

PROPOSED AGREEMENT TO BE HEARD ON NOVEMBER 6, 2014

COMMUNITY BENEFIT AGREEMENT 2015 RENEWAL

MEMORANDUM OF UNDERSTANDING

(CCSF Business & Tax Regulations Code §906.3(c)(5))

between

CITY AND COUNTY OF SAN FRANCISCO CITY ADMINISTRATOR,

And

SPOTIFY USA INC.

THIS COMMUNITY BENEFIT AGREEMENT 2015 MEMORANDUM OF UNDERSTANDING is made as of January 1, 2015 in the City and County of San Francisco, State of California, by and between **SPOTIFY USA INC.**, (“**Spotify**”) and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (“**City**”) acting by and through the City Administrator,

WITNESSETH:

WHEREAS, San Francisco Business and Tax Regulations Code Article 12-A (“Payroll Expense Tax Ordinance”) establishes a Payroll Expense Tax within the City and County of San Francisco; and,

WHEREAS, Section 906.3 “Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion” (“Section 906.3”) of the Payroll Expense Tax Ordinance provides an exclusion from the Payroll Expense Tax for defined persons and businesses within the Central Market Street and Tenderloin Area, for certain periods of time; and,

WHEREAS, Pursuant to Payroll Expense Tax Ordinance §902, a “person” or “business” is defined for this purpose by San Francisco Business and Tax Regulations Code Article 6, §6.2-15; and,

WHEREAS, In order for a person or business to qualify for the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion, Section 906.3 requires filing of a timely application with the City's Office of

Economic and Workforce Development (“OEWD”) on a form that has been approved by OEWD and the City's Treasurer-Tax Collector; and,

WHEREAS, Section 906.3(c)(5) further provides that, as part of the application, a person or business with an annual payroll expense that exceeds one million dollars as defined, "shall enter into a binding Community Benefit Agreement with the City Administrator in order to be eligible for the payroll expense tax exclusion under this Section;" and,

WHEREAS, Spotify submitted an initial application for Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion to OEWD utilizing an application form approved by OEWD and must enter into a binding Community Benefit Agreement with the City Administrator to be granted its payroll tax exclusion; and,

WHEREAS, On behalf of the City, the City Administrator wishes to enter into the Community Benefit Agreement with Spotify for this purpose; and,

WHEREAS, Spotify and the City Administrator have mutually agreed to the terms of this Spotify Community Benefit Agreement 2015, which is attached and incorporated herein by reference as Appendix A; and,

WHEREAS, As set forth in this Community Benefit Agreement 2015, Spotify will:

1. Support community-based arts and culture initiatives
2. Provide educational and experiential opportunities for neighborhood youth
3. Strengthen neighborhood infrastructure and encourage community-driven solutions to public safety
4. Patronize local, independently owned, and community-serving small businesses in the immediately surrounding areas
5. Engage continuously with the neighborhood via volunteerism, appointing a community liaison, and accountability reporting

WHEREAS, Spotify will expend good faith efforts to fulfill its responsibilities under this Community Benefit Agreement 2015; and,

WHEREAS, The Parties each acknowledge and understand that this Community Benefit Agreement is entered into and binding upon Spotify for the calendar year 2015 pursuant to San Francisco Business and Tax Regulations Code §906.3, provided that Spotify files an affidavit with OEWD affirming that it continues to meet the eligibility criteria pursuant to §906.3(c)(2) and that OEWD informs the Office of the City Administrator that Spotify is eligible for the exclusion; and,

WHEREAS, The Parties each acknowledge and understand that, pursuant to Section 906.3(c)(5), Spotify may request that the City Administrator enter into other Community Benefit Agreements with Spotify in future years and that the City Administrator may require different or additional provisions in such future Agreements; and,

WHEREAS, The Parties wish to memorialize their agreement to the Spotify Community Benefit Agreement 2015 that is attached and incorporated herein by reference as Appendix A, by a Memorandum of Understanding:

NOW, THEREFORE, The Parties voluntarily enter into this Community Benefit Agreement 2015 Memorandum of Understanding and hereby adopt the Spotify Community Benefit Agreement 2015 that is attached and incorporated herein by reference as Appendix A, as Spotify calendar year 2015 binding Community Benefit Agreement with the City Administrator under San Francisco Business and Tax Regulations Code §906.3(c)(5).

IN WITNESS WHEREOF, The parties hereto have caused Spotify Community Benefit Agreement 2015 Memorandum of Understanding to be duly executed as of the date first specified herein.

CITY ADMINISTRATOR

SPOTIFY USA INC.

By:

By:

NAOMI M. KELLY
CITY ADMINISTRATOR

KENNETH PARKS
CHIEF CONTENT OFFICER

-- Appendix A --

SPOTIFY USA COMMUNITY BENEFIT AGREEMENT 2014

SPOTIFY USA Inc. ("Spotify") will focus its efforts in establishing, as set forth in this Community Benefit Agreement, those issues deemed the highest priority by the Central Market Street and Tenderloin Area Citizens Advisory Committee ("CAC," San Francisco Business and Tax Regulations Code §906.3-1), and the residents, small businesses, and the various community organizations advocating for the Central Market Street and the Tenderloin area neighborhood.

As defined in City Business Tax & Regulations Code section 906.3(b)(1): "The "Central Market Street and Tenderloin Area" means the area located in downtown San Francisco, generally including: parcels fronting the south side of Market Street from Eleventh Street to Sixth Street; a portion of parcels fronting the south side of Market Street from Sixth Street to Fifth Street (odd numbered addresses from 999 to 933 Market Street); parcels fronting the north side of Market Street from Van Ness Avenue to Eighth Street; 875 Stevenson Street; and parcels in the area bordered by: Ellis Street from Polk Street to Mason Street (south side only); Mason Street, from Ellis Street to Market Street (west side only); Market Street, from Mason Street to Charles J. Brenham Place (north side only); Charles J. Brenham Place, from Market Street to McAllister Street (east side only); McAllister Street, from Charles J. Brenham Place to Larkin Street (north side only); Larkin Street, from McAllister Street to Eddy Street (east side only); Eddy Street, from Larkin Street to Polk Street (north side only); and Polk Street from Eddy Street to Ellis Street (east side only)."

Spotify USA, Inc. ("Spotify") moved a small satellite office into the Central Market Street and Tenderloin Area August 2013 and is renewing its Community Benefit Agreement with the City and County of San Francisco.

Spotify seeks to engage with the Central Market Street and Tenderloin Area in the key areas of arts and culture, educational opportunities for youth, public safety, local commerce, and volunteerism. As a digital music service, Spotify is particularly poised to support nonprofit organizations and local, independently owned, and community-serving small businesses aligned with the arts and cultural communities based in and serving the Mid-Market neighborhood. Spotify believes support for the arts combined with meaningful opportunities for youth, public safety initiatives, and good citizenship through patronizing local businesses and engaging with the community are key ways Spotify can help build the community's capacity to sustain healthy and happy lives.

In creating this Community Benefit Agreement with the City and County of San Francisco, an agreement included in the application process for the payroll expense tax exclusion in Central Market Street and Tenderloin Area, Spotify

would like to emphasize that its intention is to grow the Community Benefit Agreement each consecutive year that it takes advantage of the payroll tax exclusion. Therefore we have created a Community Benefit Agreement that is scalable, and as it grows, will not exhaust Spotify's resources so that it can continue to deliver an increasingly robust CBA. Spotify believes it can fulfill its commitment to the community and honor the required Community Benefit Agreement in the following ways:

Key Area #1: Support community-based arts and culture initiatives

Spotify will support and participate in arts and culture initiatives around Central Market that are community-based and driven by artists who are residents of the community which embrace and respect the diversity that exists in the neighborhood. Through grassroots collaboration with local artists, Spotify hopes to help abate displacement of the local artist community and contribute to the renaissance of the Mid-Market arts area.

1. Spotify will pay for employees to attend local performances including concerts, theater, dance, or performance art shows at minimum on a quarterly basis, by organizing and paying for tickets.
2. Spotify will distribute local event listings sent to sfcommunity@spotify.com to employees.
3. Spotify will support public concerts, murals, performances, and street-level community arts events, provoking conversation and exchange and encouraging foot traffic in the neighborhood.
4. Spotify will partner with the Center for New Music and other local institutions such as the Women's Audio Mission on mutually agreed upon projects, such as supporting the Center for New Music's membership program, which provides affordable space for local musicians and offers professional development, providing technical assistance such as consulting and/or finding sponsors for local arts organizations.

Key Area #2: Provide educational and experiential opportunities for neighborhood youth

Spotify is committed to helping break the cycle of poverty for local families by providing neighborhood youth and transitional-aged youth (18-24) with the tools to succeed in school, access higher education, and find job opportunities. In partnership with local nonprofits, Spotify will explore mentorships that challenge and inspire growth for neighborhood youth. Spotify will encourage employees to volunteer at local schools and after-school programs and dedicate volunteer hours to mentoring and tutoring programs.

1. Spotify will continue to collaborate with the Music Mural and Arts Program (MMAP), particularly through MMAP's History through Hip Hop (HHH) program. HHH targets school retention and literacy by employing high-risk students to write, record, and produce original music. HHH uses Hip Hop

- art and culture to inspire students to become active participants in their community, teaching them to write, produce, and perform original songs, and further increases interest in technology by teaching music production. Spotify will continue to provide programmatic and in-kind support for HHH.
2. [Insert project name & description here when finalized]

Key Area #3: Strengthen neighborhood infrastructure and community-driven solutions to public safety

Spotify is committed to strengthening neighborhood infrastructure, community organizations and community safety in the surrounding areas through activating both our “storefront” and surrounding public spaces.

1. Spotify will provide support for the Tenderloin Safe Passage program, a safe route to walk after school for children. Spotify will collaborate with Tenderloin Safe Passage to host ongoing volunteer recruitment events, safety and self-defense training for community volunteers and other local stakeholders and will volunteer as Corner Captains as part of the Tenderloin Safe Passage program.
2. Spotify will continue to provide conference/meeting rooms to community groups. Spotify will offer at minimum 100 hours of space free of charge for local community groups. Interested organizations may contact sfcommunity@spotify.com for requests for space.
3. Spotify will host at least four community events onsite, such as opening up our “Town Hall” area for small fundraisers, community meetings, exhibits, performances, talks, lectures, or film screenings.
4. Spotify will host a roundtable discussion with community stakeholders to develop a strategy around anti-displacement in the Central Market and Tenderloin Area.
5. Spotify will create a mechanism to ensure meaningful orientation for engagement in the neighborhood between residents, community-based organizations, and newcomers. [Insert project title and description here when confirmed].

Key Area #4: Support local, independently owned, and community-serving small businesses in the immediately surrounding communities

Spotify aims to help stabilize and preserve the resident community and important institutions the community relies upon by supporting local, independently owned, and community-serving small businesses in the immediately surrounding communities.

1. Spotify commits to using good-faith efforts to use local suppliers.
2. At least 50% of Spotify’s everyday catering and similar expenditures will utilize local suppliers.
3. Maintain listings for employees and visitors to the Spotify offices of local, independently owned, and community-serving area resources through both internal tools and social media tools.

Key Area #5: Ongoing engagement with the community

To fully implement this agreement and a full partnership with the surrounding community, Spotify looks forward to establishing meaningful relationships with community organizations, residents, businesses, and other stakeholders in the neighborhood. Spotify also hopes to work in collaboration with other Community Benefit Agreement companies to leverage our collective resources and expertise to further impact the community in a meaningful way.

1. Spotify will host representatives from local organizations to introduce employees to organizations looking to partner for volunteer opportunities and the exchange of ideas in benefit of the Tenderloin and Central Market community.
2. Continue to introduce new Spotify employees to the local neighborhood and its historical and contemporary context through walking tours with Del Seymore.
3. Spotify will encourage employees to volunteer in the Central Market and Tenderloin neighborhoods by sponsoring at least two volunteer days in 2015 for Spotify's San Francisco-based team. Employees will be compensated for these community volunteer activities as if they were usual workdays.
4. Spotify will work with local community nonprofits to identify openings on Boards of Directors and identify potential candidates that could lend their fiscal and personal expertise to governance of local community based organizations. Nonprofits interested in participating are encouraged to send notices of Board openings to sfcommunity@spotify.com
5. Spotify employee Mo Tracey will serve on the Mural Music and Arts Project Board of Directors in 2015.
6. Spotify will establish a Community Liaison who will oversee an ongoing community engagement process, including coordinating donation drives, financial contribution, and/or employee volunteer programs aimed at connecting employees with community-based programs and initiatives listed in the CBA. The Community Liaison will also attend community meetings and utilize community resources for outreach on behalf of Spotify in addition to communicating with corporate senior management regarding community engagement efforts. Spotify's Community Liaison is Maureen (Mo) Tracey, and can be reached at motracey@spotify.com and sfcommunity@spotify.com.

Reporting and Evaluation

Spotify will report progress on its Community Benefit Agreement to the City Administrator at least once a month, in a manner prescribed by the City Administrator. Progress reports on key features shall include information sufficient to determine progress and completion, including but not limited to e-mails, public communications, invoices, grant agreements, or verification provided by participating community organizations. These documents shall become part of the public record in the Office of the City Administrator, and summaries will be shared with the Citizen's Advisory Committee. Further:

- By January 15 of each calendar year of this agreement, Spotify will provide the City Administrator with a quarterly delivery schedule for such calendar year, with completion dates to the extent practicable.
- Spotify will report on its progress meeting goals and objectives in this CBA by reporting to the City Administrator on an ongoing basis.
- The City Administrator will deem each year of this Community Benefit Agreement successful if the items on Spotify's delivery schedule are found to be substantially completed and/or a good faith effort was made to achieve each item.