

REVISIONS AS OF NOVEMBER 26, 2014

**COMMUNITY BENEFIT AGREEMENT 2015-18
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 2015-18** is made as of January 1, 2015 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 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 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 submitted an 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 in 2015 with the City Administrator to be granted its payroll tax exclusion; and

WHEREAS, Zendesk believes that a four-year Community Benefit Agreement avails Zendesk of the opportunity to better engage in long-term planning and long-term investments and partnerships with local community organizations; and,

WHEREAS, On behalf of the City, the City Administrator wishes to enter into a multi-year Community Benefit Agreement with Zendesk for this purpose; and,

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

WHEREAS, As set forth in this Community Benefit Agreement 2015-2018, Zendesk will continue to:

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 and community access for organizations.

WHEREAS, Zendesk will expend good faith efforts to fulfill its responsibilities under this Community Benefit Agreement 2015-2018; and,

WHEREAS, Zendesk will report progress on its Community Benefit Agreement to the City Administrator in the manner prescribed in the Memorandum of Understanding incorporated herein.

WHEREAS, The Parties each acknowledge and understand that this Community Benefit Agreement is entered into and binding upon Zendesk for calendar years 2015-2018, pursuant to San Francisco Business and Tax Regulations Code §906.3, provided that Zendesk 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 Zendesk is eligible for the exclusion; and,

WHEREAS, The Parties each acknowledge and understand that if the City Administrator determines that Zendesk has successfully carried out its obligations under the CBA for calendar years 2015 through 2017 and OEWD determines that Zendesk is eligible for the exclusion for calendar year 2018, the CBA shall be extended for the 2018 calendar year and Zendesk shall carry out its obligations under the CBA for that year; and,

WHEREAS, The Parties each acknowledge and understand that if during the term of the CBA there is deemed by either party to be a substantial change in the size of Zendesk's annual payroll or the size of Zendesk's fixed place of business within the Central Market Street and Tenderloin Area, either Party may reopen the CBA for the next calendar year by giving the other Party written notice no later than November 1; and,

WHEREAS, The Parties each acknowledge and understand that if during the term of the CBA the City Administrator determines, in his or her sole discretion, that Zendesk has failed to successfully carry out its obligations under the CBA, the City Administrator may reopen the CBA for the next calendar year by giving Zendesk written notice no later than November 1; and,

WHEREAS, The Parties each acknowledge and understand that if Zendesk elects not to take advantage of the Section 906.3 tax benefit and gives written notice of

that decision to the City Administrator no later than December 31, Zendesk shall not be required to carry out its obligations under the CBA for the following calendar year; and,

WHEREAS, If Zendesk gives written notice of that decision to the City Administrator by December 31, the City Administrator will notify OEWD and the Treasurer-Tax Collector that Zendesk is no longer a party to a binding Community Benefit Agreement as required by Section 906.3(c)(5); and,

WHEREAS, The Parties wish to memorialize their agreement to the Zendesk Community Benefit Agreement 2015-18.

NOW, THEREFORE, the Parties voluntarily enter into this Community Benefit Agreement 2015-18, including, without limitation, the Memorandum of Understanding that is attached and incorporated herein as Appendix A, as Zendesk's binding Community Benefit Agreement with the City Administrator for calendar years 2015-2018 under San Francisco Business and Tax Regulations CodeSection 906.3(c)(5).

IN WITNESS WHEREOF, the parties hereto have caused this Zendesk 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
COMMUNITY BENEFIT AGREEMENT 2015-18**

Introduction

Zendesk will continue to focus its efforts for the 2015-18 Community Benefits Agreements 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)."

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 2015-18 Community Benefits Agreements, Zendesk would like to more deeply align its commitments to its core values. Consequently, Zendesk has developed this 2015-18 Community Benefit Agreement in a manner that recognizes its humble beginnings and the understanding that without the help Zendesk has received, the company would not be where it is today. More specifically, Zendesk has maintained the scope of its 2015-18 Community Benefits Agreements 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.

In 2015 and the years that follow, Zendesk believes it can have a deeper, more concentrated impact than it has in years past.

Program Elements

The following are the five key areas of focus for the 2015-18 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, subject to demand by local organizations, offer up to 10 instances in each year of the 2015-18 Community Benefits Agreement 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

- Volunteer at events throughout the year, such as its cleaning days at its Tenderloin Daycare facility and its annual holiday party. Zendesk also plans to host its annual Halloween Party in 2015.
- Participate in Compass' annual Adopt-A-Family for the holidays and adopt, at minimum, six of its families. Adopt-A-Family pairs groups from the community with needy families who lack the resources to buy holiday gifts. In 2014, Zendesk was able to purchase more than 150 gifts for San Francisco-based families, and would like to increase those efforts in 2015.

Episcopal Community Services

- Volunteer monthly at ECS' The Sanctuary shelter, serving meals to its guests.
- Work with ECS's CHEFS program to develop its sponsored Zendesk Enterprise Elite account, which will help the organization receive and process its catering orders. In streamlining that process, the goal is to help increase the number of catering jobs CHEFS can plan for and therefore accept. The development of this account will also help to build out other streamlined operational opportunities, such as taking inventory of product and offering an online menu for external viewing.
- Work with the CHEFS program to give its clients real-world experience in the catering industry and hire the CHEFS program to cater at least 12 on-site events at Zendesk's San Francisco offices.
- In 2015, provide financial assistance in the form of a \$25,000 grant to Episcopal Community Services

Curry Senior Center

- Volunteer with Curry Senior Center on a monthly basis, and host at least four of its recurring parties (LGBT Month, Luau Party, Holiday Party, Veterans Day, etc.)
- In 2015, provide financial assistance in the form of a \$10,000 grant to Curry Senior Center.

Gubbio Project

- Volunteer with Gubbio Project on an ongoing basis and provide both volunteers and financial assistance to its annual Martin Sheen fundraiser as well as its Veterans Day Jazz Brunch.
- In 2015, provide financial assistance in the form of a \$15,000 grant to Gubbio Project.

Hospitality House

- Support Hospitality House's annual art auction through attendance and financial support.
- Use Hospitality House's Community Arts Program as the primary resource for outfitting Zendesk's San Francisco offices with artwork. Fifty percent of the office's artwork will come from this organization.
- In 2015, provide financial assistance in the form of a \$10,000 grant to Hospitality House.

DeMarillac Academy

- Develop and support a sponsored Zendesk instance to operate and streamline DeMarillac's internal help desk. Future goals include streamlining DeMarillac's facilities operations via this sponsored account.
- Volunteer with DeMarillac on an ongoing and as-need basis by offering 1:1 tutoring to its students.
- In 2015, provide financial assistance in the form of a \$50,000 grant to DeMarillac Academy

Tenderloin Tech Lab

- Work with Tenderloin Tech Lab on the growth and development of the Link-SF portal. Goals will be to drive user adoption, assess progress and success of the portal for both non-profits and users, and any other needs associated with the Link-SF portal.
- Provide weekly volunteer support at the Tenderloin Tech Lab.

Community Housing Partnership

- 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.
- 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 local training programs, such as BAVC, to pilot a new training program that will help certify students in Zendesk software, making them strong candidates for Tier 1 support positions at Zendesk or any company using Zendesk.
- Help residents, businesses, and students gain access to much-needed technology by donating used equipment and computers to local organizations.
- Host at least two week-long bootcamps 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.

- 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.

In the years following 2015 in which the 2015-18 Community Benefits Agreement is in effect, Zendesk commits to a minimum of \$120,000 in aggregate direct financial assistance to the organizations set forth above and other organizations that Zendesk may identify that address this focus area within the term of the 2015-18 Community Benefits Agreements.

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

- In 2015, 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.
- Support of Reading Partners Reading Recitals and Community Celebrations through participation, attendance, partial fiscal sponsorship, and promotion of the event to our network.

In the years following 2015 in which the 2015-18 Community Benefits Agreement is in effect, Zendesk commits to a minimum of \$25,000 in aggregate direct financial assistance to the organizations set forth above and other organizations that Zendesk may identify that address this focus area within the term of the 2015-18 Community Benefits Agreements.

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

- Coordinate a minimum of four lectures per year 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 four “Lunch and Learns” per year 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 four Central Market and Tenderloin Area volunteer days per year 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.

5. Support of neighborhood businesses and community access for organizations

- Commit to using Central Market and Tenderloin area small and local caterers, bars, and restaurants for at minimum, 50 percent of any onsite catering each year of the 2015-18 Community Benefit Agreement and a minimum value of \$50,000 in expenditures per year relating to such catering. In addition, Zendesk will make available its community space located at 1019 Market Street available to Central Market and Tenderloin non-profits available on an as-need basis; committing to host at least one major event per month for these organizations each year of the 2015-2018 Community Benefit Agreement.

Evaluation and Reporting; Community Liaison

Zendesk will report progress on the Community Benefit Agreement 2015-18 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 CAC. Further:

- By January 15 of each calendar year of the Community Benefits Agreement 2015-18, Zendesk will provide the City Administrator with a quarterly delivery schedule for such calendar year, with completion dates to the extent practicable.
- Zendesk will report on its progress meeting goals and objectives in the Community Benefits Agreement 2015-18 by reporting to the City Administrator on an ongoing basis.

- The City Administrator will deem each year of the Community Benefit Agreement 2015-18 successful if the items described in the Program Elements above are found to be substantially completed and/or a good faith effort was made to achieve each item.

Zendesk acknowledges that it is important that community members have a single point of contact to submit requests, concerns or compliments related to the Community Benefits Agreement 2015-18. This liaison will ensure that community voices are heard and the employees know which internal person to contact when they are interested in getting involved in the community.

- Zendesk has currently designated Tiffany Apczynski as the community liaison. The Zendesk community liaison can be reached at tiffany@zendesk.com. Zendesk may designate a new community liaison at any time. Upon appointment of a new community liaison, Zendesk will notify the City Administrator.
- Zendesk will use reasonable efforts to consistently participate in meetings of the Citizen's Advisory Committee relevant to the Community Benefits Agreement 2015-18. If the community liaison or another company representative cannot attend a meeting of the Citizen's Advisory Committee for which Zendesk has been provided not less than 10 days prior notice (a "Noticed Meeting"), Zendesk will use best efforts to notify the City Administrator no later than 72 hours in advance of the Noticed Meeting. If Zendesk is not represented by the community liaison or another company representative at more than four Noticed Meetings within a calendar year, Zendesk shall not be deemed to have successfully completed a key element of this Community Benefits Agreement 2015-18 for such calendar year.

[1] Capitalized terms used in this Memorandum of Understanding and not defined shall have the meaning applied to such terms in the Community Benefits Agreement 2015-18.
