

Motivate-Palo Alto Term Sheet

August 22, 2016

This term sheet is intended to be used to facilitate discussions between Palo Alto ("PA") and Motivate International Inc ("Motivate") in order to develop a contract for the operation of a bike share system that is interoperable with the Bay Area System.

Contract Topic	Contract Terms
Responsibility for Capital Costs	The City of Palo Alto will purchase the equipment and provide Motivate with the right to use the equipment for operations of the bike share system. Motivate will be responsible for maintaining and returning the equipment in a state of good repair at the end of the contract term.
System Size	The City of Palo Alto will initially purchase up to 350 smart-bikes for use in the system. Additional expansion phases to be determined in Palo Alto's discretion.
Launch Date	Anticipated launch date Spring 2017, contingent on site approvals, equipment funding and delivery of equipment
Supply Agreement	In order to create a coordinated and accountable supplier relationship, Motivate will hold a supply agreement with Social Bicycles to govern terms such as software fees (which are paid by Motivate), warranties, spare parts purchasing, service level agreements, and customer support.
Term	5-year term with two additional three year renewal terms upon mutual agreement of Palo Alto and Motivate.
Operating Fees	Motivate will cover the operating costs of the first 350 bikes. Additional bikes will be charged to Palo Alto at the cost of \$100 per bike per month, subject to CPI Adjustment.
Sponsorship	Motivate will have the exclusive right to sell title and secondary sponsorship for the system and receive related revenues. Assets that may include sponsorship recognition include the bikes, kiosks, racks, ad panels, mobile app and docks.

<p>Local Station Sponsorships</p>	<p>Palo Alto may fund the costs of capital or operations of expansion bikes through selling local station sponsorships. Sponsors secured by Palo Alto may be recognized on each station by receiving one sponsorship panel on each station that is sponsored locally.</p> <p>Palo Alto may not sell naming rights or the bike branding to station sponsors. These assets will remain consistent with the broader Bay Area system as part of the title sponsorship package, which will help financially support the Palo Alto system and reduce the need for subsidy.</p>
<p>Allocation of Revenue</p>	<p>Motivate will keep all title sponsorship, secondary sponsorship and user revenue generated by the system.</p> <p>Palo Alto will keep all funds raised through local station sponsorships.</p>
<p>Pricing</p>	<p>Annual pricing for the program will match the pricing of the broader program with the MTC and provide access to the bike share program in San Jose, San Francisco, Oakland, Emeryville, and Berkeley :</p> <ul style="list-style-type: none"> • \$149 annual pass that can be increased no more than CPI + 2% annually. • Annual pass can be paid in 12-monthly installments of no more than \$15.00 • Pricing for other product types (e.g., day passes, single rides) will be set at Motivate's discretion
<p>Siting and installation</p>	<p>Motivate to develop site locations in conjunction and with approval the city. Sites that maximize demand will be prioritized.</p> <p>Motivate will work together with Palo Alto on community engagement and outreach as part of the station siting process, including necessary business associations and city meetings.</p> <p>Motivate will hire planning and engineering firms to develop drawings and submit permits.</p> <p>Palo Alto to waive permit costs.</p>

	<p>Palo Alto will reimburse Motivate \$4,000 per station for the cost to develop site plans, conduct community outreach, and install the station and related street treatments.</p>
Interoperability	<p>Bike share customers will be able to sign up for the Palo Alto and the MTC system through a single registration process. Bike share members will be able to use a single key to access bikes. Motivate will work with the MTC to allow for the Clipper Card to be used to access bikes across the regional system.</p>
Brand Development and Sponsorship	<p>Motivate will secure the title sponsor and develop system name, color, and logo. MTC has approval rights over title sponsorship and branding.</p> <p>The sponsor is not in a category that is age-restricted (alcohol, tobacco or firearms), products banned by the local government, or deemed offensive to the general public.</p>
PCI Compliance	<p>System shall be compliant with the most recent version of the Payment Card Industry Data Security Standard ("PCI-DSS"). Supplier will maintain a full, current, up-to-date Level 2 PCI certification as demonstrated by an Attestation of Compliance.</p>
Exclusivity	<p>During the Term of this Agreement, Motivate shall have the exclusive right to operate a public bike sharing program in Palo Alto, as defined in the executed contract.</p>
Regional Cities Opt-in	<p>Other cities can opt in to join the system on similar terms to Palo Alto. Municipalities must fund the equipment costs.</p> <p>Motivate will determine by October 31, 2016 whether it will retain the right to sell physical sponsorship assets including the bikes, racks, kiosks, and ad panels. If Motivate retains these assets for sale, Motivate will be responsible for operations costs for up to 350 bikes in each municipality. For bikes above 350, the cost to the municipality will be \$100 per bike per month.</p> <p>If Motivate waives its right to sell sponsorship on the physical system, the local municipality can sell sponsorship on the physical system including the bikes, racks, kiosks, and ad panels. The cost for operations to the</p>

municipality will be \$100 per bike per month.

Since the bike share system is interoperable with the broader regional system, naming rights and the mobile app will be branded with the larger system name and are not available for branding by the local municipality.