

**COMMUNITY BENEFIT AGREEMENT 2017
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 2017 MEMORANDUM OF UNDERSTANDING** (this "**Community Benefit Agreement**") is made as of January 1, 2017 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 ("**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 certain persons and businesses within the Central Market Street and Tenderloin Area (as defined in Appendix A attached hereto), 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 Central Market Street and Tenderloin Area Payroll Expense Tax exclusion, Section 906.3 requires such person or business to file 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, subsection (c)(5) of Section 906.3 further provides that, as part of the application, any person or business with an annual payroll expense that exceeds one million dollars "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 previously submitted an 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 in 2016 with the City Administrator; and,

WHEREAS, Spotify wishes to enter into this Community Benefit Agreement with the City Administrator for 2017 as required by subsection (c)(5) of Section 906.3; and,

WHEREAS, on behalf of the City, the City Administrator wishes to enter into this Community Benefit Agreement with Spotify for 2017 for this purpose; and,

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

WHEREAS, as set forth in this Community Benefit Agreement, Spotify will seek to:

1. Support community –based arts and culture initiatives;
2. Provide educational and experiential opportunities for neighborhood youth;
3. Improve cleanliness and promote beautification; and
4. Support local, independently owned, and community-serving small businesses in the immediately surrounding communities;
5. Ongoing engagement with the community; and,

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

WHEREAS, the parties each acknowledge and understand that this Community Benefit Agreement is entered into and binding upon Spotify for calendar year 2017 pursuant to Section 906.3, provided that OEWD (as verified by the Treasurer-Tax Collector) finally determines that Spotify qualifies for the Payroll Expense Tax exclusion; and,

WHEREAS, the parties each acknowledge and understand that, pursuant to subsection (c)(5) of Section 906.3, Spotify may request that the City Administrator enter into other community benefit agreements with Spotify in the future and that the City Administrator may require different or additional provisions in such future agreements:

NOW, THEREFORE, the parties voluntarily enter into and adopt this Community Benefit Agreement as Spotify calendar year 2017 binding Community Benefit Agreement with the City Administrator under subsection (c)(5) of Section 906.3.

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

CITY ADMINISTRATOR

SPOTIFY USA, INC.

By: 
NAOMI KELLY
CITY ADMINISTRATOR

By: 
STEVE KIM
ASSISTANT SECRETARY

-- Appendix A --

SPOTIFY COMMUNITY BENEFIT AGREEMENT 2017

Spotify, Inc. (" **Spotify** ") will focus its efforts in improving the Central Market Street and Tenderloin Area (as defined below) as set forth in this Community Benefit Agreement (this " **Community Benefit Agreement** "). Spotify believes that the highest priorities for the community are: (a) Support community-based arts and culture initiatives, (b) Provide educational and experiential opportunities for neighborhood youth, (c) Strengthen neighborhood infrastructure and community-driven solutions to public safety, displacement, and affordability (d) Support local, independently owned, and community-serving small businesses in the immediately surrounding communities (e) Ongoing engagement with the community. As defined in Section 906.3(b)(1) of the San Francisco Business Tax & Regulations Code, 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 has in the past partnered with nonprofit organizations that serve the Central Market Street and Tenderloin Area. These groups and others may benefit in 2017 through the commitments Spotify is making in this Community Benefit Agreement.

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 the Central Market Street and Tenderloin Area, Spotify would like to emphasize that its intention is to grow the Community Benefit Agreement each year that it takes advantage of the payroll tax exclusion. Therefore, Spotify created this Community Benefit Agreement to be scalable, and as it grows, will not exhaust Spotify's resources so that Spotify can continue to deliver an increasingly robust community benefit agreement.

Spotify is committed to creating meaningful engagement with the community. Spotify believes it is important for employees to have direct and sustained involvement in the community.

Spotify believes it can fulfill its commitment to the community and honor this Community Benefit Agreement in the following ways:

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

Spotify will continue to 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. 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. On a quarterly basis Spotify will seek out opportunities to pay for employees to attend local performances including concerts, theater, dance, or performance art shows.
2. The community liaison, Sennie Clark will distribute local event listings sent to sfcommunity@spotify.com as well as invites of other surrounding community events.
3. Spotify will support public concerts, murals, performances, and street-level community arts events, provoking exchange and encouraging foot traffic in the neighborhood.
4. Spotify will partner with the Center for New Music, WAM, Boys & Girls Club and other local institutions on mutually agreed upon projects supporting local artists.

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 help facilitate mentorships that challenge and inspire growth for neighborhood youth.

1. Spotify will collaborate with the Music Mural and Arts Program (MMAP), through its 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 and further increases interest in technology by teaching music production. Spotify will provide programmatic and in-kind support for HHH for the third year in a row, and extend our relationship to include the wide variety of Spotify's global resources -- including expertise from marketing, label relations, and other parts of the business as needed by the organization. This commitment will consist of no fewer than 125 hours or on an as-needed basis of facility use/space free of charge.

2. Spotify will seek to partner with the Women's Audio Mission on programs benefitting the Tenderloin and Mid-Market community, supporting their mission to advance women in music production and the recording arts.
3. Spotify will encourage employees to volunteer at local programs geared towards 18-24 years old and dedicate volunteer hours to mentoring and tutoring programs.
4. Spotify will partner with 826 Valencia on an agreed upon project which is dedicated to supporting students 6-18 years old with their creative and expository writing skills and to helping teachers inspire their students to write. This commitment will consist of no fewer than 35 volunteer hours or on an as-needed basis.

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

Spotify is committed to strengthening neighborhood infrastructure, community organizations and community safety in the surrounding areas through allowing our office space to be used as a meeting place for community gathers regarding these issues and being a part of these discussions.

1. Spotify will continue to provide conference/meeting rooms to community groups encouraging offering at minimum 125 hours of space free of charge for local community groups. Interested organizations may contact sfcommunity@spotify.com for requests for space.
2. Spotify will host at least five community events onsite, such as opening up our "Town Hall" area for small fundraisers, community meetings, exhibits, performances, talks, lectures, or film screenings.
3. Spotify will host at least one roundtable discussion with community stakeholders on the issues of public safety, housing affordability or other issues impacting the neighborhood.
4. Spotify will encourage employees to attend and volunteer for initiatives that lead to better public safety, including art walks, night markets, and gatherings in public spaces.
5. Spotify will speak with our community and tech partners outside of the Central Market area, encouraging them to join us and take part in forums, discussions and events in these areas.

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 for special events, everyday catering and similar expenditures.
2. Spotify will house a list of local, independently owned, and community-serving area resources that all San Francisco employees and visitors have access to.

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. At least twice per year, 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. Spotify will continue to introduce new Spotify employees to the local neighborhood and its historical and contemporary context through walking tours with Del Seymour.
3. Spotify will sponsor at least two volunteer days in 2017 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. The Community Liaison, Sennie Clark will oversee 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, Sennie Clark, can be reached at sennie@spotify.com and sfcommunity@spotify.com.
6. If a community liaison or a company representative cannot attend a meeting of the Citizen's Advisory Committee, the community liaison should notify the Committee Staff from the Office of the City Administrator no later than 72 hours in advance of the meeting about the absence. If Spotify is not represented by a community liaison or a company representative at four meeting within a 12-month period, this Key Feature shall not be deemed successfully completed.

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:

1. 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.
2. Spotify will report on its progress meeting goals and objectives in this CBA by reporting to the City Administrator on an ongoing basis.
3. 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.

-End-