailers Association recognized two legislators who have led efforts to defend the industry's freedom to operate: Sen. Roy Blunt (R-Mo.) and Sen. Heidi Heitkamp (D-N.D.). Both were named ARA's 2016 Legislator of the Year.

ARA recognized the senators for leading regulatory relief from the Occupational Safety and Health Administration's illegal Process Safety Management retail exemption enforcement memo, legislative efforts to fix the unnecessary and duplicative permitting required by the National Pollution Distribution Elimination System and overturning the Environmental Protection Agency's Waters of the United States final regulations.

"As the son of dairy farmers, I have a deep appreciation for the role agricultural retailers play in sustaining a thriving agriculture industry," Blunt said. "Missouri has more than 100,000 individual farms that depend on agricultural retailers to meet their needs, and the last thing Washington should do is get in the way. I am honored to receive this award, and will continue working to rein in excessive, burdensome red tape and bring more transparency and accountability to the regulatory process."

Heitkamp, a member of the Senate Ag Committee, also accepted her award during the ARA Board of Directors meeting Feb. 15, 2017. In a short discussion with the board, she addressed PSM, WOTUS and agricultural trade.

"I'm proud to receive this award, but I'm even prouder of the work I spearheaded with North Dakota agricultural retailers to stop this standard from hurting our farmers and the rural businesses that support them," Heitkamp said. "Had the rule gone into effect, it would have forced anhydrous ammonia retailers to shut down due to excessive compliance costs, forcing farmers to pay more and travel greater distances with anhydrous—and that certainly wouldn't have increased safety."



Sen. Roy Blunt (R-Mo.) accepts the ARA Legislator of the Year award from President and CEO Daren Coppock and Mo-Ag Executive Director Steve Taylor during the Winter Board Meeting Feb. 13.



Sen. Heidi Heitkamp (D-N.D.) addresses the ARA Board of Directors Feb. 15 after accepting the ARA Legislator of the Year Award.

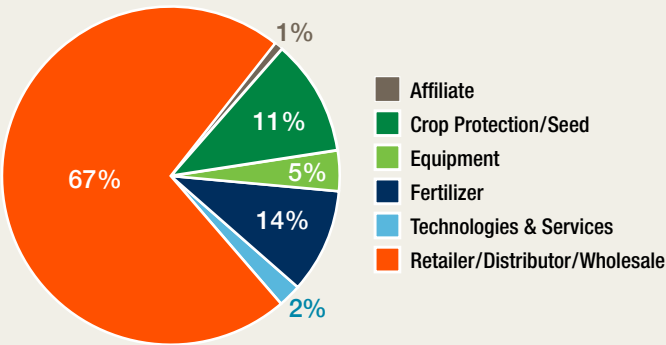
Membership Services Programs and Events

Key components of membership, including communications and advice regarding important industry issues, opportunities to influence legislation, a comprehensive online membership directory and numerous other resources are available through the ARA website (www.aradc.org). A variety of educational and networking opportunities continue to be available to members, as well.

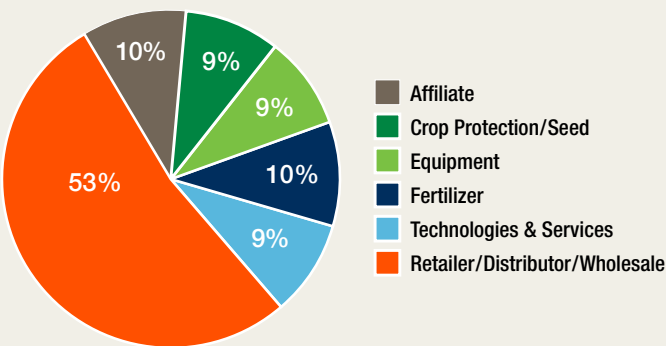
Membership Development

In 2016, ARA dues collection exceeded \$2.35 million for the first time even with a challenging and changing ag economy. The total revenue from dues collected, \$2,352,058, was up again this year from \$2,120,311 in FY15. Retailer share of total membership dues collected remained steady at 67 percent while suppliers contribute 32 percent. Consolidation at all levels of the supply chain continues to be the great challenge in 2016 and will continue to be a challenge for the foreseeable future.

FY 2016 Percentage of Membership Dues Collection



FY 2016 Percentage of Membership Enrollment



ARA membership also includes benefits such as discounts shipping through YRC Freight and on background screening services from GIS, and training materials such as Safety on the Road, a safety video for custom application vehicle drivers.

DC HELP DESK

Based on feedback from the 2014 Strategic Plan, ARA launched a DC Help Desk. This system will assist members seeking advice on regulatory issues or challenges. Members may call the office and staff will direct you to the appropriate internal contact to solve your problem or answer your question, usually within 48 hours for frequently asked questions. ARA is still refining the system for tracking these inquiries, but it's a service available to our members at no additional cost.

SAFETY ON THE ROAD

Custom Application Vehicles (CAVs) have come a long way since their advent 1950's. Today CAVs are vital tools to the success of agricultural retailers. Safety on the Road is a 32-minute training program geared to the safe operation of CAVs on roads and highways to and from the field. This professionally-produced DVD covers the basic safety issues that operators may encounter such as: preventing rollovers, nighttime operation, narrow roads and steep shoulders, navigating highway traffic and safely making left turns.

To order, go to www.aradc.org/safetyvideo.

GIS SURETY SERVICES

To assist members with background screening compliance, the ARA partnered with General Information Services, Inc. (GIS) to provide discounted, best-in-class criminal background, drug and medical screening services to ARA members.

GIS is one of the largest organizations in the background screening industry with a national criminal database containing more than 500 million records. This national

criminal database pulls information from more than 1,000 sources including a variety of national security sources.

Services offered through the partnership include: Drug and alcohol testing, DOT-compliant physicals, DOT driver qualification file management, background checks and license verifications.

For more information, go to www.aradc.org/GIS

YRC FREIGHT

ARA members can save as much as 40 percent on LTL shipping throughout North America with YRC Freight. YRC, the result of the merger of Yellow and Roadway Transportation, invented lighter than load freight. They specialize in palletized shipments more than 150 lbs. and offer ground and air expedited and guaranteed solutions, making them a perfect solution for ag retail freight needs.

To learn more about the ARA program benefits and features, contact your YRC Freight Association Representative at (800) 647-3061, email associations@yrcfreight.com or go to www.aradc.org/YRC

SECURITY VULNERABILITY ASSESSMENT

The Security Vulnerability Assessment, updated in 2014, is a tool for retail facilities and terminals to use to identify and assess potential security threats, risks and vulnerabilities.

Developed by Asmark Institute with the help of the Agricultural Retailers Association (ARA), CropLife America (CLA) and The Fertilizer Institute (TFI), this web-based tool meets the Center for Chemical Process Safety (CCPS) design criteria for conducting security vulnerability assessments. Retailers who use this program to assess facility and Hazmat transportation security can do so with confidence that their assessment is based on sound risk assessment principles.

For more information or to access log in credentials, go to www.aradc.org/sva or contact David McKnight at David@aradc.org or (202) 595-1710.

CDMS GUIDE

CDMS provides ARA members with free access to GUIDE, the most robust and reliable crop protection app available. GUIDE provides access to agronomic and product compliance information through a user-friendly interface. The database contains information on crops, rates, target pests, geographies for use, label types, pre-harvest intervals, worker safety, shipping, usage directions and regulatory information directly to your smart phone or tablet.

ARA PARTICIPATES IN RETAILER TOUR

The Asmark Institute hosted its semi-regular Retailers Live! Tour in 2016. The prior tour was in 2013.

Covering more than 1,400 miles through Indiana, Illinois, Kentucky and Tennessee, 23 staffers from several national and state associations and the Asmark Institute visited 47 agricultural retailers and distributors in five days (May 2-6, 2016).



ARA staff members who participated in the tour included Richard Gupton, Hunter Carpenter, Kyle Liske and Brian Reuwee. Precision technology was highlighted throughout the week, which included an opportunity to ride and drive several pieces of application equipment during a stop in Bloomington, Ill.

Other organizations involved included staff members of The Fertilizer Institute, CropLife America, ResponsibleAg, Ohio Agribusiness Association, Georgia Agribusiness Council, Kansas Agribusiness Retailers Association and Meister Media.



Asmark hosts the tour every few years to educate and expose new association staff members to farm supply retail facilities and employees.



Membership Services Programs and Events *Continued*

Downloading the free app from the mobile store of your choice and call CDMS at (800) 237-2367 for access. Users will be provided a token specific to ARA in order to take advantage of this offer. Once registered and configured, ARA members will have access to all product updates, notifications and information.

AGRIAN LABEL DATABASE

Available to members through the ARA website, the Agrian Label Database is backed by hundreds of supporting manufacturers, the Agrian's label database contains more than 6,100 manufacturer-guaranteed products. Every entry includes the manufacturer's label and supporting documents including MSDS, Section 24c, 2EE and organic certificates. The database is available anywhere with an internet connection.



Participants in the Southeast Ag Retail Forum learn about Sprayer calibration on John Deere equipment during a tour of the Sunbelt Ag Expo October 19. Planning is underway for the next regional meeting July 27, 2017, in Wichita, Kan.

SOUTHEAST AG RETAIL FORUM

Agribusiness leaders and stakeholders from Alabama, Florida and Georgia met October 19 for the Southeast Ag Retail Forum in Valdosta, Ga.

The half-day workshop featured a keynote presentation by Georgia Agriculture Commissioner Gary Black, as well as discussions on nutrient stewardship and other regional issues. Policy staff from the Agricultural Retailers Association also addressed federal legislative and regulatory issues impacting retailers.

A VIP tour of the Sunbelt Ag Expo in Moultrie, Ga., capped off the day.

Cooperating state associations include the Georgia Agribusiness Association, Florida Fertilizer and Agrichemical Association and the Alabama Agribusiness Council.

ARA encouraged members to send employees who may not normally attend national industry meetings. The meeting was compact, allowing participants to drive in for it then drive back home in the same day.

Planning is underway for the next regional meeting July 27, 2017, in Wichita, Kan.



The National Agricultural Aviation Association also participated in the Spray Drift Field Day. An area company demonstrated helicopter application and the practices and technologies aerial applicators are using to minimize drift. The EPA estimates approximately 70 million pounds of pesticides, worth up to \$640 million, are lost annually to drift. In addition, state agencies direct substantial resources to investigating drift complaints.

SPRAY DRIFT FIELD DAY

More than 50 officials from the EPA's Office of Pesticide Programs and state agencies attended a Spray Drift Field Day hosted by the Association of Equipment Manufacturers and the Agricultural Retailers Association June 15, 2016.

The event, held at the University of Maryland Wye Research and Education Center about an hour from Capitol Hill in Queenstown, Md., introduced regulators to various drift reduction and precision agriculture technologies from several manufacturers. The event was designed to show the EPA and state officials the full spectrum of capabilities of modern precision agricultural equipment.

The National Agricultural Aviation Association also participated in the event. An area company demonstrated a helicopter applicator and the practices and technologies aerial applicators are using to minimize drift. The field day featured spray drift reduction demonstrations from John Deere, Case IH, GVM, AGCO, TeeJet, Helicopter Applicators, Inc., and Hardi.



Jessy Nicholson, WinField; Nathan Locken, South Dakota Wheat Growers; and John Van Riper, Brandt Consolidated participate in a communications workshop as part of Leadership at its Best Feb. 15, 2016, at ARA headquarters in Washington, D.C.

LEADERSHIP AT ITS BEST

The Agricultural Retailers Association's Leadership at Its Best Program, sponsored by Syngenta, is a professional development program designed for emerging industry branch, marketing and sales managers. The training segments, hosted in Washington, D.C., Feb. 14-16, 2016, focused on advocating the agricultural industry's perspective on policy issues to agency leaders and government officials.

The Leadership at its Best Class of 2016 included seven participants from a broad spectrum of the ARA membership: Chad Cass, Agronomy Business Manager, Ceres Solutions; Kevin Daniel, General Manager, MFA Inc.; Brian Duggan, Environmental Project Manager, Crop Production Services, Inc.; Chris Gallo, Precision Ag Manager, J.R. Simplot Company; Nathan Locken, Location Manager, South Dakota Wheat Growers; Jessy Nicholson, Retail Development Manager, WinField; and John Van Riper, Assistant Manager, Brandt Consolidated.

Upon program completion, participants are encouraged to put to practice the skills gained during the program by serving on ARA committees, task forces and work-groups; providing educational and facility outreach opportunities to elected officials and agency representatives, representing the industry at hearings or other proceedings, and participating in industry related online discussion groups and blogs.

To nominate an individual for Leadership at its Best, contact David McKnight, Director of Member Services at david@aradc.org.

CRISIS COMMUNICATIONS

ARA hosted its seventh Crisis Management & Media Training seminar July 26-28 in Louisville, Ky. The sold-out event had 14 participants.

The seminar, designed to help retailers and their employees learn how to handle a public relations crisis, such as a major accident, fire or protestors showing up at a facility, was sponsored by FMC and CHS. It featured communications experts who have experience in dealing with the mainstream press and also understand the agricultural retail industry.

Lani Jordan, Director of Corporate Communications with CHS, and Lindsay Strand, president of Lindsay Strand Associates, Inc., again led the sessions.

The communications veterans shared principles for successfully managing a crisis, directed a mock crisis scenario and critiqued participants' response.

Participants were also videotaped so they could see how they appear on camera. Many attendees shared how grateful they were to practice interviews ahead of a true crisis. Although a company may have a crisis management plan, many said they would not have felt prepared.

Strand and Jordan explained that no one is fully prepared to speak to the media or a public audience that may know very little about the ag retail business. It takes a lot of practice and a level head to stay focused on your company's message in a crisis.

For more information, contact David McKnight, Director of Member Services (david@aradc.org).



Scott Downey, Assistant Professor of Ag Economics at Purdue University leads a discussion on economic forces at work in agribusiness during the ARA Management Academy Feb. 2-4, 2016. More than 50 ag retail professionals attended the seminar, which is hosted annually.

Membership Services Programs and Events *Continued*

Jerry Boger	Jackson Jennings Co-op
Robin Brown	Effingham Equity
Chris Carter	Southern States Cooperative
David Edwards	Farmway Coop
Pam Emery	The Tremont/Lyman Group
Patrick Giannetti	Tessengerlo Kerley, Inc.
Megan Hasenour	Superior Ag Resources
Rick Kesler	FMC
Kyle Liske	Agricultural Retailers Association
Phil Pirtle	Ceres Solutions LLP
Josh Rund	United Prairie
Rodney Schultz	Effingham Equity
Jim Sweigart	AgBest
Donnie Taylor	Agricultural Retailers Association

ARA MANAGEMENT ACADEMY

Purdue University hosted more than 50 agribusiness professionals during the eight annual ARA Management Academy Feb. 2-4, 2016, in West Lafayette, Ind.

The academy, a joint effort between ARA and Purdue University Center for Food and Agricultural Business, was developed to assist leaders develop decision-making and management skills.

The three-day workshop is led by award-winning Purdue faculty members. Using a blend of lectures, breakout sessions and group discussion, the program is structured

to encourage networking and idea-sharing with industry peers from across the value chain.

The next ARA Management Academy is scheduled for Jan. 29-Feb. 1, 2018. Contact Lee Stanish (lstanish@purdue.edu) with questions, or go to <http://agribusiness.purdue.edu/>.

STRATEGIC DECISION MAKING

ARA has partnered with Purdue University to offer Strategic Decision Making, a course designed for agribusiness executives. This three-day seminar provides participants with the knowledge and tools needed to analyze and execute challenging strategic choices. Participants will learn how to clarify specific decisions needed, list alternatives and manage risk involved.

Matthew L. Waters, an attorney and 2014 attendee, has been representing agribusinesses and farmers for 25 years, but recently shifted his practice from litigation to business advising and consulting.

“The program gave me the resources to slow down and fully examine the aspects of the decision at hand before making a call,” he said “It also helped me locate and find solutions to possible risks in advance, rather than having to mitigate problems on the fly.”

The course, attended by 28 ag retail leaders, was held June 28-30, 2016, at Purdue University in West Lafayette, Ind. *The next available course will be in June 13-15, 2017. For more information, go to: <http://agribusiness.purdue.edu/>.*



Attendees enjoy one of the six breakout sessions during the ARA Conference & Expo Nov. 29-Dec. 1 at the Hilton Bonnet Creek Resort in Orlando.

ARA Conference and Expo

The ARA Conference and Expo was a great success. The conference, held last week at the Hilton Bonnet Creek in Orlando, featured more than 625 attendees, 12 different speakers, nearly eight hours of interaction with exhibitors in the trade show and lots of opportunities to network and mingle with key leaders and decision makers in the ag retail sector.

Keynote Speakers



CHINA, INC.: IMPLICATIONS FOR AG RETAILERS

"It's important to note that ChemChina is a holding company, rather than an agribusiness," said Matthew Phillips, director of crop protection and seeds at Phillips McDougall. Phillips, who discussed China's recent agriculture

acquisitions and their impact on ag retail during the ARA Conference and Expo, Nov. 30 in Orlando, has spent almost 30 years analyzing the agrochemical industry and consulting globally.

ChemChina has a portfolio across multiple industries. It includes Israel-based ADAMA, a crop protection company that focuses on generics.

Phillips shared that his analytical approach starts by looking at China's role in the global grain markets.

"Actually, when we look at 2016, Asia is the brightest spot in the agrochemical market," he said.

From 2008 to 2013, Chinese grain imports saw 14.5% growth per year to import 75 million tons of grain.

"At best, they've had a 1% per year increase due to yield growth, and their ability to increase this further is limited," Phillips explains. "Production is not increasing at a fast enough rate to offset demand."



POLITICAL INSIGHT

Stuart Rothenberg knows the word "nonpartisan" is suspect, but as the Founding Editor of The Rothenberg & Gonzales Political Report, that's what he strives to be. In his keynote address to the ARA Conference & Expo attendees Nov. 30 in Orlando,

Rothenberg talked about the Presidential election, and how it was big in more ways than one.

It was big because the outcome was stunning in many respects, Rothenberg said. It's more than an upset in



Left: Director of Public Policy Hunter Carpenter calls out a bid for Brandt Consolidated Executive Vice President – and incoming ARA Chairman – Tim McArdle during the live auction benefiting ARAPAC, ARA’s political action committee. The auction, held Nov. 30 in conjunction with the ARA Dinner and silent auction, raises money to support candidates for federal office who share an interest in agribusiness. Right: This year featured a casino theme with table games for attendees. The evening generated more than \$50,000 to support ARAPAC.

Keynote Speakers *Continued*

the polls, but because someone like Trump has never won a major election in this country, or indeed, in any country in the world. He lacked a plan, a political strategy, and basically convention of any sort, but the American people chosen him for those very reasons.

Of course, it was also big because the difference in votes between the 2008 election and this one were pretty tiny, considering the number of overall votes. But while they were small, they were significant. More than one key win was obtained by slight margins on both sides that Tuesday night, but the results were immense.



CREATING DISNEY MAGIC

The ARA Conference and Expo ended with a magical flourish thanks to closing keynote speaker Lee Cockerell, retired Executive Vice President of Walt Disney World.

Cockerell’s address, “You Can create Disney Magic Too,” focused on the factors he believes are the key to running a successful business: “It’s not magic that makes Disney World work, it’s the way we work,” he said. He stressed the importance of hiring and promoting the right people, as well as having systems in place to help pick them out, implementing and enforcing quality training programs, and creating a positive and inclusive work culture for employees. “Those three things translate to the bottom line, and they translate to more ingenuity and creativity,” said Cockerell in an interview following his address.

He also emphasized that organization, competency, and strong leadership skills are absolute necessities for executives looking to run successful businesses.

“When you do the hard things, life gets easier,” he said. “Do something hard every week and your life will continue to get easier, but if you only do the easy things, life will get harder, and it will come back and bite you.”

Cockerell also has published a number of books on professional development. His latest book, *Career Magic*, relays an account of the numerous obstacles young professionals are bound to face in their careers and offers advice on how to keep them from taking control. “I’ve been passed over, I’ve been fired, I’ve been disappointed, and you’ve just got to go out and get back at it,” he said. “I worry about young people giving up too quick because they don’t get it quick enough, but you need to be patient with your career.”



More than 30 conference attendees participated in the ag tour following the conference Dec. 1. The group traveled to Deseret Ranch, a 300,000-acre cattle and citrus operation east of Orlando. The ranch is owned and operated by the Church of Jesus Christ and Latter-Day Saints. Participants got a brief overview of the history and operations of the ranch, which is the largest cow-calf ranch in the United States with 44,000 beef cattle.

Breakout Sessions



AG ECONOMIC OUTLOOK

If there is one word to describe the current economic outlook for agriculture it would probably be uncertain, according to Terry Barr, Senior Director for the Knowledge Exchange Division of CoBank.

"We're entering into a fairly dynamic period of uncertain political and economic realities," said Barr, who spoke to a standing room only crowd during the ARA Conference and Expo Nov. 30 in Orlando. "We're in transition politically, we're in transition economically, we're finishing out this commodity super-cycle, so there's a lot of things on everybody's plates trying to plan for the future."

Barr says the global dynamics of agriculture are coming more into play. "It's a more difficult period than we've been through – ag's enjoyed a pretty good run here – and now we've got some tough challenges and adjustments to make," he said.



ATTRACTING AND RETAINING OPERATIONS STAFF

There are specific tactics and tips that ag businesses can use to retain the best employees.

"This includes how to attract them, how to measure what is going right and how to keep those employees on your team," said Bob Broeckelman, who presented a breakout session during the ARA Conference and Expo, Nov. 30 in Orlando.

When he worked for the farm credit agency, he helped transform the business' turnover rate from 28% to 3%—in five years. His approach is to challenge your status quo.

"We typically hire people like ourselves. But we need to look at the job and what kind of person fits the job. People are hired for what they can do, and they are fired for who they are," he explains.

According to USDA data, 20,000 ag jobs go unfilled each year. But Broeckelman says that isn't due to a shortage of potential employees.

"There's no shortage of people. It's tough, yes. But it's an issue of how we find them," he explains. "People work for people. They don't work for businesses."



LEAN PRACTICES FOR AG RETAILERS

Generating higher productivity and continuous improvement are business principles that have stood the test of time.

ARA Conference attendees examined lean management techniques to help facility

managers improve productivity, inventory turns, return on capital, asset utilization and other metrics during a session led by Yargus Manufacturing General Manager Steve Shaffer Dec. 1 in Orlando.

"I used to hear that lean practices wouldn't work for agricultural companies," Shaffer said. "Now it's starting to take off. People are hungry for more. The information just hasn't been available in ag retail."

Shaffer suggests retailers can double or triple margins, if they fully commit to creating a lean culture.

"Many companies will implement five of the seven or eight tools typically associated with lean practices, such as cleaning, standardization, etc.," said Shaffer. "But it's critical to create a lean culture that empowers workers. Lean needs to run deep to maximize profitability."

Lean helps to eliminate waste. With less waste in inventory, processes, production, transportation, etc., then profitability can grow from 3-5 percent to 7-15 percent in a short period of time, he said.



ADDITIONAL BREAKOUT SESSIONS

Bryan Dodge, author of *The Good Life Rules: 8 Keys to Being Your Best at Work and at Play* and co-author of *Becoming the Obvious Choice*, used a playful tone and motivational message to filled his

Nov. 30 break out session to capacity during the ARA Conference and Expo in Orlando. Other breakout sessions were led by Michael Hazzan, Technical Manager at AcuTech, a process risk management expert, who helped ag retailers better understand what they need to do should they need to become compliant with the Process Safety Management standard and Hank Campbell, President of the American Council on Science and Health, who discussed how to improve social media messaging within agricultural organizations.

Awards



EBERSPACHER LIFETIME ACHIEVEMENT AWARD

Dave Downey, Professor Emeritus, Purdue University accepts the Jack Eberspacher Lifetime Achievement Award during the ARA Conference and Expo Nov. 29 in Orlando. Downey has been teaching agricultural marketing and sales for more than 50 years.



DISTINGUISHED SERVICE AWARD

Jamie Southard, Safety Manager, The Equity accepts the ARA Distinguished Service Award from President and CEO Daren Coppock during the ARA Conference and Expo Nov. 29 in Orlando.



ARA RETAILER OF THE YEAR

Monsanto National Sales Manager Mark Helt (left) and ARA President and CEO Daren Coppock (right) present the 2016 ARA Retailer of the Year Award to Gar Tootelian CEO Greg Musson and Managing Partner Karen Musson. Gar Tootelian started as a fertilizer retailer in 1949. The second-generation family business has grown to a full-service retail operation more than \$100 million in revenue from a single, 15-acre location in Reedley, Calif.



PRECISION IMPACT AWARD

The 2016 Precision Impact Award winners were announced Dec. 1 during the ARA Conference and Expo in Orlando. Rhonda Brooks, editor of *AgPro* Magazine (left) presented the awards along with Patrick Sanders, SST Software to Chris Conway, Southern States, North Region winner; Tayler McLane, MFA AgriServices, South Region winner; and Caleb Schultz, Simplot Grower Solutions, Plains-West winner. The award was co-sponsored by SST Software, the ARA and *AgPro* Magazine. *AgPro* has begun taking nominations for the 2017 Precision Impact Awards. More information about the award and entry qualifications are available at www.agprofessional.com.



AGCO OPERATOR OF THE YEAR

The 2016 AGCO Operator of the Year Finalists on stage at the ARA Conference and Expo in Orlando Nov. 30. The finalists were Tony Kornder, Genesis Growing Solutions, Le Sueur, Minn.; Ken Funk, CHS Elburn, Newark, Ill.; Joel Waterman, Hamel Seed & Farm Supply, Inc., Worden, Ill.; and Ronnie Peterson, Crop Production Services, Dothan, Ala. Kornder was named AGCO Applicator of the Year and took home a new Harley Davidson from AGCO along with the recognition.

COOPER PASSES GAVEL TO MCARDLE

Harold Cooper, Chief Executive Officer of Premier Ag in Columbus, Ind., passes the chairman's gavel to incoming president Tim McArdle, Executive Vice President and Chief Operating Officer with Brandt Consolidated, in a ceremony during the ARA Conference & Expo closing session Dec. 1.

Upon accepting the gavel, McArdle outlined his goals for the coming year including cultivating membership and increasing participation of current members.

"There are still a number of retailers who are not members, so my message to my fellow ARA members is to encourage others in your state and your region to

join and participate," McArdle said. "ARA represents the retailer's freedom to operate better than any other organization. Help us continue that work because we're not sure what the next challenge will be."

McArdle thanked his employer for its commitment to supporting his role in ARA.



ARA Retailer of the Year

Retailer's Success is Rooted in Respect

By Rhonda Brooks, AgPro Magazine – Published with permission

In 1949, Gar and Esther Tootelian, second-generation immigrants, scraped together their meager savings and launched a small fertilizer business in Reedley, Calif., just 30 minutes south of Fresno.

Those were the days when everything was sold by the bag. Farmers would drive up to the Tootelians' tool shed and pick up a few bags of product as needed. The bookkeeping process was equally uncomplicated. Farmers would walk over to a piece of paper tacked on the shed wall and write down what they took. Once a month, Gar took the paper off the wall, and Esther would tally everything sold and mail out the statements for payment.

"He trusted people, and they trusted him," says Greg Musson, Gar's son-in-law. "Everything was done on a handshake deal."

Fertilizer and bookkeeping are both more complicated now than they were in the '40s. But the mutual respect that Gar and farmers in the Central Valley had for each other is still an essential focus for how the business that bears his name operates today. It's just one of the many reasons that Gar Tootelian (GAR) was named the 2016 Retailer of the Year by the Agricultural Retailers Association (ARA), during the association's annual conference and expo in Orlando, Fla., last month.

"We're not the biggest or the oldest retail business, but we work every day to be deeply invested in faith, family and our community," says Karen Musson, who accepted the award on behalf of GAR.

The Tootelians' two daughters, Karen and her sister, Linda Salwasser, co-own the business. Karen's husband, Greg, serves as president and CEO of the company.

The award, sponsored by Monsanto, ARA and AgPro, honors retailers who represent the best of the industry. Retail outlets are awarded the honor based on innovative business practices, community and industry leadership, environmental stewardship, reliability, technology



Greg and Karen Musson at Valley Farm, an educational area for kids at the Fresno Chaffee Zoo featuring farm animals and lessons on agriculture. Valley Farm is underwritten by the Gar and Ester Tootelian Foundation.

utilization, customer service and effective employee development programs. Recent winners have included The Andersons, NEW Cooperative, Morral Companies, Wheat Growers, Lyman/Tremont Group, Central Valley Ag and Willard Agri-Service.

Still A Family Operation. Today, GAR is the nation's largest, single-location retail operation. The facility covers a little more than 15 acres and includes a new 55,000-square-foot warehouse. Since 2012, the company has invested more than \$10 million in expanding and improving its facilities and ability to rapidly meet the needs of area growers. GAR's annual sales of nearly \$100 million are generated through its staff of 40 Pest Control Advisors (PCAs) who provide fertilizer and crop-care products, along with water and regulatory advice, to more than 1,400 area farmers.

"I think how we designed this facility could serve as a model for how business will be done by retailers in the future," Greg says.

Despite the retailer's success, Karen says what she values most about GAR is that her parents' legacy is still alive and thriving. It's a legacy Karen draws on and continues through daily radio commercials that she writes and voices for local Fresno radio station KMJ 580/105.9. The passion and commitment GAR has for California

agriculture, farmers and families are evident in Karen's voice. She's often heard speaking direct to area moms and telling them about the quality of Central Valley food crops and how farmers are "like our veterans and should be deeply respected because they feed and fuel our freedoms every day."

RESPECT IS INTEGRAL TO HOW GAR FUNCTIONS DAY-TO-DAY

"Customers and employees are considered family," Greg says. "When someone comes to work with us, they're treated like family and with a great deal of respect. That's something Gar insisted upon, and that's been a great philosophy and tradition to continue."

An Industry Pioneer. While GAR is steeped in tradition, it is also a progressive operation whose leaders are constantly evaluating how to do business better. Karen credits Greg for the company's almost relentless drive to improve and adopt more services for area farmers.

"He's the right person at the right time for us," Karen says. "He's a visionary, a strong leader, and he understands the nuances of making and keeping a business successful."

Under Greg's leadership, GAR has developed a number of enterprising programs. One is an in-house, two-year field training/mentoring program for new-to-the-business PCAs. Training and mentoring by senior staff help newly minted PCAs get a strong start with farmer-customers and minimize their potential for mistakes. That's no small feat in the Central Valley, where farmers raise more than 400 specialty crops and are subject to rules and regulations enforced by 95-plus state agencies, not including the Environmental Protection Agency or state agencies in the departments of conservation and transportation.

Regulations in California are so varied and numerous that even the most detail-oriented farmers have difficulty staying informed and up-to-date on them. Greg saw the need customers had and decided to address it by hiring a compliance manager. That's when Patty Cardoso came on board and started updating and training GAR employees, farmers and farm workers. Cardoso and her team are in fields daily. They conduct "tailgate training" sessions on everything from spray re-entry restrictions to emergency response plans.

"GAR does a great job," says farmer-customer Don Klassen, who is based near Dinuba, Calif. "They have helped us with regulatory compliance and keep us up-to-date on rules, regulations, safe product handling and employee practices."

Focused On Service. In addition to its laser-like focus on business, GAR is actively involved in the Reedley



community, supporting dozens of local charities, schools and activities. Last year marked the third time GAR raised funds, a total of \$231,000 in 2016 alone, to provide meals through the local Community Food Bank for those in need in the Central Valley, according to Andy Souza, CEO of the food bank.

To demonstrate GAR's influence in the Reedley community, Souza tells a story about how another area retailer showed up one time during a food distribution day and handed him a sizable check.

"He said, 'I've worked with GAR Tootelian for decades, and I know their work and reputation, and if they're going to support the Community Food Bank, then I should, too,'" Souza recalls, adding, "GAR is a huge blessing to us."

As part of its community service, GAR has ongoing partnerships with various groups to build awareness and appreciation for agriculture. The groups include 4-H, FFA, Ag in the Classroom, Center for Land-Based Learning, World Ag Expo, California Women for Agriculture and numerous Farm Bureaus across the state.

In 2003, GAR established the Gar & Esther Tootelian Charitable Foundation (GETCF) to engage, develop and direct its philanthropy. Four years ago, the foundation developed the "Valley Farm" as an interactive major exhibit at the Fresno Chaffee Zoo. The exhibit includes farm animals, permanent crops and seasonal vegetables that zoo-goers can experience. It attracts more than 700,000 visitors annually and is used as an educational resource for teachers, students and their families.

Greg's perspective is that any retailer in the country could do what GAR does for its community and customers. He refers to it as "giving an extra 2%" in time, money and effort. It's a tangible philosophy that the retailer models every day.

"I tell all of our people the same thing," Greg says. **"Always do what Gar would have done – you are Gar. You just do what's in people's best interest, and never waver from that."**

Thank You ARA Conference & Expo Sponsors and Exhibitors

More than 600 attendees took part in the 2016 ARA Conference & Expo. It remains an essential networking and professional development event for leading agricultural retailers. ARA's board of directors and staff wish to thank all of the 2016 sponsors and exhibitors for their continued strong support.

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The ARA Conference again hosted a sold-out tradeshow. The exhibit floor featured more than 80 companies and almost eight hours of dedicated time for the tradeshow.

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Financials

Agricultural Retailers Association Statement of Financial Position September 30, 2016

Current Assets

Cash and cash equivalents	\$1,312,703
Accounts receivable	5,000
Prepaid expenses	153,251
Investments	3,784,594
TOTAL current assets	\$5,255,548
Property and equipment, net	162,071
Other assets	
Security deposit	14,161
TOTAL assets	\$5,431,780

Liabilities and Net Assets

Current Liabilities:	
Accounts payable & accrued expenses	113,396
Deferred revenue	1,966,583
TOTAL current liabilities	\$2,079,979
Long-term Liabilities	
Deferred rent	26,590
TOTAL Liabilities	\$2,106,569
Net Assets:	
Unrestricted	\$3,325,211
Total liabilities and net assets	\$5,431,780

Agricultural Retailers Association Consolidated Statement of Activities September 30, 2016

Revenue and Support

Membership dues	\$2,352,058
Annual conference	882,807
Royalties	16,097
Sponsorship, grants and other	125,565
PAC administration	73,072
PAC income	77,750
SVA income	22,312
Interest and dividends	188,060
Net appreciation in fair value of investments	225,748
TOTAL revenue	\$3,963,469

Expenses

Program services:	
Annual conference	\$678,286
Communications	195,082
Governance	410,793
Government relations	877,306
Special projects	—
TOTAL program services	2,161,467
Supporting services:	
Management and general	696,041
Membership services	670,609
TOTAL supporting services	1,366,650
TOTAL expenses	\$3,528,117

Change in Net Assets	\$435,352
Net assets, beginning of year	2,889,859
Net assets, end of year	\$3,325,211



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