

PINCO ADVISORY COMMITTEE MEETING

OCTOBER 18, 2018

10:00AM

PINCO SERVICE CENTER

3019 16<sup>TH</sup> STREET

BAKERSFIELD, CA. 93301



MINUTES

1. SIGN-IN: 10:11 AM

2. ADOPTION OF AGENDA

Adoption of October 18, 2018 Advisory Committee Meeting Agenda as presented.

MOTION: EDISON SECONDED: KERNVILLE VOTE: PASSED

3. ADOPTION: ADVISORY COMMITTEE MEETING MINUTES OF SEPTEMBER 20, 2018

MOTION: RICHLAND SECONDED: ARVIN VOTE: PASSED

FAIRFAX MOTIONED TO CHANGE EXECUTIVE TO ADVISORY COMMITTEE UNDER ITEM #2 OF THE AGENDA. SECONDED GREENFIELD.

4. PUBLIC COMMENTS FROM THE FLOOR:

Public Business from the Floor – Agendized Items and Non-Agendized Items: The public is invited to address items on the PINCO Agenda or any item that is within PINCO's jurisdiction as constituted. Without taking action or entering into a dialog with the public, PINCO Board members may briefly respond to statements made or ask clarifying questions about topics not on the PINCO agenda. Individual speakers are limited to three (3) minutes each with the total time for public input on each item limited to fifteen (15) minutes. All persons requesting to make comments are asked to complete a public speaking form prior to the meeting. You will be asked to provide your full name, who or what you are representing and the topic as an item identified on the agenda or as a non-Agendized item.

RESOLUTION FROM RICHLAND RECOMMENDED TO HAVE THE J.P.A./POLICY &/OR FUTURES SUB-COMMITTEE TO REVIEW PROCEDURES OF APPROVAL PROCESS OF FACILITY REPAIRS AND MAINTENANCE AS NEEDED.

5. REVIEW/APPROVAL: LEASE EXTENSION- R&R GENERAL, LLC AND PINCO

Background: In advance of required 180-day formal notice in lieu expiration scheduled for June 30, 2019, PINCO's Landlord, R&R General LLC has provided PINCO with terms to extend the current lease. Under the terms offered, R&R General is willing to begin the agreement July 1, 2019 at the current lease of \$32,663.00 per month, triple net for a period of ten years ending June 30, 2029; an additional ten-year option is contained in offer taking agreement into 2039.

This extension offer honors all terms and conditions contained in current agreement. Through subsequent discussion, R&R General LLC will amend offer to include language for Landlord to facilitate any/all required facility improvements falling under tenant responsibility at Landlord's cost with terms determined upon mutual agreement. Minimum Base Rent shall be modified annually based on annual increases/decreases based on the Consumer Price Index (CPI), Urban Wage Earners and Clerical Workers (CPI-W) for Kern County CMSA as published by the US Department of Labor, Bureau of Labor Statistics; increase(s)/decrease(s) would begin in December 2019. Increase(s) based upon comparison of December indices from the preceding year and the Base Rent shall not be more than 2.5% of the preceding annual Base Rent.

PINCO's overall facility expenses for 2017-2018 calculate to approximately \$2.10 per square foot. When considering the Service Center/Warehouse's staging capacity, office and meeting space, this is an exceptionally low-cost when compared to the current \$1.94 per square foot paid in outside "bulk" frozen storage.

Prior to PINCO's approval of this extension offer, PINCO's Futures Committee is requesting Lead Agency ask R&R General LLC to provide a one and three-year extension offer(s) for comparison and consideration. Lead Agency to present response from R&R General LLC when received.

It is recommended PINCO's Advisory Committee review all information of lease extension offered by R&R General LLC and determine responsible course of action in lieu of 180-day Notice of Intent.

**MOTION: ARVIN SECONDED: PANAMA VOTE: FAILED (TABLED)**

**RICHALAND MOTIONED TO TABLE #5 AND SCHEDULE A MEETING WITH R&R GENERAL WITH SELECTED MEMBER DISTRICTS. TO REVIEW TERMS AND SEEK A SHORTER TERM OPTION TO TEN-YEAR PROPOSEL. INFORMATION WILL BE BROUGHT TO ADVISORY SPECIAL MEETING IN NOVEMBER PENDING SCHEDULING. SECONDED PANAMA**

**6. REVIEW: PINCO DRAWDOWN OF CARRYOVER AT PROCESSOR(S)**

Background: USDA guidelines require PINCO to drawdown/use all entitlement carried over from the prior year. Lead Agency has contacted processors where entitlement may be at-risk to mitigate potential sweep(s) by showing current-anticipated usage of 2017-2018 carryovers; Lead Agency has also included CDE in all correspondence to ensure open/clear communication between industry and agency (ies). Lead Agency is confident PINCO's current/projected usage along with in-front communication in advance of the October 31, 2018 deadline will prevent any sweep(s). Lead Agency will forward usage information to PINCO's Commodity Sub-committee in January for study in preparation of 2019-2020 diversion of USDA entitlement.

**INFORMATION ONLY**

**7. REVIEW: JOINT POWERS AGREEMENT AMENDMENT VOTE – NOTICED FOR DECEMBER 5, 2018**

Background: From its December 2017 Joint Powers Agreement (JPA) amendment reducing quorum requirements, PINCO's J.P.A./Policy Sub-committee has worked with PINCO's Executive and Advisory Committees and Lead Agency to develop the amendments to PINCO's JPA to address the following:

- Teleconferencing & Electronic Meeting Access
- Membership Listing Revision
- Region Realignment
- Elimination E-Voting

Amendment to PINCO's JPA requires approval by 2/3 of contracted Member Districts; PINCO's membership is currently at thirty seven requiring twenty four votes to approve any amendment recommendation. Posting-Agendizing JPA Amendments for the December Advisory Committee meeting prior to the PINCO Food Show all but guarantees the required numbers in addition to having as many PINCO Member Districts in-attendance for approval(s).

**INFORMATION ONLY**

**8. SUB-COMMITTEE REPORTS:**

Commodity - J.P.A./Policy - Futures - Bid - Sunshine - Food Show

**9. REPORTS FROM ADVISORY COMMITTEE MEMBERS/LEAD AGENCY**

**10. UPCOMING MEETING DATES:**

**2018-2019 PINCO EXECUTIVE MEETING CALENDAR**

January 31, 2019	PINCO Service Center, Bakersfield (same-day as Advisory)
March 7, 2019	PINCO Administrative Offices, Lancaster
April 4, 2019	PINCO Administrative Offices, Lancaster
May 9, 2019	PINCO Administrative Offices, Lancaster
June 6, 2019	PINCO Administrative Offices, Lancaster

**2018-2019 PINCO ADVISORY MEETING CALENDAR**

December 5, 2018  
**December 6, 2018**  
December 13, 2018  
January 31, 2019  
March 14, 2019  
April 11, 2019  
May 16, 2019  
June 13, 2019

Oxford Inn, Lancaster  
**PINCO FOOD SHOW**  
PINCO Service Center, Bakersfield  
PINCO Service Center, Bakersfield  
PINCO Service Center, Bakersfield  
PINCO Service Center, Bakersfield  
PINCO Service Center, Bakersfield  
PINCO Service Center, Bakersfield

Trade Meeting/Industry Reception  
**AV Fairgrounds**  
Food Show Re-Cap Meeting  
Vendor Review/RFP Schedule/Pre-Planner  
Bid Awards  
2019-2020 Buying Guide  
Budget/Calendar  
Year-End General Business

**11. ADJOURN: 11:42 AM**

**MOTION: RICHLAND SECONDED: FAIRFAX**

Proposed



## LEASE EXTENSION

### Preamble

This Lease Extension is entered into on October \_\_, 2018, by and between R&R General LLC ("Landlord") and PinCo Partners in Nutrition Cooperative ("Tenant").

On October 29, 1998, Landlord and Tenant entered into an Industrial Lease Build-To-Suit (the "Lease"), a copy of which is attached as Exhibit "A." The Lease provided for an initial five year term with a five year option to renew. Tenant exercised its five year option and both parties have fully performed all terms and obligations of the lease.

On May 6, 2009 Landlord and Tenant extended the Lease under the same terms and conditions for an additional ten year period commencing July 1, 2009 and terminating June 30, 2019 with a Lease Extension which also provided for a ten year option to renew. Tenant wishes to exercise the ten year option now for the ten year period commencing July 1, 2019 and terminating June 30, 2029 and both parties have fully performed all terms and obligations of the Lease. Tenant also desires to acquire an option to renew the Lease for an additional ten year period commencing July 1, 2029 and terminating June 30, 2039. Accordingly, the parties hereby agree as follows:

### Extended Term

The Lease term is extended from July 1, 2019 and shall end June 30 2029, unless terminated earlier as provided in the Lease.

### Option

In the event Tenant is not then in default under the Lease, Tenant shall have the option and right to extend the term of this Lease for one period of ten years commencing on the expiration of the extended term, July 1, 2029 and terminating June 30, 2039. If Tenant elects to extend the term of the Lease, Tenant must give Landlord written notice by certified mail of Tenant's election at least 180 days before the end of the extended term.

### Base Rent

Commencing July 1, 2019 monthly rent with additions increased to \$32,663.00 per month ("Minimum Base Rent"). The Minimum Base Rent shall be modified annually based on annual increases or decreases based on the consumer price index (CPI) Urban Wage Earners and Clerical Workers (CPI-W) for Kern County California CMSA, as published by the United States Department of Labor, Bureau of Labor Statistics. Such increases or decreases shall begin in December 2019. The index for each December during the Lease term, extended term, and extended option term shall be compared with the index for the preceding December and the Rent shall be increased or decreased in accordance with the percentage increase or decrease, between such December indices, provided, however, such annual increases in the Base Rent shall not be more than 2.5% of the preceding annual Base Rent, and at no time shall the Base Rent be decreased to less than \$32,663.00 per month.

**Security Deposit**

The security deposit held by Landlord is now \$31,421.00.

**Affirmation of Remaining Lease Terms**

Except as herein modified, all terms and conditions of the Lease shall remain in full force and effect.

**"LANDLORD"  
R&R GENERAL, LLC**

DATED: October \_\_\_\_, 2018

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**By: Charlene Patterson,  
Its: Manager**

**"TENANT"  
PINCO PARTNERS  
IN NUTRITION COOPERATIVE**

DATED: October \_\_\_\_, 2018

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**By: Dr. David J. Vierra, Superintendent of  
Antelope Valley Union High School District**

October 17, 2018

Joseph Cook  
Director - Chair, Food Service / PINCO

You and I have in the past few days been reviewing the amended lease extension proposed for 16th Street Bakersfield. We thank all of the wonderful people in your PINCO Group for the almost twenty years of seamless operation in our Freezer / Warehouse facility. This extension offer honors all terms and condition contained in the current agreement. In addition R&R General has offered at a savings to PINCO the ability to facilitate improvements falling under tenant responsibility at Landlord's cost, with terms determined upon mutual agreement. And we have also included a ten year option to renew.

In consideration to all members of the PINCO Group, R&R General, LLC, feels that after twenty years of serving all members at PINCO, it would be a disservice to enter into a Lease Agreement of less than ten years, in order to properly allow for long term planning to adjust to changes in the market place.

Joe, I thank you in advance for cooperation in this and all matters of mutual concern.

Best Regards,  
R&R General, LLC  
Robert L. Rodine  
Operations Manager



**To:** Robert L. Rodine, Operations Manager – R&R General LLC  
**From:** Joe Cook, Chairman  
**Date:** October 18, 2018  
**Re:** Additional Terms – PINCO Lease Extension 3019 16 Street Bakersfield, CA

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In order to provide flexibility to PINCO and its Membership, we request to amend the current lease extension offer with the following language regarding early termination of agreement:

**Early Termination of Agreement-**

Upon or after the seventy third month this extension, Tenant may exercise a right to terminate the remainder of the agreement. Tenant shall be responsible under the terms of agreement for a period of no less than twenty four months from date of Landlord's acceptance of request for early termination. Additionally, Tenant shall pay Landlord a penalty of six months' rent at the Base Rate at the time of termination.

**PURCHASING**

**WAREHOUSING**

**DISTRIBUTION**

Service Center/Warehouse: 3019 16<sup>th</sup> Street, Bakersfield, CA 93301 ▪ Phone: (661) 633-2851, FAX (661) 633-2658  
Administrative Office: 44809 Beech Ave., Lancaster, CA 93534 ▪ Phone (661) 575-1054, FAX (661) 575-1056,  
E-mail: [ystubbings@avhsd.org](mailto:ystubbings@avhsd.org) Website: [www.pincoschools.com](http://www.pincoschools.com)



**PINCO Bakersfield Warehouse Monthly Expenses 2017-2018**

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Whse-Lease	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 32,663.00	\$ 391,956.00
Gas	\$ 7.92	\$ 8.20	\$ 8.74	\$ 8.20	\$ 8.88	\$ 23.76	\$ 97.80	\$ 112.06	\$ 98.93	\$ 53.41	\$ 13.31	\$ 9.68	\$ 450.89
Electric	\$ 13,069.32	\$ 13,455.94	\$ 14,156.13	\$ 13,547.97	\$ 12,340.59	\$ 9,803.77	\$ 8,186.51	\$ 8,395.04	\$ 8,732.94	\$ 8,504.51	\$ 8,817.69	\$ 12,156.94	\$ 131,167.35
Water	\$ 225.80	\$ 311.92	\$ 333.96	\$ 305.57	\$ 305.39	\$ 277.41	\$ 275.91	\$ 276.73	\$ 324.02	\$ 304.67	\$ 292.78	\$ 356.60	\$ 3,590.76
Disposal	\$ 299.77	\$ 299.77	\$ 299.77	\$ 299.77	\$ 299.77	\$ 299.77	\$ 314.77	\$ 299.77	\$ 299.77	\$ 299.77	\$ 299.77	\$ 299.77	\$ 3,612.24
Pest	\$ 266.50	\$ 266.50	\$ 277.50	\$ 277.50	\$ 277.50	\$ 277.50	\$ 277.50	\$ 277.50	\$ 277.50	\$ 277.50	\$ 277.50	\$ 294.50	\$ 3,325.00
Maintenance	\$ 6,588.30	\$ 5,155.69	\$ 4,125.53	\$ 9,405.55	\$ 7,209.75	\$ 1,314.46	\$ 4,531.13	\$ 1,588.61	\$ 3,269.39	\$ 12,937.56	\$ 13,073.75	\$ 7,560.83	\$ 76,760.55
Communication	\$ 319.31	\$ 318.57	\$ 333.60	\$ 327.87	\$ 328.91	\$ 321.15	\$ 2,321.54	\$ 324.98	\$ 324.92	\$ 326.28	\$ 326.71	\$ 1,332.98	\$ 6,906.82
Equipment	\$ -	\$ -	\$ -	\$ 6,815.71	\$ -	\$ -	\$ 6,962.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,777.71
													\$ 631,547.32
													<b>Total</b>

Annual Base Rent \$1.31 per Sq. Ft/\$2.10 with additional expense(s) = \$52,628.94 average monthly expense  
 Kern Ice \$1.94 per Sq. Ft Current use 14,400 sq ft = \$27,936.00 per month  
 Titan Cold Storage \$0.71 per Sq Ft Current use 4,800 sq ft = \$3,410.00 per month

**PINCO- 2018-2019  
PROCESSOR USAGE UPDATE**

<b>Bake Crafters</b>	No Roll-Over in 17/18, no threat of sweep
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<b>Del Monte Peach</b>	No Roll-Over in 17/18, no threat of sweep
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<b>Del Monte Peach</b>	No Roll-Over in 17/18, no threat of sweep
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<b>Don Lee Beef</b>	Orders placed in 18/19: 10	
2017-18 EOY	121222.29	With outstanding orders included, we will have used all carry-over pounds.
Adjustments		
Total 17/18 carryover	121222.29	
Average #'s per Delivery	19375.01	
Number of Trucks by 10/31	6.26	
Pounds used as of 10/5/18	141,377.18	16/17 Roll-Over: 108783.43
Amount still required used by Oct 31	-20,154.89	Threat of Sweep: NO THREAT

<b>Don Lee Pork</b>	Orders placed in 18/19: 7	
2017-18 EOY	84665.08	With outstanding orders included, we will have used most, if not all, carry-over pounds.
Adjustments		
Total 17/18 carryover	84665.08	
Average #'s per Delivery	12247	
Number of Trucks by 10/31	6.91	
Pounds used as of 10/5/18	46,119.00	16/17 Roll-Over: 137220.93
Amount still required used by Oct 31	38,546.08	Threat of Sweep: POSSIBLE

<b>Land O' Lakes</b>	Orders placed in 18/19: 13	
2017-18 EOY	76327.37	With outstanding orders included, we will have used most, if not all, carry-over pounds.
Adjustments		
Total 17/18 carryover	76327.37	
Average #'s per Delivery	5949.01	
Number of Trucks by 10/31	12.83	
Pounds used as of 10/5/18	72,316.88	16/17 Roll-Over: 69371.13
Amount still required used by Oct 31	4,010.49	Threat of Sweep: LOW

<b>MCI / Los Cabos</b>	Orders placed in 18/19: 8	
2017-18 EOY	111987.5	We have used less than half of our carry-over from 17/18. We would still need to bring in about 12 average sized orders to avoid a sweep.
Adjustments		
Total 17/18 carryover	111987.5	
Average #'s per Delivery	5880.62	
Number of Trucks by 10/31	19.04	
Pounds used as of 10/5/18	34,513.47	16/17 Roll-Over: 103080.75
Amount still required used by Oct 31	77,474.03	Threat of Sweep: HIGH

**PINCO- 2018-2019  
PROCESSOR USAGE UPDATE**

**Michael B's**

No Roll-Over in 17/18, no threat of sweep

**Schwan's**

Orders placed in 18/19: 10

2017-18 EOY	69136.45	We would need to bring in about 4 more orders to avoid a sweep.
Adjustments		
Total 17/18 carryover	69136.45	
Average #'s per Delivery	5180.93	
Number of Trucks by 10/31	13.34	
Pounds used as of 10/5/18	44,885.47	16/17 Roll-Over: 81938.98
Amount still required used by Oct 31	24,250.98	Threat of Sweep: HIGH

**Sunnyfresh**

Orders placed in 18/19: 8

2017-18 EOY	125667.55	We would need to bring in about 12 more orders to avoid a sweep.
Adjustments		
Total 17/18 carryover	125667.55	
Average #'s per Delivery	6191.15	
Number of Trucks by 10/31	20.30	
Pounds used as of 10/5/18	51,223.19	16/17 Roll-Over: 116726.52
Amount still required used by Oct 31	74,444.36	Threat of Sweep: HIGH

**Tony Roberts**

Orders placed in 18/19: 11

2017-18 EOY	76040	We would need to bring in 3 more orders to avoid a sweep.
Adjustments		
Total 17/18 carryover	76040	
Average #'s per Delivery	5561.34	
Number of Trucks by 10/31	13.67	
Pounds used as of 10/5/18	31,165.92	16/17 Roll-Over: N/A
Amount still required used by Oct 31	44,874.08	Threat of Sweep: POSSIBLE

**Tyson (AP) Beef**

Orders placed in 18/19: 8

2017-18 EOY	216919.44	We have used less than half of the carry-over from 17/18. We would need to bring in about 6 more orders to avoid a sweep.
Adjustments		
Total 17/18 carryover	216919.44	
Average #'s per Delivery	14427.51	
Number of Trucks by 10/31	15.04	
Pounds used as of 10/5/18	85,272.93	16/17 Roll-Over: 169709.23
Amount still required used by Oct 31	131,646.51	Threat of Sweep: HIGH

**PINCO- 2018-2019  
PROCESSOR USAGE UPDATE**

<b>Tyson Dark Chicken</b>		Orders placed in 18/19: 14
2017-18 EOY	101768.82	We would need to bring in about 7 more orders to avoid a sweep.
Adjustments		
Total 17/18 carryover	101768.82	
Average #'s per Delivery	5084.3	
Number of Trucks by 10/31	20.02	
Pounds used as of 10/5/18	59,339.89	16/17 Roll-Over: 189072.66
Amount still required used by Oct 31	42,428.93	Threat of Sweep: HIGH

<b>Tyson White Chicken</b>		Orders placed in 18/19: 14
2017-18 EOY	188370.92	We would need to bring in about 4 more orders to avoid a sweep.
Adjustments		
Total 17/18 carryover	188370.92	
Average #'s per Delivery	10757.23	
Number of Trucks by 10/31	17.51	
Pounds used as of 10/5/18	112,641.14	16/17 Roll-Over: 283609.07
Amount still required used by Oct 31	75,729.78	Threat of Sweep: HIGH

<b>Tyson (AP) Peanut Butter</b>		Orders placed in 18/19: 7
2017-18 EOY	64973.85	We would need to bring in about 14
Adjustments		
Total 17/18 carryover	64973.85	
Average #'s per Delivery	3188.3	
Number of Trucks by 10/31	20.38	
Pounds used as of 10/5/18	19,252.03	16/17 Roll-Over: 45706.67
Amount still required used by Oct 31	45,721.82	Threat of Sweep: HIGH

<b>Yang's</b>		Orders placed in 18/19: 7
2017-18 EOY	119766.7	With outstanding orders included, we will have used most, if not all, carry-over pounds.
Adjustments		
Total 17/18 carryover	119766.7	
Average #'s per Delivery	17945.75	
Number of Trucks by 10/31	6.67	
Pounds used as of 10/5/18	103,285.10	16/17 Roll-Over: 140477.29
Amount still required used by Oct 31	16,481.60	Threat of Sweep: LOW

PINCO ADVISORY OR EXECUTIVE COMMITTEE MEETING

PUBLIC COMMENTS FORM

The public is invited to address items on the PINCO agenda or any item that is within the PINCO jurisdiction. Without taking action or entering into a dialogue with the public, Board members may briefly respond to statements made or ask clarifying questions about topics that are not on the PINCO agenda. Individual speakers are limited to three (3) minutes each, and the total time for public input on each item shall be limited to fifteen (15) minutes.

All persons requesting to make comments are asked to complete this form prior to the meeting with your full name; who or what you represent; the topic and check if it is on the agenda or not on the agenda.

NAME MASON HOLLINGSWORTH

REPRESENT Richland

TOPIC  FUTURE ADVISORY COMMITTEE APPROVAL OF

AGENDA: YES, ITEM: \_\_\_\_\_ NO

DATE 10/18/18

ADVISORY

EXECUTIVE

*PROJECTS  
PILED  
TO  
DISTRICTS*

**PINCO ADVISORY COMMITTEE MEETING  
 PINCO SERVICE CENTER  
 THURSDAY, OCTOBER 18, 2018  
 SIGN IN SHEET**

07

<b>MEMBER DISTRICT</b>	<b>REPRESENTATIVE</b>
ACTON-AQUA DULCE USD	
ALISAL USD	
AVUHSD	for Cook / Christina Reynolds
ARVIN USD	Dee Alsherman
BAKERSFIELD CITY SD	
BEARDLSEY SD	
BIG PINE SD	
BISHOP UESD	
DELANO ELEM SD	
DELANO HS DISTRICT	
EARLIMART SD	
EASTSIDE USD	
EDISON SD	Barbara
EL TEJON USD	
FAIRFAX SD	Ally
GREENFIELD USD	
KEPPEL USD	
KERN COUNTY SUPT	
KERNVILLE USD	
LAMONT SD	
LANCASTER SD	
LONE PINE SD	
LOST HILLS SD	
MC FARLAND SD	
MOJAVE SD	
NORRIS SD	Karen Britton
PALMDALE SD	Shirley Alvarado
PANAMA-BUENA VISTA SD	Monica, Kristi McKay
RICHLAND SD	
SOUTH FORK USD	
STANDARD SD	Lacey Dougherty
TAFT CITY SD	
TEHACHAPI USD	
VINELAND SD	
WESTSIDE USD	Nancy
WILLIAM S. HART UHSD	
WILSONA SD	