

YUCAIPA BUSINESS INCUBATOR CENTER  
PROGRAM CONTRACT

This is an agreement between \_\_\_\_\_, doing business as \_\_\_\_\_ (hereafter referred to as Participant and City of Yucaipa, California (hereafter referred to as the City) entered into for the purpose of admitting the Participant into the Yucaipa Business Incubator Center Program and securing the benefits of such admittance for the Participant. The Participant is being offered this admittance to the Incubator Program after being selected by the Small Business Incubator Selection Committee based on the Program selection criteria shown in Appendix I to this agreement.

1. **Term of Contract.** This agreement commences on \_\_\_\_\_, 20\_\_\_\_.
2. **Indemnification.** In accepting admittance to the Yucaipa Business Incubator Center Program, the Participant understands and agrees to all provisions and stipulations of the Program as set forth in this document and all its appendices. The Participant agrees to duly and faithfully adhere to these said provisions while participating in the Program in order to receive the benefits of the Program. Failure to do so will result in removal from the Program and the requiring of full or partial reimbursement to the City for any grants or special expenditures.

In further consideration for being allowed to participate in the Program, Participants unconditionally agree that the indemnified Parties shall not be liable for any advice or the depth, extent, quality and/or quantity of services provided under the Incubator Program. Participants unconditionally agree further that services provided under the Program are merely advisory in nature, without any binding effect on Participants. Participants are free to accept and/or reject such advice offered, shall exercise due diligence and caution in receiving such advice, and will exercise informed and independent judgment in accepting and/or rejecting any such advice.

3. **Business Performance.** All Participants are expected to be working on growing and improving their business by actively using the Incubator Center and participating in its Programs. Participants are expected to:
  - a. Attend monthly meetings (at least nine per year) with peers to discuss goals, challenges and accomplishments,
  - b. Attend 4 workshops per year that increase business skills,
  - c. Set 3-6 strategic goals each year and review and rate performance relative to goals each year,
  - d. Submit a business plan within three months of entering the Program and keep it current,

- e. Create annual budget projections by month and track and report budget vs. actuals monthly,
  - f. Submit a Profit and Loss Statement and Balance Sheet at least once annually,
  - g. Present a business overview and status report annually to the Board of Directors.
4. **Graduation.** The normal incubator period will be for three (3) years from the opening of the Participant for business. At the end of this period the Participant will be expected to “graduate” from the Incubator Center and move out on his or her own into an unsubsidized facility for their business.
  5. **Post Graduation.** Participants are expected to provide business financials and performance data for a minimum of three years following their graduation which includes but is not limited to the post-incubator monitoring information of income, expense, taxes paid, household income, funding resources, number of employees, salaries & wages, owners draw and satisfaction scores.
  6. **Rent.** The City will provide an adjusted rent schedule to the Participant during the incubator period. The schedule will be as follows:
    - First six (6) months will be rent-free.
    - Next succeeding twelve (12) months will be at 60% of the market rate as determined by the City based on past rental experience with the building and surveys of local realtors involved in leasing.
    - Next succeeding twelve (12) month’s rent will be at 75% of the above determined rental rate.
    - Next succeeding six (6) months will be at the market rate
  7. **Lease Agreement.** The Participant will enter into a lease agreement with the City for the three (3) years of the Incubator Program. Actual rental payments are specified in the lease agreement. Said lease agreement is attached hereunto as Appendix II and is incorporated into this agreement in whole.

8. **Business Plan.** The Participant has furnished to the City as part of the application process such financial and business plan information, both in corporate capacity, if applicable, and individually, as was required by the City for determination of eligibility for participation in the Yucaipa Business Incubator Center Program. The Participant, having been determined eligible for participation in this Program based on the good faith accuracy of these declarations hereby represents and warrants that all the information contained therein is complete, true, and correct. Participant understands that City is relying upon the accuracy of the information and good faith estimates contained therein. Should there be found to exist any inaccuracy or lack of good faith in estimates furnished for preparation business plans or in the application, which adversely affects Participant's financial standing, or should Participant's financial circumstances materially change, the City may elect to terminate the Participant's participation in the Program and terminate the associated lease agreement. The City may hold the Participant personally and individually liable hereunder.
9. **Monitoring.** Upon approval of the Incubator Selection Committee, the three year incubator time period may be extended, one time only, for a maximum of twelve (12) months on the request of the Participant if it is determined that the Participant needs additional time to achieve the goals in their business plan necessary to sustain the business outside the incubator. If the Committee determines that the additional time will not enhance the ability of the Participant's business to operate independent of the Incubator Program, the request will not be granted.

Participants are expected to provide baseline incubator monitoring information upon entering the Program as well as annual business performance reports which includes but is not limited to income, expenses, taxes paid (and proof of tax filing), household income, funding resources, number of employees, salaries & wages, owners draw, and satisfaction scores. Information and data will be submitted in a timely manner in the form reasonably required. Should the Yucaipa Business Incubator Center Program be required to require or provide additional criteria or data to meet performance obligation for funding or for other purposes, this agreement is subject to change to reflect those requirements.

10. **Chamber of Commerce.** Since the City feels that it is important for new business owners to associate with and receive mentoring from successful business owners and managers, the Participant is required to be a member of the Yucaipa Chamber of Commerce. As such, the Participant will seek to avail themselves of and participate in seminars, information meetings and such activities sponsored by these organizations related to improving their business marketing and management skills. Furthermore, the City has available various local business leaders and operators who have volunteered to provide mentoring to Incubator Participants on their own request. If the City determines that a Participant is in need of selective mentoring services, the Participant is expected to cooperate with the effort and work with the assigned mentor.

11. **Training.** Participant may be required to attend, from time to time, various training classes or seminars determined by the City and recommended by the Incubator Selection Committee as being advantageous to the Participant in improving their business skills.
12. **Termination.** If business performance measures are not achieved or it is determined that a Participant's continued participation at the Yucaipa Business Incubator Center Program is no longer of benefit to their business or meeting the goals of the Incubator Program, the \_\_\_\_\_ at any time can terminate the contract with 30 day's notice. Likewise, if an individual is disruptive to other occupants or in any way problematic with regard to smooth operations of the Center, the Yucaipa Business Incubator Center Program reserves the right to terminate the contract with 30 day's notice or immediately if the disruption is deemed unacceptable.
13. **Complaints.** Complaints and issues concerning the provisions of this agreement, not otherwise covered under the provisions of the lease, the grant agreement, or related laws and regulations prescribing complaint procedures for matters relevant to this endeavor, shall be submitted to the City Manager for resolution. The City Manager will look into the fact and circumstances of the matter and advise the complainant of the decision in a timely manner. Said decision will be considered the final position of the City on this matter.

By affixing our signatures to this document on the date indicated, the Participant and the City enter freely into this agreement under the aforementioned conditions and stipulations:

\_\_\_\_\_  
Participant

\_\_\_\_\_  
Date

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Date