

COMMUNITY BENEFIT AGREEMENT 2014 RENEWAL
AND

MEMORANDUM OF UNDERSTANDING^[1]

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

between

CITY AND COUNTY OF SAN FRANCISCO

and

ZENDESK, INC.

This **COMMUNITY BENEFIT AGREEMENT 2014 RENEWAL** is made as of January 1, 2014? in the City and County of San Francisco, State of California, by and between **Zendesk, Inc.** ("Zendesk") 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,

WHEREAS, 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 Section 902 of the Payroll Expense Tax Ordinance, 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 tax exclusion provided by Section 906.3 of the Payroll Expense Tax Ordinance such person or business must timely file an 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,

[1] Capitalized terms used in this Memorandum of Understanding and not defined shall have the meaning applied to such terms in the 2014 Community Benefits Agreement.

WHEREAS, Section 906.3(c)(5) of the Payroll Tax Ordinance further provides that, as part of this 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, Zendesk has previously 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 the City's Treasurer-Tax Collector and entered into a binding Community Benefit Agreement; and

WHEREAS, Zendesk now wishes to renew its Community Benefit Agreement with the City Administrator as required by Section 906.3(c)(5); and,

WHEREAS, On behalf of the City, the City Administrator wishes to renew the Community Benefit Agreement with Zendesk for this purpose; and,

WHEREAS, Zendesk and the City Administrator have mutually agreed to the terms of the Memorandum of Understanding that is attached as Appendix A and incorporated herein by reference; and,

WHEREAS, As key elements of this Community Benefit Agreement 2014, Zendesk will undertake the following activities for the benefit of the Central Market and Tenderloin Area:

1. Support of non-profits, and other organizations dedicated to serving the population of the Central Market and Tenderloin Area with their technical and operational needs;
2. Helping to stabilize the community by supporting programs dedicated to breaking the cycle of poverty; bridging the technical divide; and promoting workforce development;
3. Development of long-term relationships with organizations dedicated to the education and recreational development of children living in the Central Market and Tenderloin Area;
4. Engage in activities that promote cultural awareness of the Central Market and Tenderloin Area among Zendesk employees;
5. Support of neighborhood businesses.

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

WHEREAS, the Parties each acknowledge and understand that this Community Benefit Agreement is entered into and binding upon Zendesk for calendar year 2014 which will be Zendesk's third year of payroll expense tax exclusion pursuant to Section 906.3 of the Payroll Expense Tax Ordinance, provided that OEWD (as verified by the Treasurer-Tax Collector) finally determines that Zendesk is eligible for the exclusion; and,

WHEREAS, The Parties each acknowledge and understand that, pursuant to Section 906.3(c)(5) of the Payroll Expense Tax Ordinance, Zendesk may request that the City Administrator enter into other Community Benefit Agreements with Zendesk 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 this Community Benefit Agreement 2014, by a Memorandum of Understanding that is attached as Appendix A and incorporated herein by reference.

NOW, THEREFORE, The Parties voluntarily enter into this Community Benefit Agreement 2014 and hereby adopt the Memorandum of Understanding that is attached hereto as Appendix A and incorporated herein by reference, as Zendesk's calendar year 2014 binding Community Benefit Agreement with the City Administrator under Section 906.3(c)(5) of the Payroll Expense Tax Ordinance.

IN WITNESS WHEREOF, the parties hereto have caused this Community Benefit Agreement to be duly executed as of the date first specified herein.

**CITY AND COUNTY OF
SAN FRANCISCO**

ZENDESK, INC.

By: _____
**NAOMI M. KELLY
CITY ADMINISTRATOR**

By: _____
**MIKKEL ASGER SVANE
CHIEF EXECUTIVE OFFICER**

**MEMORANDUM OF UNDERSTANDING RENEWAL
COMMUNITY BENEFIT AGREEMENT 2014**

Zendesk will focus its efforts for the 2014 Community Benefits Agreement on those issues deemed high priorities by the Central Market Street and Tenderloin Area Citizens Advisory Committee ("CAC"), and the residents, small businesses, and the various community organizations advocating for improvement and development of the Central Market Street and Tenderloin Area. As defined in Section 906.3(b)(1) of the Payroll Expense Tax Ordinance, 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)."

As Zendesk enters its third year headquartered in the Central Market and Tenderloin Area and its third Community Benefits Agreement with the City, it has become very clear that Zendesk's residency in the neighborhood and its Community Benefits Agreement have become an integral part of Zendesk's corporate culture and a cornerstone for its with broader, company-wide corporate responsibility programs.

For the 2014 Community Benefits Agreement, Zendesk would like to more deeply align its commitments to its core values. Consequently, Zendesk has developed this 2014 Community Benefit Agreement in a manner that recognizes its humble beginnings and the understanding that without the help Zendesk has received in its six years of existence, the company would not be where it is today. More specifically, Zendesk has adjusted the scope of its 2014 Community Benefits Agreement to focus on organizations that help break the cycle of poverty, bridge the technical divide, and promote workforce development and offer them financial support, organizational resources and volunteers. These goals will be spearheaded and executed by Zendesk's

Director of Corporate Social Responsibility, who will work as a liaison, in an official capacity between Zendesk, the CAC, and other neighborhood stakeholders.

By bringing a more dedicated focus to what Zendesk's Community Benefit Agreement would like to accomplish in 2014 and the years that follow, the company believes it can have a deeper, more concentrated impact than it has in years past.

The following are the three key areas of focus for the 2014 Community Benefits Agreement:

1. Support of non-profits, and other organizations dedicated to serving the population of the Central Market and Tenderloin Area with their technical and operational needs

- Create configured client support technology through Zendesk for organizations that will streamline processes and eliminate redundancies, such as scheduling, intake information, resource pages, etc. Zendesk will offer a minimum of 10 instances in 2014 and provide any additional instances on a case-by-case basis. Each organization will be required to go through an application process.
- Maintain any and all Zendesk instances implemented.
- Use Zendesk to offer robust help centers on behalf of these organizations in order to bring more visibility to their programming and services; Zendesk will provide the services necessary to design and implement these help centers.
- Offer Zendesk's technical expertise if and when organizations are evaluating other software solutions.

2. Helping to stabilize the community by supporting programs dedicated to breaking the cycle of poverty; bridging the technical divide; and promoting workforce development

Compass Family Services

- Bring in Zendesk staff to help train staff on a quarterly or bi-annual basis or provide workshops for training on email attachments, track changes, etc.
- Volunteer at events throughout the year, such as its Centennial Gala in May, cleaning days at its Tenderloin Daycare facility, and its annual holiday party. Zendesk also plans to host its annual Halloween Party in 2014.
- Use Zendesk's contacts and connection to the startup and tech industry to promote awareness around the organization's \$2.0 million fundraising campaign, which will help

expand Compass Family Services' mental health services, grow personnel, data analysis capabilities, and its volunteer program, as well as increase scholarship funding, recreational and cultural opportunities, and much more.

Tenderloin Tech Lab

- Collaborate with Twitter on an event hosted via the Tech Lab that would focus on women in engineering. We would also seek to target technical training of underrepresented communities through partnerships that involve other third party organizations.
- Provide continued weekly volunteer support at the Tenderloin Tech Lab.

Community Housing Partnership

- Provide financial support of the 5th and Harrison Project in the amount of \$25,000.
- Bring in experts to provide basic to advanced customer service training, including the use of Zendesk, with strong linkages to call center employment so clients can be competitive in the job marketplace and/or employment objectives.
- Provide volunteer support at events throughout the year, such as its Spring and Fall Mock Interviews, A Night With The Stars Event, Youth Wellness Fair, and Winter Decoration events.
- Help with Community Housing Partnership's job readiness programs via mentorships, mock interviews, any other activities deemed appropriate and helpful for socializing clients in an office atmosphere.
- Assist Community Housing Partnership as it revamps its job readiness curriculum by providing feedback and advice on how its programs can be fine-tuned and tailored to meet the needs of the growing tech startup sector and/or customer support industry in San Francisco.

Other Job and Skill Training Efforts

- Work with Episcopal Community Services, specifically its C.H.E.F.S program, to give its clients real-world experience in the catering industry and hire the C.H.E.F.S program to cater at least 12 on-site events
- Work with local training programs, such as BAVC, Year Up, San Francisco State, City College, Academy X, and WestEd, to provide feedback and advice on how programs can be fine-tuned and tailored to meet the needs of the growing technology startup sector in San Francisco.

- Help residents, businesses, and students gain access to much-needed technology by donating used equipment and computers to local organizations.
- Host at least one week-long bootcamp aimed at high school students (preference given to those in the Central Market and Tenderloin Area) that aims to provide a crash-course in basic web development principles.
- Continued work with Vietnamese Youth Development Center (and similar organizations) to offer formalized mentorships and other programming to help students be better prepared to enter college and/or the workforce.

3. Development of long-term relationships with organizations dedicated to the education and recreational development of children living in the Central Market and Tenderloin Area

Reading Partners Program

- Provide financial sponsorship of the Reading Partners program within the Tenderloin Community School in the amount of \$25,000.
- Provide volunteer support at the Tenderloin Community School via the Reading Partners program, such as its annual Spring Fling, Celebrity Spelling Bee, and Winter Recital, and other program needs expressed by Reading Partners and/or Tenderloin Community School.
- Draft and execute a plan to expand the Reading Partners program to Bessie Carmichael school for the 2014-2015 school year.
- Support of Reading Partners Reading Recitals and Community Celebrations through participation, attendance, partial fiscal sponsorship, and promotion of the event to our network

Support to Schools Serving Mid-Market/Tenderloin Residents

- Zendesk will reach out to schools in the area, including Bessie Carmichael Elementary School and/or the Tenderloin Community School, and DeMarillac Academy to determine the best means of support, which may include assisting students with school supplies, and similar activities.
- Zendesk has already committed to provide catering for all of Bessie Carmichael's staff events and public recitals, provide quarterly assistance with its office supply demands, as well as provide IT support to its tech lab.

4. Engage in activities that promote cultural awareness of the Central Market and Tenderloin Area among Zendesk employees

- Coordinate a minimum of 4 lectures that invite the community members or organizations to give presentations outlining the historical, cultural, and artistic significance of the Central Market and Tenderloin Area to Zendesk employees and the community at large.
- Coordinate 4 “Lunch and Learns” that invite community organizations to give presentations outlining the historical, cultural, and artistic significance of the Central Market and Tenderloin area to Zendesk employees.
- Coordinate a minimum of 4 Central Market and Tenderloin Area volunteer days that bring together the tech companies with those organizations supporting the historical, cultural, and artistic significance of the Central Market and Tenderloin Area.
- Implement programmatic volunteering opportunities and Central Market and Tenderloin Area walking tours into Zendesk’s onboarding process for all new employees, that will include working with Safe Passage, Rebuilding SF, Glide, Episcopal Community Services, Curry Senior Center, and other organizations as needed.
- Commit to using works from artists located in the Central Market and Tenderloin Area, when possible, to decorate interiors and exteriors of Zendesk’s headquarters. Zendesk will identify a specific number of designated spaces at its 989 Market Street location as well as its future location at 1019 Market Street for this purpose.

5. Support of neighborhood businesses

- Commit to using Central Market and Tenderloin area small and local caterers, bars, and restaurants for at minimum 50% of our events in 2013. We will also do our best to host

the majority of networking events, social activities, and other external company events at Central Market and Tenderloin venues.

Reporting & Evaluation

Zendesk 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 Citizens Advisory Committee.

Zendesk may request that the City Administrator determine whether an item is complete, and the City Administrator will respond within 30 days. Information on completed items will be posted on the City Administrator's website.

Evaluation & Reporting

~~The legislation authorizing the Central Market and Tenderloin Payroll Tax Exclusion requires the City Administrator to report on an annual basis on the program's success.~~

~~To meet these reporting requirements, Zendesk will report on its progress meeting goals and objectives in this CBA by reporting to the City Administrator on an ongoing basis. Completion of at least 80% of items in the CBA will be deemed as successful, provided that a good faith effort was made to achieve all items.~~

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~~[4] Capitalized terms used in this Memorandum of Understanding and not defined shall have the meaning applied to such terms in the 2014 Community Benefits Agreement.~~
