



CITY OF INDIO

MISSION STATEMENT

THE CITY OF INDIO'S PUBLIC SERVANTS PROVIDE OUTSTANDING MUNICIPAL SERVICES TO ENHANCE THE QUALITY OF LIFE FOR OUR RESIDENTS, VISITORS AND THE BUSINESS COMMUNITY

AGENDA

SPECIAL MEETING

Oversight Board of the

Successor Agency to the Redevelopment Agency

of the City of Indio

November 17, 2016

2:00 p.m.

Call to Order and ROLL CALL:

Chairman Stephen Copenhaver
Boardmember Ben Godfrey
Boardmember Carole Emery
Boardmember Castulo Estrada
Boardmember Mary Jane Sanchez
Boardmember Jim Novak
Boardmember Anna Rodriguez

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT: *This is the time set aside for public comment. If you wish to speak, please complete a "request to speak" form and limit your comments to three minutes (forms are located in the lobby of the Council Chamber). Please watch the timing device on the podium.*

1. CONSENT CALENDAR

- a. Minutes August 4, 2016 meeting (*Cynthia Hernandez, Secretary*)
Recommendation: *Approve*

- b. Minutes October 28, 2015 meeting (*Cynthia Hernandez, Secretary*)
Recommendation: *Approve*

ADMINISTRATIVE ITEMS:

2. Approve Resolution authorizing Month-to-Month Rental Agreement between the Successor Agency to the Redevelopment Agency of the City of Indio and Mr. Carlos Caballeros, for the leasing of office space located on Successor Agency owned property located at 82-868 Miles Avenue (a portion of APN 611-153-004). (*Mariano Aguirre, Director of Housing & Development*) **Recommendation:** Approve

3. COMMENTS

ADJOURN

Next meeting: To be determined

Agenda packets are available on the city's website at www.indio.org and at the public counter in City Hall at 100 Civic Center Mall, Indio, California. Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection at the front counter of the lobby of the City Hall Administration Building at 100 Civic Center Mall, Indio, during normal City business hours and during the meeting.

PUBLIC NOTICE

The Indio City Council Chamber is handicapped accessible. If special equipment is needed, for the hearing impaired, please call the City Clerk's office. Persons with disabilities can receive this agenda in an alternative format and should call the City Clerk's office at 391-4007. Notification 48 hours prior to a meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102.35.104 ADA Title 11).

DECLARATION OF POSTING

I, Maria Ysiano, Deputy City Clerk of the City of Indio, California, do hereby declare that the foregoing agenda was posted on the outside entry to the Council Chamber, 150 Civic Center Mall, Indio, California, on November 16, 2016.


MARIA YSIANO
DEPUTY CITY CLERK

*Oversight Board Meeting
August 4, 2016
Continued*

and any other related documents necessary to complete the sale for the Successor Agency, to read as follows:

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSION AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF INDIO, CALIFORNIA, AUTHORIZING A LEASE AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND MANUEL M. RIOS FOR SPACE LOCATED AT 45-130 OASIS STREET (A PORTION OF APN: 611-172-003)

3. BOARD MEMBER COMMENTS - NONE

4. STAFF COMMENTS - NONE

ADJOURN

There being no further business to discuss, the meeting **ADJOURNED** at 2:09 p.m.

**CYNTHIA HERNANDEZ, CMC
SECRETARY**

Oversight Board Special Meeting
October 28, 2015 Minutes
Continued

ADJOURN

There being no further business to discuss, the meeting **ADJOURNED** at 2:10 p.m.

CYNTHIA HERNANDEZ, CMC
SECRETARY



**SUBMITTAL TO THE OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY
TO THE REDEVELOPMENT AGENCY
OF THE CITY OF INDIO
CITY OF INDIO, CALIFORNIA
NOVEMBER 17, 2016**

FROM: Housing and Development Department

SUBJECT: Month-to-month rental agreement with Carlos Caballeros for Successor Agency owned commercial space located at 82-868 Miles Avenue (a portion of APN: 611-153-004).

RECOMMENDED MOTION: That the Oversight Board approve a resolution authorizing lease agreement with Mr. Carlos Caballeros; and authorize the Executive Director to execute the agreement and any other related documents.

SUMMARY: The proposed rental agreement is for an existing 2100 square-foot commercial space located at 82-868 Miles Avenue. The agreement states that Mr. Carlos Caballeros, as lessee, agrees to the terms and conditions of the month-to-month agreement (Attachment A), at a monthly rent of \$1050.00 per month. The business will be called Paletas Puro Michoacan ("Paletas") and will sell natural frozen fruit bars as primary products in addition to fresh fruit water, and soft drinks. Their goal is to establish Paletas as the premier natural frozen fruit bars and ice cream store in Indio.

Karen Hawkesworth
Karen Hawkesworth

FINANCIAL DATA	Cost associated with this action:	See Financial Analysis	In current year budget:	No
	Current F.Y. general fund cost:	\$ 0	Budget adjustment:	No
	Future FY. cost:	\$ 0	For fiscal year:	16/17
Source of funds: N/A		Current account balance: \$0		
Account number: N/A		Balance remaining if approved: \$0		
Legal Review:	Department Head Review:	Financial Review:		
<i>Craig Steele</i>	<i>Mariano Aguirre</i>	<i>Rob Rockwell</i>		
Craig Steele Agency Counsel	Mariano Aguirre Development Manager	Rob Rockwell Assistant City Manager Finance Director		
EXECUTIVE DIRECTOR RECOMMENDATION: APPROVE		EXECUTIVE DIRECTOR SIGNATURE: <i>Rob Rockwell FOR D.M.</i>		

BACKGROUND:

On October 10, 2016, Mr. Carlos Caballeros submitted a business plan proposal for the vacant Successor Agency owned tenant space located at 82-868 Miles Avenue. Mr. Carlos Caballeros has requested to occupy the space on a month-to-month term, which may be terminated by either party with thirty (30) days notification. The proposed lease amount will be at \$.50 per square foot. This is the current rate for the old town/downtown area of the City for month-to-month tenancy where long-term leases are not available.

The site is listed on the Department of Finance approved long range property management plan and the leasing of Successor Agency owned office space is consistent with the Successor's Agency's obligations to increased revenues for the taxing entities per State Law (AB1484). The month-to-month agreement may be terminated with thirty (30) days notification prior to vacating the tenant space and no relocation benefits will be provided. Rent from the lease will help fund the building maintenance budget until the site is sold.

Occupancy of the lease space will help keep the area's occupancy rate up while encouraging other renters to occupy adjacent available rental units nearby. Occupied and maintained buildings sustain and increase the area's property values. In addition, the occupancy of the space will help provide the City's Downtown core area with benefits, such as the generation of foot-traffic, removal of physical and economic blight, increased employment opportunities, and the retention of the business within the City. The proposed use is a permitted use under the City's Old Town Specific Plan and the City's zoning ordinance.

FINANCIAL REVIEW:

The monthly rent of \$1050.00 would be deposited into the Successor Agency's Revenue Account # 772-0000-352.10-00.

ALTERNATIVES:

- A. Not to approve the resolution, or
- B. Amend the resolution

ATTACHMENTS:

- A. Oversight Board Resolution
- B. Business Plan

Attachment A
Oversight Board Resolution

RESOLUTION NO. 2016-__

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF INDIO AUTHORIZING A LEASE AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND CARLOS CABALLERO FOR OFFICE SPACE LOCATED AT 82-868 MILES AVENUE (A PORTION OF APN: 611-153-004)

WHEREAS, Carlos Caballero desires to lease the vacant and improved Successor Agency-owned office space at 82-868 Miles Avenue in Indio, California;

WHEREAS, the proposed use is a permitted use under the City's zoning ordinances;

WHEREAS, on November 2, 2016, the Successor Agency approved the month-to-month lease agreement subject to Oversight Board approval (and if review is requested, approval by the California Department of Finance);

WHEREAS, the lease agreement is attached hereto as "Exhibit A" ("Lease"); and

WHEREAS, the leasing of Successor Agency-owned office space on a month-to-month basis is consistent with the Successor's Agency's obligations to increase revenues for the taxing entities, pending disposition of the Property.

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF INDIO HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board finds that the Lease will increase revenues to the Successor Agency and the taxing entities and will be in the best interest of the taxing entities, and consequently the Oversight Board hereby approves the Lease and ratifies (or directs the Successor Agency to enter into) the Lease.

Section 3. The staff of the Successor Agency is hereby directed to provide the State Department of Finance ("DOF") written notice and information regarding the action taken by the Oversight Board in Section 2 of this Resolution.

Section 4. The officers of the Oversight Board and the staff of the Successor Agency, including the Executive Director, are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED, APPROVED AND ADOPTED this _____ day of _____, 2016
by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

STEPHEN COPENHAVER, CHAIR

ATTEST:

CYNTHIA HERNANDEZ, OSB
SECRETARY

“EXHIBIT A”

TO OVERSIGHT BOARD RESOLUTION

LEASE AGREEMENT

A. This Lease Agreement (the "Lease") is dated as of November 2, 2016 and is entered into by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF INDIO, a public body, corporate and politic of the State of California ("Landlord") and CARLOS CABALLERO ("Tenant"). Landlord and Tenant are referenced in the aggregate as the "Parties" and sometimes, when a provision applies to each of them individually, as a "Party."

Recitals

B. Landlord is the owner of certain real property and building improvements thereon located at 82-862 Miles Avenue (a portion of APN: 611-153-004) in the City of Indio, County of Riverside, State of California ("Property"); and

C. Tenant and Landlord wish to enter into a lease wherein Tenant leases a certain portion of the Property from Landlord described on Exhibit "A" (the "Leased Premises").

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, Landlord and Tenant agree as follows:

Agreement

1. Leased Premises.

a. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Leased Premises.

b. Tenant accepts the Leased Premises in an "As Is" condition without representation or warranty, express or implied.

c. The date ("Effective Date") on which this Lease is approved by the Oversight Board thereof and either no review is timely requested by the California Department of Finance, or the California Department of Finance approves this Lease.

2. Use of Leased Premises.

a. Generally. Tenant shall use and occupy the Leased Premises solely for general office and related lawful uses.

b. Compliance with Laws. Notwithstanding the foregoing Section 2(a), Tenant shall not cause or permit the Leased Premises to be used in any way that: (i) constitutes a violation of any law, ordinance, or governmental regulation or order regulating the manner of use by Tenant of the Leased Premises (including, without limitation, any law ordinance, regulation or order relating to Hazardous Materials), (ii) constitutes a nuisance or waste, or (iii) increases the cost of any insurance relating to the Leased Premises paid by Landlord. Tenant shall obtain, at its sole cost and expense, all governmental permits, licenses and authorizations of whatever nature required by any governmental agencies having jurisdiction over Tenant's use of the Leased Premises. Further, Tenant, at its sole

cost, will comply with all applicable governmental laws and regulations in connection with its operations within the City of Indio. Landlord shall, upon written notice, provide Tenant with any and all supplementary rules and regulations. Tenant shall comply with any and all reasonable rules and regulations promulgated by Landlord.

c. **Hazardous Materials.** Tenant shall not cause or permit any Hazardous Materials to be generated, produced, brought upon, used, stored, treated or disposed of in or about the Leased Premises by Tenant, its agents, employees, contractors, sub-lessees or invitees in violation of any applicable laws, codes, ordinances or regulations governing the same. As used in this Lease, the term "Hazardous Materials" means any flammable items, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable federal, state or local laws or regulations, including without limitation petroleum-based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are subsequently found to have adverse effects on the environment or the health and safety of persons.

d. **Common Areas.** Landlord also hereby grants to Tenant, its employees, agents, licensees, contractors, passengers and invitees, the nonexclusive right in common with Landlord and all others designated by Landlord the use of the common areas on the Property. Common Areas on the Property include, if any, public sidewalks, plazas, parking areas, driveways, and other public portions of the Property (collectively, "Common Areas").

3. **Term.** The term of this Lease shall be month to month (the "Term") commencing on the Effective Date. Possession will not be delivered unless and until the Effective Date occurs. The Landlord shall mail to Tenant written notice of the Effective Date. This Lease may be terminated by either party upon thirty (30) days prior written notice to the other party, in which case Tenant shall remove all of its property prior to termination, and if Tenant does not do so, Landlord may do so and may dispose of such property in any manner without liability to Tenant.

4. **Vacating the Premises; Personal Property.** Possession of the Leased Premises, including all structures, building, and/or improvements thereon, shall be surrendered to Landlord immediately upon the termination of this Lease. Tenant shall remove all of its personal property prior to termination; any personal property not removed may be disposed of by Landlord in any manner without liability or obligation to Tenant, and Tenant hereby waives all laws in conflict with the foregoing.

5. **Taxes.**

a. **Real Property Taxes.** Should the Landlord's interest in the property be subject to real property taxation and/or assessments, Landlord shall pay, before delinquency, all lawful taxes, assessments, fees or charges which may be levied by the State, County, City, or any other tax or assessment-levying body upon the Leased Premises and any improvements thereon.

b. **Personal Property Taxes.** Tenant shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall use commercially reasonable efforts to have personal property taxed separately from the Leased Premises. If any of Tenant's personal property is taxed with the Leased Premises and paid by Landlord, Tenant shall reimburse Landlord the taxes for the personal property within (30) days after Tenant receives a written statement from Landlord for such personal property taxes, together with reasonable evidence showing the amount of personal property taxes paid by Landlord.

c. **Possessory Interest Taxes.** Tenant acknowledges and agrees that during, this Lease and Tenant's interest hereunder constitutes a possessory interest subject to property taxation, and as a result tenant may be assessed and required to pay possessory interest taxes (a property tax) levied on that interest. Tenant shall pay such taxes, when due, to the levying authority.

6. **Utilities.** Tenant shall immediately make arrangements with the suppliers of electricity and water to have bills sent directly to Tenant, and shall pay, directly to the appropriate supplier, the cost of all electricity and water. Tenant shall also pay directly (or promptly reimburse Landlord upon written demand) the cost of any and all gas, telephone, and all other utilities and services used at the Leased Premises, or supplied to the Leased Premises.

7. **Rent.**

a. Tenant shall commence paying rent the first calendar day of the month following the Commencement Date. Upon Landlord giving written notice to Tenant of the Commencement Date, Tenant shall pay prorated rent to Landlord for the first partial month based on the number of days between the Commencement date and the first day of the following calendar month.

b. Tenant agrees to pay Landlord, without offset, deduction, notice or demand, a monthly rent of \$1,050.00, on or before the first day of each and every month during the Term. Tenant shall pay the first full month's rent concurrently with its execution of this Lease. Rent for any period which is less than one month shall be a prorated portion of the monthly installment, based upon a thirty day month.

c. Rent shall be paid to Landlord without deduction or offset, in lawful money of the United States of America and at such place as Landlord may from time to time designate in writing.

8. **Late Charges.** Tenant acknowledges that late payment of rent or other sums due will cause Landlord to incur costs, the exact amount of which will be difficult to ascertain. Accordingly, if any installment of rent or any other sum due from the Tenant is not received by Landlord within five (5) days of the date on which it is due, Tenant shall pay to Landlord as additional rent the lesser of the maximum amount allowed by law, or five percent (5%) of such overdue amount. In addition, after rent payments are 15 days delinquent, the Tenant shall pay Landlord any attorneys' fees or notice/process service fees incurred by Landlord by reason of Tenant's failure to pay rent or other charges when due hereunder. In addition, all unpaid

amounts shall accrue interest from the date due the lesser of the maximum rate allowed by law, or 4% per annum until paid.

9. Alterations. No structure, sign or other improvement of any kind shall be constructed on the Leased Premises by Tenant, its employees, agents or contractors without the prior written approval of Landlord in each case. Approval may be withheld, conditioned or delayed in Landlord's sole and absolute discretion. No changes, modifications or alterations from approved plans and specifications may be made without Landlord's prior written approval. No approval by Landlord of any plans or specifications shall constitute (i) approval of architectural or engineering sufficiency or representation, or (ii) warranty by Landlord as to the adequacy or sufficiency of the plans and specifications or the improvements contemplated for Tenant's use or purpose. Landlord, by approving the plans and specifications, assumes no responsibility or liability for any defect in any improvements constructed on the basis of the plans and specifications. Tenant expressly agrees to comply with all applicable signage ordinances.

10. Maintenance and Repairs.

a. Tenant General Maintenance and Repairs. Tenant shall perform general maintenance and repair of the Leased Premises and keep all portions of the Leased Premises in a clean and orderly condition. Tenant at its own cost and expense shall provide for any janitorial, pest control, trash collection, and security services for the Leased Premises and Landlord shall have no such obligations. Tenant shall be responsible for any damage done in or to the Leased Premises caused by Tenant or its employees, agents, contractors and invitees. Upon termination of this Lease, Tenant shall peaceably surrender and quit the Leased Premises in good order, condition and repair; reasonable wear and tear is excepted. Tenant at its own expense, shall remove all of its trade fixtures and personal property and repair any damage to the Leased Premises occasioned by removal of these items. If Tenant fails to maintain or repair the Leased Premises as required by this Section, Landlord shall upon a ten (10) days' prior written notice to Tenant, enter the Leased Premises and perform such maintenance or repair (including replacement, as needed) on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair within ten (10) days upon receipt of invoice. Tenant shall fulfill all of Tenant's obligations under this Section at Tenant's sole expense.

b. Landlord General Maintenance and Repair. Landlord, at its sole cost and expense shall keep and maintain the roof of the Property (including all membranes, coverings and other non-structural elements), the foundation, all structural elements of the Property, and all electrical, plumbing and other major building systems and equipment which serve the Leased Premises (up to the point of connection in the Leased Premises) in good order and repair. Except for normal wear and tear, if the need for repair is caused solely by the negligence or willful misconduct of Tenant or its invitees, then Tenant shall bear the cost of such replacement, and Tenant shall promptly reimburse Landlord as additional rent for costs of repairing or replacement such damage.

c. Common Areas. Landlord shall perform general maintenance and repair of the Common Areas, but Tenant shall keep all portions of the Common Areas it uses in a clean and orderly condition to the satisfaction of Landlord.

11. Liens. Tenant shall not permit to be placed against the Leased Premises, or any part of the Leased Premises, any mechanics', materialmen's, contractors', subcontractors' or other liens. Tenant shall indemnify, defend (with counsel acceptable to Landlord) and hold Landlord harmless from all liability for any and all liens, claims and demands, together with the costs of defense and reasonable attorneys' fees related to same. In addition to and not in limitation of Landlord's other rights and remedies under this Lease, should Tenant fail, within thirty (30) days of a written request from Landlord, to discharge any lien or claim related to Tenant's use of the Leased Premises, or to indemnify, hold harmless and defend Landlord from and against any loss, damage, injury, liability or claim arising out of Tenant's use of the Leased Premises as provided above, then Landlord, at its option, may elect to pay any lien, claim, loss, demand, injury, liability or damages, or settle or discharge any action or satisfy any judgment and all costs, expenses and attorneys' fees incurred in doing so shall be paid to Landlord by Tenant upon written demand, together with interest thereon at the rate of four percent (4%) per annum (but in no event more than the maximum interest rate permitted by law) from the date incurred or paid through and including the date of payment.

12. Indemnity. As a material part of the consideration to Landlord, Tenant shall indemnify, defend (with counsel acceptable to Landlord) and hold Landlord harmless from any third party loss, damage, injury, accident, casualty, liability, claim, cost or expense (including, but not limited to, reasonable attorneys' fees) of any kind or character to any person or property (collectively, "Claims") arising from or related to Tenant's use of the Leased Premises before, during, and after the Term, the conduct of Tenant's business and/or any act or omission of Tenant, its employees, agents, contractors or invitees. All indemnity obligations under this Section shall survive the termination of this Lease. Landlord shall not be liable for any loss or theft of any property on the Leased Premises.

13. Risk of Loss. Landlord shall not be liable for injury to any person or for any damage to personal property sustained by Tenant or others, or any service facilities or due to the happening of accident, including any damage caused by water, wind storm, or by any gas, steam, electrical wiring, sprinkler system, plumbing, heating or conditioning apparatus; or acts or omissions of co-tenants or other occupants of the Leased Premises, or hereafter occurring therein or due to any part or appurtenance thereof, including any and all furniture, fixtures, and equipment of Tenant becoming out of repair, or from any act or omission of Tenant.

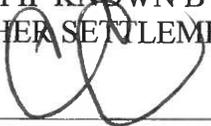
14. Default and Remedies; Waiver of Relocation Assistance.

a. Events of Default. Should Tenant be in default with respect to any monetary obligation pursuant to the terms of this Lease for a period of five (5) days after written notice from Landlord, or should Tenant fail to have any other default under this Lease within ten (10) business days after written notice from Landlord, then Landlord may treat any such event as a material breach of this Lease and in addition to any or all other rights or remedies of Landlord provided by law, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to Tenant, or any other person, to terminate this Lease immediately by written notice to Tenant and to re-enter and take possession of the Leased Premises and remove all persons and property therefrom, and dispose of any property in any manner, without liability to Tenant.

b. Damages. If Landlord terminates this Lease, Landlord shall have rights to damages as provided by law.

c. No Relocation Assistance. Tenant acknowledges that Landlord may develop the Property at some future date and Tenant may be displaced, but Tenant hereby agrees that Landlord shall have no obligation to Tenant under the California Relocation Assistance and Real Property Acquisition statutes and guidelines. Tenant, after diligent review and consideration of possible impacts, hereby waives and forever releases Landlord, including its successors, officers, employees, attorneys, agents, representatives and anyone else acting on Landlord's behalf, of and from any and all claims, demands, actions or causes of action, obligations, liabilities, or claims for further compensation, known or unknown, based upon or relating to the California Relocation Assistance and Real Property Acquisition statutes and guidelines and Landlord's subsequent use and development of the Property, or Tenant's displacement therefrom. By such release, Tenant expressly waives its rights, if any, under California Civil Code Section 1542 which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”



Tenant's Initials

15. Waiver. Any waiver by Landlord of any default or breach of any covenant, condition, term, and agreement contained in this Lease, shall not be construed to be a waiver of any subsequent or other default or breach. The rights, powers, options, privileges, and remedies available to Landlord under this Lease shall be cumulative.

16. Attorneys' Fees. Should either party to this Lease have to resort to litigation to enforce any provision of this Lease, the prevailing party shall be entitled to its attorneys' fees and reasonable costs incurred in litigating any dispute.

17. Inspection. Landlord and its representatives, employees, agents or independent contractors may enter and inspect the Leased Premises or any portion of the Leased Premises or any improvements on the Leased Premises at any time during business hours and at other times after Landlord has provided Tenant with 48 hours advanced notice for any purpose Landlord reasonably deems necessary.

18. Prohibition on Assignment and Subletting. Tenant may not assign, sublet or otherwise transfer its interest under this Lease without Landlord's prior written consent, which consent shall be within Landlord's sole and absolute discretion. Any attempted assignment, sublet or transfer made in violation of this provision shall be void.

19. Notices. All notices, demands and requests which may be given or which are required to be given by any party to this Agreement must be sent by certified U.S. mail to the following:

To Landlord: The Successor Agency to
the Redevelopment Agency of the City of Indio
100 Civic Center Drive
Indio, California 92202
Attn.: Dan Martinez, Executive Director
Phone: (760) 391-4011
Fax No.: (760) 391-4027

To Tenant: Carlos Caballero
80458 Windsong Way
Indio, CA 92202
Phone: (760) 989-9952
Email: caballeroofic@gmail.com

20. No Principal/Agent Relationship. Nothing contained in this Lease shall be construed as creating the relationship of principal and agent, or of partnership or joint venture between Landlord and Tenant.

21. Complete Agreement. This Lease constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter of this Lease and supersedes all prior and contemporaneous agreements, representations and understandings of Landlord and Tenant, oral or written.

22. Modification. No supplement, modification, amendment or change in any terms of this Lease shall be binding on the Parties unless in writing and executed by Tenant and Landlord.

23. Applicable Law and Venue. This Lease shall be construed and enforced in accordance with, and governed by, the laws of the State of California. The parties consent to the jurisdiction of the California courts with venue in Riverside County.

24. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

25. Miscellaneous. The headings of this Lease are for purposes of reference only and shall not limit or define the meaning of any provision. The above Recitals are an integral part of this Lease.

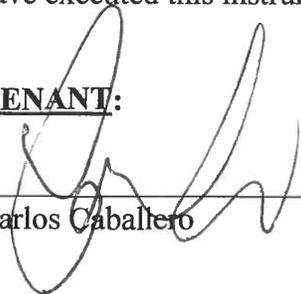
26. Time of Essence. Time is of the essence of every provision of this Lease in which time is a factor.

IN WITNESS WHEREOF, Landlord and Tenant have executed this instrument as of the Effective Date.

LANDLORD:

SUCCESSOR AGENCY
TO THE REDEVELOPMENT
AGENCY OF THE CITY OF INDIO
THE CITY OF INDIO, a public body
corporate and politic

TENANT:



Carlos Caballero

By:  for D.M.

Dan Martinez
Executive Director

APPROVED AS TO FORM:

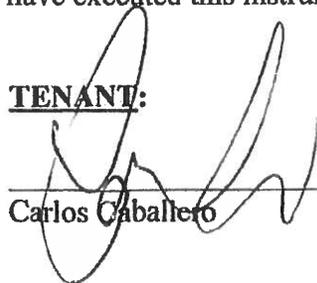
Agency Counsel

IN WITNESS WHEREOF, Landlord and Tenant have executed this instrument as of the Effective Date.

LANDLORD:

SUCCESSOR AGENCY
TO THE REDEVELOPMENT
AGENCY OF THE CITY OF INDIO
THE CITY OF INDIO, a public body
corporate and politic

TENANT:



Carlos Caballero

By:  for D.M.

Dan Martinez
Executive Director

APPROVED AS TO FORM:



Agency Counsel

EXHIBIT "A"

DIAGRAM OF LEASED PREMISES

(Attached.)

Attachment B – Business Plan

2016

PALETAS PURO MICHOACAN

BUSINESS PLAN

LODGE, COURTNEY D

PALETAS PURO MICHOACAN BUSINESS PLAN

Executive Summary

Paletas Puro Michoacán will sell natural frozen fruit bars as primary product in addition to fresh fruit water, soft drinks. The paleta trend is popping up all over the United States of America from NYC, Chicago, Miami, and Los Angeles with no signs of stopping any time soon.

Paleta, means little shovel in Spanish. Paletas are Mexican fruit popsicles that are either water or cream based. Compared to a US based popsicle that is made with artificial flavors, corn syrup, and preservatives, while a traditional Mexican paleta is made with real fresh fruit juice, and sometimes carries chunks of real fruit in it. Typical flavors include watermelon, lime, mamey, guanábana, mango, coconut, rum with raisins, pineapple with chili powder, cucumber with chili powder, pecan, pistachio or tamarind. Sometimes they are covered with chocolate or nuts, and sometimes they have layers of different flavors.

Our overall financial model is conservative and it emphasizes long-term opportunities in the local market over quick returns favored by hip new restaurants with short life spans in other desert cities. And with a retail store located at 82868 Miles Ave. Street Indio, CA 92201. This location will serve as a new experience to bring a bit of Mexican culture to Indio, California through the form of ice cream and treats.

1.1 Objectives

The objectives of Paletas Puro Michoacán are to:

- Establish Paletas Puro Michoacán as the premier natural frozen fruit bars and ice cream store in Indio.
- Increase annual sales in the second year by 40% or more over the initial year.
- Produce net profit of at least \$60,000, by the third year.
- Sell 15 different types of Mexican Paletas and ice cream.
- Sell other products such as fresh fruit water, soft drinks, shaved ice.

1.2 Mission

Paletas Puro Michoacán will produce and sell 15 different types of Mexican Paletas, ice cream, as well as fresh fruit water, soft drinks, and shaved ice to consumers in Indio,

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California. We will strive to create and maintain the highest standards of excellence with an awesome customer service and quality products catered to a family friendly and inviting atmosphere to create a one of a kind experience.

1.3 Keys to Success

Paletas Puro Michoacán's key to success will include:

1. This location will serve as a new experience to bring a bit of Mexican culture to Indio, California through the form of ice cream and treats.
2. Presenting a high level of quality products, that will include a large variety of tropical and Mexican flavors.
3. Maintaining and growing relationships with customers and the Indio community to create and grow new sales.
4. The city of Indio experiences warm to hot weather approximately seven months out of the year.
5. Paletas Puro Michoacán has the potential for expansion into other Coachella Valley Cities.

Company Summary

Paletas Puro Michoacán will be known for selling paletas (popsicles), ice cream shave ice with 15 different tropical and Mexican flavors to children and adults in Indio, California. Other products will include soft drinks, fresh fruit water, soft drinks.

2.1 Company Ownership

Paletas Puro Michoacán will be owned by Carlos Caballero and Andrea Leon.

2.2 Start-up Summary

\$15,000 including equipment and ice cream push carts

2.3 Company Locations and Facilities

Paletas Puro Michoacán will be located on 82868 Miles Ave. Street Indio, CA 92201 and currently selling at the Indio swap meet Wednesdays and Saturdays.

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Products

Main products are paletas (popsicles) with 15 different tropical and Mexican flavors.

3.1 Product Description

Our Paletas de Agua, leche

Limon, Limon with Gummies, Sandia, Piña, Piña c/ Chile, Tamarind c/ Pepino, Mango, Chamoy, Rompope, Coco, Fresas con crema and Mamey.

3.2 Competitive Comparison

No other business in Indio specifically caters to the paletas market on a large scale. It is anticipated that prices will be competitive with other businesses who sell paletas on a smaller basis.

3.3 Sales Literature

Sales literature to be distributed to the Indio community will include fliers, advertisement in the local newspaper and other social media.

3.4 Future Products

Its anticipated that 4-8 flavors will be added later on, such as peach, cherry, tuna, orange, apple, and many more. Also, future products to be sold will include tortas, cake pops, cookies, pies, doughnuts, churros, crêpes, Jell-O, and papas locas.

Market Analysis Summary

4.1 Market Segmentation

The potential customer groups for Paletas Puro Michoacán are:

10 – 45, Families

Paletas Puro Michoacán will target all segments of Indio's population: children, teenagers, and adults. The Hispanic population will be of special interest since it comprises 85% of Indio total population. This population will be targeted with Mexican flavored paletas.

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4.2 Target Market Segment Strategy

We will target the low- to mid-income consumers who want to have a high quality dessert for moderate prices. Paletas Puro Michoacán paletas' meets the quality required by these customers since it will also cater to the large Latino population in Indio with its Mexican flavored syrups.

4.3. Main competitors

- Mexico Paletas
 - Strengths: In every national food store chain.
 - Weaknesses: don't have the quality and artesian product that we offer
- Baskin Robbins
 - Strengths: 31 flavors
 - Weaknesses: Price point to high

Strategy and Implementation Summary

5.1 Marketing Strategy

Paletas Puro Michoacán overall marketing strategy will be to create an image of offering the highest quality palates in Riverside County. The business will be located at 82868 Miles Ave. Street Indio, CA 92201. Customers will be reached through advertisements such as fliers, newspaper ads, and through its grand opening ceremonies.

A special marketing program will also be incorporated by offering special coupon prices for nearby restaurants, motels, city pool, the donut shop, and the gas station to customers who purchase any product at Paletas Puro Michoacán.

5.1.1 Promotion Strategy

Paletas

1. KMIR TV (family member is a Producer)
2. Social Media Blasts
3. Local Church Events
4. Harvest Festivals

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5. Local paper and advertising
6. Word to mouth (currently selling product)

5.1.2 Distribution Strategy

Major marketing will be conducted through newspaper advertisements and local flier distribution during the first three months of operation. Total costs will be approximately \$500.

5.1.3 Positioning Statement

Distribution of paletas and ice cream will mainly be through the business facility only. It is anticipated that in the future, a small portable ice cream cart will be purchased such that the product could be sold on site at various fund raising and private parties.

5.1.4 Pricing Strategy

Paletas will be offered at the following prices:

- Fruit based \$2.00
- Fruit & candy based \$2.00
- Milk based \$2.50

5.2 Sales Strategy

Sales strategy will be directly linked to marketing programs since all sales will be through the business facility only.

Management Summary

Paletas Puro Michoacán will hire an employee to assist with the business Paletas Puro Michoacán will require minimum daily supervision after it has been established since all three products are fairly easy to make.

6.1 Organizational Structure

Carlos Caballero and Andrea Leon, the owners, will have one individual assisting with the business. Long range plans will include a second employee to assist with the weekend hours.

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6.2 Management Team

Carlos Caballeros has 6 years of experience as a lab manager at LabCorp, located at 73345 Highway 111 Palm Desert 92260.

Andrea Leon is a graduate of New Mexico Highlands University with degrees in business administration and marketing. Andrea has 5 years of experience as chief operating officer running the daily operation at Oasis Janitorial.

Financial Plan

- We want to finance growth mainly through cash flow. We recognized that this means we will have to grow slowly.
- The most important indicator in our case is that minimal inventory will have to be stored for these products.

7.1 Important Assumptions

Monthly sales are the largest indicator for this business. There are some seasonal variations with the months of March through September being the highest sales months.

7.2 Projected Profit and Loss

We expect significant profits on a monthly bases of \$1500.