

JOHN S. AND JAMES L. KNIGHT FOUNDATION

GRANT AGREEMENT

ORGANIZATION: City of San Jose

GRANT ID: GR-2017-54434

PURPOSE: To develop an Internet of Things (IoT) strategy that will inform the city's decisions about where to invest, how to finance infrastructure, how to effectively govern these assets, and how to partner effectively with the private sector for the City of San Jose.

TERMS: July 1, 2017 to July 1, 2018

AMOUNT: \$200,000

ACTIVITIES

Infrastructure assessment (Week 1 – Week 8)

- Identify and qualify the assets in the City's portfolio including engineering specifications as available
- Synthesize the city's assets into relevant classes based on type, location, infrastructure, and demand
- Identify a range of projected market rates for site classifications based on likely demand scenarios

Research leading practices on IoT infrastructure governance (Week 1 to Week 8)

- Conduct research and interviews with key cities both domestically and internationally to identify leading practices in facilitating IoT infrastructure
- Categorize IoT infrastructure governance approaches
- Identify regulatory, financial, and technological considerations associated with each approach

Identification of potential models for the City of San Jose (Week 9 – Week 12)

- Create a "short list" of potentially feasible IoT infrastructure governance approaches for San Jose
- Identify the funding streams to execute these models

Cost/Benefit Assessment (Week 12-Week 16)

- Conduct financial modelling of the costs and benefits of pursuing each of the relevant IoT infrastructure governance approaches

Leadership and Capacity Building (Week 16+)

- Identify activities and appropriate resources to implement recommended governance approaches

DRAFT--Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.

OBJECTIVES

- Framework to price and monetize city infrastructure assets (e.g., streetlights, poles) for IoT technology
- Playbook for effective governance and management of smart city assets that cuts across departments
- Evaluation framework for IoT applications, networks, and hardware investments

The description of your organization's activities and your expectations for the outcomes of the funded project are listed above. Your organization agrees that the results described are achievable and represent the terms against which your organization will judge the success of the project.

MONITORING

- Any evaluation reports relating to this grant will be submitted to the Knight Foundation.
- - Bi-weekly formal check-ins with the PwC team, the Mayor's Office, and other members of senior leadership.
 - Final report that includes the framework for pricing and monetization of city assets, playbook for effective governance of Smart City and IoT initiatives, and evaluation framework of IoT technologies

COMMUNICATIONS

You agree to follow the communications guidelines at <http://knightcommunications.org> and to clear with communicationsdirector@knightfoundation.org any content that mentions the Foundation. Please also follow us on Twitter at @knightfdn.

You will recognize Knight Foundation for its Cumulative Giving in all future donor recognition, of whatever type, consistent with your donor recognition protocols. You shall provide the text of any proposed donor recognition of Knight Foundation to Knight Foundation for its prior written approval. You shall not give greater recognition to any donor that has given Grantee the same amount as, or less than, Knight Foundation's Cumulative Giving to Grantee. Cumulative Giving includes all gifts from Knight Foundation to Grantee as of the date of the donor recognition, including the amount of this grant.

BASIC GRANT CONDITIONS

1. Grantee will use the funds for the purposes described in this Agreement. Any alternative use of funds must be authorized in advance in writing by Knight Foundation. If the funds are not used in accordance with the terms outlined in the Agreement, the Grantee must repay those funds to the Foundation.
2. Changes to any specific line item in the enclosed budget greater than 5% should be approved in writing by Knight Foundation prior to making the change.
3. Significant changes in project or organizational leadership should be reported to Knight

4. As required by IRS rules, Knight Foundation funds will not be used: a) to carry on propaganda or otherwise attempt to influence legislation; b) to influence the outcome of any specific public election or to carry on, directly or indirectly, any voter registration drive; c) to make a grant to any individual for travel, study or other similar purposes or to make a sub-grant to any other organization unless the grant complies with Section 4945(d)(3) or (4) of the Internal Revenue Code and the grant has been detailed in the approved grant plan and budget; or (d) to undertake any activity for any purpose other than the charitable and educational purposes specified in Section 170(c)(2)(B) of the Internal Revenue Code.
5. Overhead expenses charged to the grant must be specified in the approved grant budget and must be supported by appropriate documentation. Overhead may not include a general percentage of costs.

REPORTS AND PAYMENTS

1. The first payment of \$100,000 will be mailed within 60 days of Knight Foundation receiving this signed grant agreement.
2. A check-in phone call between the Knight relationship manager and grantee program team is required by January 1, 2018, to discuss progress towards grant milestones and activities. The final payment of \$100,000 will be released within 60 days of receiving information on progress of grant deemed satisfactory solely at the Foundation's discretion.
3. A final report, both narrative and financial, is due July 1, 2018.
4. Login to the Fluxx Grants Portal at <https://knight.fluxx.io> to submit your reports online. Click on the green "+" sign to upload your reports. Click on the "Submit" Link to let Knight know you have submitted your requirement. These reports include both financial and program information using online forms. The program report must include a narrative account of the use of grant funds and progress in achieving the purposes of the grant, including grant outcomes. The online report forms are available on Knight's Grantee Portal. Copies of the reports will be provided to your Program Director by Grants Administration. The Director will review your report and provide feedback. Any questions about the grant should be directed to the Program Director.
5. During the term of the grant, organizations audited by an independent auditing firm should submit the audit results including the management letter within 90 days of completion of the audit report.
6. Upon the Foundation's request the Grantee will provide all information relating to or developed under the grant.
7. The Foundation may withhold future payments at the Foundation's sole discretion if it has not received all required reports and/or the reports do not meet the Foundation's reporting requirements or the grant fails to achieve satisfactory progress.

RETURN OF GRANT FUNDS ON CHANGE IN PURPOSE:

If there is a "Change in Purpose" (as hereinafter defined), upon the written request of Knight Foundation, Grantee shall (and shall cause the Fiscal Agent, if applicable, to), at Knight Foundation's sole discretion, promptly either (i) reassign to another charitable organization acceptable to Knight Foundation, or (ii) return to Knight Foundation, all grant funds that were not properly expended (in accordance with the approved project budget) prior to the first Change in Purpose subsequent to the date hereof. For purposes of this grant agreement, the term "Change in Purpose" means (i) any material change in the current charitable purpose of the Grantee as set forth on Annex I hereto, as

purpose or activities communicated by the Grantee to the IRS by means of a letter, Form 990 filing or other communication, (ii) at the sole discretion of Knight Foundation, any change required to be reported to Knight Foundation pursuant to item 3 of "Basic Grant Conditions," above, and/or in circumstances as contemplated by "Purpose" above, (iii) any winding up of the Grantee's activities or operations, (iv) any combination of the Grantee with any other charitable or other organization, whether by means of merger, transfer of assets or other reorganization event, and/or (v) any public announcement by Grantee or any of its affiliates with respect to any of the foregoing events. Grantee shall promptly notify Knight Foundation, in writing, upon the occurrence of any circumstance, event or development that could reasonably be expected to result in a potential Change in Purpose.

INTELLECTUAL PROPERTY:

Grantee and the Foundation agree that all intellectual property (IP) rights (including copyright, patent, and any other rights) in materials arising out of or resulting from Grantee's use of the grant funds or any earning thereon (the "Public Materials") shall be owned by Grantee. Grantee acknowledges that the Foundation wishes to ensure the widest possible distribution of the Public Materials and ensure that they are and remain generally available to the public. Accordingly, Grantee hereby grants, and shall ensure that any individuals who have any IP rights in Public Materials shall grant, to the Foundation, under all IP rights of such party, a non-exclusive, transferable, perpetual, irrevocable, royalty-free, paid-up, worldwide, sublicenseable license to use or publish the Public Materials; provided, however, that the Foundation shall not exercise such rights except (a) in connection with the activities of the Foundation, and/or (b) in the event Grantee materially breaches the terms of this Agreement.

Grantee, at the Foundation's request, agrees to execute any additional documents required to affect such license. Upon Grantee's request in writing, the parties shall cooperate to identify whether any particular materials produced by Grantee constitute Public Materials; provided that Grantee and the Foundation acknowledge that Public Materials shall include all materials required to be developed as described in the applicable grant description.

Exceptions to this clause must be approved by the Foundation in writing. Grantee shall not make available such Public Materials, or any derivative works of the Public Materials, under any other licensing terms, without the Foundation's prior written consent.

~~TAX-EXEMPT STATUS:~~

~~Grantee will maintain its tax-exempt status as a Section 501(c)(3) organization classified as a public charity under Sections 509(a)(1) or (2) current throughout the period of this grant and will comply with all applicable federal and state laws and regulations that govern the use of funds from private foundations to the Grantee organization. This includes but is not limited to the prohibition against activities described in Section 4945(d) of the Internal Revenue Code.~~

WV
7/28/17

PUBLIC ENTITY:

Our organization's acceptance of this grant, as evidenced by our authorized signature in the space provided below, signifies that the City of San Jose is a unit of government and, as such, donations are deductible as charitable contributions to a political subdivision as recognized in Section 170(c)(1) of the Internal Revenue Code, that our status as a unit of government will remain current during the grant period and that we will comply with all applicable federal, state and local laws and regulations that govern the use of grants from private foundations to our organization. Furthermore, we agree to use the grant funds for the purposes approved by the Foundation described below and understand that any alternative use of grant funds must be authorized in advance in writing by Knight Foundation.

BOOKS AND RECORDS:

Grantee shall maintain its books and records, including an accurate record of the grant received and all expenses incurred under this grant, and retain such books and records for at least four years after

tracking of the use of Foundation funds, original invoices, bank statements, copies of checks disbursing grant funds and documentation of the business purpose of each expense.

At the Foundation's request, Grantee shall make its books and records available to the Foundation by permitting reasonable access to its files, records and personnel by the Foundation (or its designated representatives) for the purpose of making financial audits or other evaluations concerning this grant as the Foundation deems necessary. The fees and expenses of such designated representative shall be paid by Knight Foundation.

MANAGEMENT AND INVESTMENT OF FUNDS, EARNINGS, AND APPRECIATION:

All grant funds received, and earnings and appreciation on those funds, shall be invested in a designated account in a bank or investment firm that is a member of either the FDIC or SIPC. The investment will be in accordance with Grantee's governing documents and investment policies so long as they do not conflict with this Agreement, with the laws of the State of Florida, and with Federal laws. Earnings and appreciation on grant funds shall be used solely for the purpose of the Grant. Grantee may not assess an administrative or financial management fee unless agreed to in writing and in advance by the Foundation.

UNEXPENDED FUNDS:

The Foundation reserves the right, in its sole discretion, to discontinue funding if it is not satisfied with the progress of the grant or the content of any required written report. In the event of discontinuation or at the close of the grant, any unexpended funds shall immediately be returned to the Foundation, except where the Foundation has agreed in writing to an alternative use of the unused funds.

ROYALTIES:

Any materials produced by this grant and earnings thereon shall not provide royalties or otherwise inure to the personal benefit of individuals connected with this grant. Grantee shall not engage in any sales of such materials unless it has determined that such sales are substantially related to the charitable and educational purposes of the Grant. Any revenues realized by Grantee or any sub-grantee from any such materials must be used exclusively for this project.

NO-COST EXTENSION:


If needed, Grantee should submit a request for a no-cost extension to the program officer before the end of the grant period. The request should contain the reason for the extension, its length and detail how any unexpended funds would be used.

NO GUARANTEE OF FUTURE FUNDING:

The Grantee acknowledges that the receipt of this grant does not imply a commitment on behalf of Knight Foundation to continue funding beyond the terms listed in this grant agreement.

If you agree to the terms and conditions of this grant agreement, please sign and return this document to Knight Foundation. A self-addressed envelope is enclosed for your convenience. Please keep a copy of the signed document for your grant files. Grant payment according to the terms above will be released within 60 days of receiving this signed agreement.

Grantee Authorized Signatory:


JULIE EDMONDS-MARES
Deputy City Manager

All future correspondence regarding this grant should refer to grant # GR-2017-54434. Please sign and return this document via DocuSign or by emailing it to grants@knightfoundation.org.

APPROVED AS TO FORM

Mark Vanni 7/28/17

DEPUTY CITY ATTORNEY

**JOHN S. AND JAMES L. KNIGHT FOUNDATION
GRANT AGREEMENT
ANNEX I**

GRANTEE: City of San Jose

GRANT ID: GR-2017-54434

AMOUNT: \$200,000

CONTACT: Kip Harkness

PURPOSE: To develop an Internet of Things (IoT) strategy that will inform the city's decisions about where to invest, how to finance infrastructure, how to effectively govern these assets, and how to partner effectively with the private sector for the City of San Jose.

CHARITABLE PURPOSE: To provide quality public services, facilities and opportunities that create, sustain and enhance a safe, livable and vibrant community for its diverse residents, businesses and visitors.

1427 Zanker Road, Suite 100

San Jose, CA 95128

YOUNG & RUBICAM

Knight Foundation ProposalName of Organization: City of San JoseYear: 2017

- * Include expenses for **THIS PROJECT ONLY** on this page.
- * Not all the entries below may apply to your organization. Leave those items blank that do not apply.
- * For multi-year expenses, please submit budgets for each year.
- * No depreciation expense for items purchased as part of this grant should be included
- * Cells have been formatted for commas and columns will total at the bottom of the page. Shaded columns contain formulas and should not be edited.

Project Expenses	Knight Foundation Share	All non-Knight Funds	Total	Knight Foundation %
1. Program salaries and wages (specify):				
<i>Dolan Beckel, FUSE Fellow</i>		150,000	150,000	0%
			-	#DIV/0!
			-	#DIV/0!
2. Administrative salaries and wages (specify):				
			-	#DIV/0!
			-	#DIV/0!
			-	#DIV/0!
3. Consultant/Contract services (specify):				
<i>Price Waterhouse Coopers (paid by City)</i>	200,000	315,000	515,000	39%
<i>Price Waterhouse Coopers (pro bono contribution)</i>		295,000	295,000	0%
<i>Street Surveys by Citizen Insight</i>		150,000	150,000	0%
4. Other salaries and wages (specify):				
			-	#DIV/0!
			-	#DIV/0!
			-	#DIV/0!
5. Employee benefits			-	#DIV/0!
6. Administrative expenses			-	#DIV/0!
7. Travel (<i>Retrieval of materials; travel to conferences</i>)			-	#DIV/0!
8. Supplies and materials			-	#DIV/0!
9. Rent			-	#DIV/0!
10. Utilities			-	#DIV/0!
11. Insurance			-	#DIV/0!
12. Legal fees			-	#DIV/0!
13. Accounting fees			-	#DIV/0!
14. Other professional fees (specify):			-	#DIV/0!
			-	#DIV/0!
15. Taxes			-	#DIV/0!
16. Printing and publications			-	#DIV/0!
17. Postage and shipping			-	#DIV/0!
18. Marketing			-	#DIV/0!
19. Fund raising			-	#DIV/0!
20. Capital expenses			-	#DIV/0!
			-	#DIV/0!
			-	#DIV/0!
			-	#DIV/0!
22. Depreciation			-	#DIV/0!
23. Other (specify):				
			-	#DIV/0!
Total Expenses	\$ 200,000	\$ 910,000	\$ 1,110,000	18%

Knight Foundation ProposalName of Organization: City of San JoseYear: 2017

- * Include revenues for **THIS PROJECT ONLY** on this page.
- * Not all the entries below may apply to your organization. Leave those items blank that do not apply.
- * For multi-year revenue, please submit budgets for each year.
- * Cells have been formatted for commas and columns will total at the bottom of the page. Shaded columns contain formulas and should not be edited.

Project Revenues	Knight Foundation Share	All non-Knight Funds	Total	Knight Foundation %
Contributed Income				
1. Individual contributions			-	#DIV/0!
2. Corporate contributions			-	#DIV/0!
3. Foundation grants	200,000		200,000	100%
4. Federal government support			-	#DIV/0!
5. State government support			-	#DIV/0!
6. Local government support			-	#DIV/0!
7. Parent organization support			-	#DIV/0!
8. Special events			-	#DIV/0!
9. In-kind contributions				#DIV/0!
10. Other (specify):				
			-	#DIV/0!
			-	#DIV/0!
			-	#DIV/0!
Earned Income				
11. Fees for services			-	#DIV/0!
12. Admissions			-	#DIV/0!
13. Memberships			-	#DIV/0!
14. Publications and royalties			-	#DIV/0!
15. Contracted services			-	#DIV/0!
16. Rentals			-	#DIV/0!
17. Other (specify):				
			-	#DIV/0!
			-	#DIV/0!
			-	#DIV/0!
Other Income				
18. Investment			-	#DIV/0!
19. Interest			-	#DIV/0!
20. Other (specify):				
			-	#DIV/0!
			-	#DIV/0!
			-	#DIV/0!
Total Revenues	\$ 200,000	\$ -	\$ 200,000	100%