

**ORDINANCE NO. 2016- 10**

**AN ORDINANCE AUTHORIZING THE CITY MANAGER, OR HIS DESIGNEE, TO ENTER INTO A “NETWORK IMPLEMENTATION AGREEMENT” WITH CITY 2 CITY, INC., FOR THE INSTALLATION AND MAINTENANCE OF UP TO ONE HUNDRED (100) BEACONS ON CITY OWNED LIGHT POLES IN THE DOWNTOWN AREA, AND DECLARING AN EMERGENCY.**

**WHEREAS**, the City of Kent has been approached by City 2 City, Inc., requesting permission to install up to one hundred (100) beacons to create a beacon and geofence network; and

**WHEREAS**, this network will allow Kent area businesses to advertise to their consumers’ cell phones via an application by City 2 City, Inc.; and

**WHEREAS**, the City of Kent wishes to approve said installation, to be done by the company with the Service Director’s approval; and

**WHEREAS**, the City of Kent will receive 15% of the profit in exchange for permission to use the City’s right of way; and

**WHEREAS**, the City and Main Street Kent wish to outline the terms of the installation and maintenance of the network implementation for the next three (3) years.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Kent, Portage County, Ohio, at least three-fourths (3/4) of all members elected thereto concurring:

**SECTION 1.** That Council does hereby authorize the City Manager, or his designee, to enter into a “Network Implementation Agreement” with City 2 City, Inc., for the installation of up to one hundred (100) beacons on City-owned light poles in the downtown area, to create a beacon and geofence network, for a period of three years, in substantial compliance with Exhibit “A” attached hereto and incorporated herein.

**SECTION 2.** That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council and that all deliberations of this Council, and of any of its committees that resulted in such formal action, were in meetings open to the public in compliance with all legal requirements of Section 121.22 of the Ohio Revised Code.

**SECTION 3.** That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the residents of this City, for which reason and other reasons manifest to this Council, this Ordinance is hereby declared to be an emergency measure and shall take effect and be in force immediately after passage.

PASSED: 01/20/2016  
DATE

\_\_\_\_\_  
MAYOR AND PRESIDENT OF COUNCIL

ATTEST: \_\_\_\_\_  
CLERK OF COUNCIL

I hereby certify that Ordinance No. 2016- 10 was duly enacted this 20th day of January, 2016, by the Council of the City of Kent, Ohio

\_\_\_\_\_  
CLERK OF COUNCIL

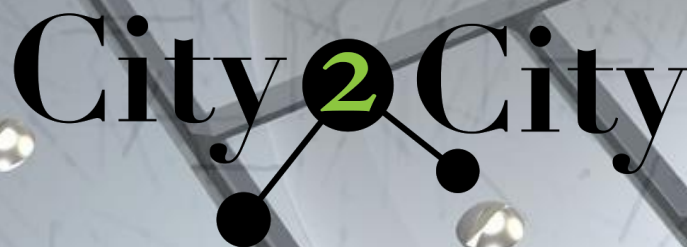
# **City 2 City Network Implementation in Kent, OH**

**12/03/2015**

Proposed By:  
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CEO  
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**City 2 City**

The logo features the text "City 2 City" in a serif font. The number "2" is highlighted in green. Below the text, there is a network diagram consisting of three black dots connected by lines, with the central dot positioned directly under the "2".

**This proposal is for the placement of 100 beacons and 10 geofences with in Kent,OH (THE CITY) by City 2 City Inc.**

**Current Situation**

“Small Town” America has the fastest growing population increase in the United States. The center or Rural Affairs ([www.cfra.org](http://www.cfra.org)) says that small towns are now being sought out by tourists because of local fair, culture, and a connection with the people of that town.

The problem: How do local businesses market effectively considering all of the advertising messages created by mega-conglomerates? And more so, how do small businesses compete with these companies at a mobile level?

There are 169 million smartphones in the United States alone. Trends suggest that while traditional advertising will stay at flat growth rate (0.4%), mobile advertising expenditures will grow by 20% through the year 2020.

At this time, small businesses have very limited ways to effectively compete with large companies at a mobile level due to the cost expenditure it takes to launch effective and comparable campaigns.

**Objectives**

City 2 City Inc. creates a beacon and geofence network that allows businesses of any size to advertise directly to consumers’ cell phones with the City 2 City app. This communication can happen at the most relevant time and location [relevance in location is decided by the business]. It can be in front of the businesses, near competitors, or anywhere a geofence or beacon is placed.

The network of physical beacons will be owned, operated, and maintained by City 2 City Inc. including the replacement of batteries as needed. Beacons are to be mounted [by City 2 City or a City 2 City subcontractor] on the property of THE CITY, or partners thereof. The locations of the beacons will be determined by city officials and City 2 City to maximize coverage.

**Benefits to the Community**

City 2 City Inc. is offering THE CITY, a 15% profit split, to be determined as shown in Exhibit A. The outline and graph in Exhibit B shows the potential earnings from 100 beacons and 10 geofences within THE CITY.

The profit from Exhibit B does not include potential tax revenue from increased sales by local businesses. These numbers will be diligently tracked during the course of the commitment.

A 36 month contract that will commence when both parties have signed the agreement for City 2 City to operate in THE CITY and the option to sign for subsequent 36 month terms thereafter is

required for the beacon implementation and advertising sales program. The agreement can be terminated by either party with or without cause by providing a 30 day written notification.

THE CITY will also be granted the explicit use of a geofence surrounding the community for public service announcements, event announcement, or any purpose that city feels necessary. City 2 City will allow the city to purchase additional geofences at cost (99.00/month) with no restrictions, as desired.

### **Costs and Payment Schedule**

City 2 City Inc. requires THE CITY to make an investment of \$0.00USD per beacon for 100 beacons which brings the complete investment to \$0.00.

### **Payment Schedule [from City 2 City to THE CITY]**

Payments made by City 2 City Inc. to THE CITY will be made quarterly to be delayed by one quarter from the network activation date. Accompanying each payment, City 2 City Inc. will provide an accounting of all relevant financial information used to determine the payment. Please see Exhibit C for a visual representation of an example of our payment schedule.

### **Process and Time Line**

From the date of the final contract execution, approval of all locations, and determination of implementation dates; City 2 City Inc. will conduct the following activities:

- Obtain Business Permit if THE CITY is in a new state.
- Begin marketing City 2 City as an application
- Begin marketing City 2 City as a business solution
- Approve and commence advertisement sales [conducted by our staff or local vendor].
- Hang [or mount]\* beacons, create geofences
- Train approved official in THE CITY to operate the dedicated fence should THE CITY desire.
- Activate the network.

Please see Exhibit D for our standard timeline. This timeline may vary depending on the nature of the agreement, city climate, and season of implantation

For marketing strategies that City 2 City Inc. will engage in. Please request a copy of our comprehensive marketing plan.

\* The Method of mounting, hanging, or placement will be negotiated with the official(s) and or the committee responsible for engineering. The City Service Director will have the final say on the mounting hanging and placement on the City's poles.

City 2 City will be responsible for any damage to the City’s poles, or people, or other property, caused by the placement or placing of the units on the City’s poles.

City 2 City will maintain \$1,000,000 of liability insurance to cover any damages or injuries resulting from the installation and maintenance of the beacons.

**Credibility**

City 2 City Inc. is the only company known within the beacon tech industry to develop an advertising network solution that can be targeted for “small town” America and used by local businesses to even the advertising playing field.

Beacon technology is being used by many of the large conglomerate retailers to reach consumers mobile devices. Our technology partner, Access Mobility 24, has implemented service within the University of Illinois, IIT, as well as others. The conversion rate of the mobile push notification has been recorded at 160%. For every one notification that person views it 1.6 times.

Our City 2 City Network can be viewed by not only the City 2 City app. We have agreements with College Extras and Standard Parking, in which we can activate their applications in our areas so users of those applications will grow. These partnerships will keep growing as our network grows.

City 2 City network is backed by the National Association of Entrepreneurship, The National County Commissioners Association, The Motor Track Owners Association of America, and the Main Street Kent initiative, as well as local Chambers of Commerce.

**Acceptance and Expiration**

Due to the speed at which City 2 City Inc. is growing, this proposal will only be valid 30 days from the date of agreement. If 30 days expires please contact City 2 City to reissue an updated proposal. Upon acceptance of this proposal, we will contact your legal department to sign a detailed agreement. Thank you for your interest and welcome to the City 2 City family.

**City 2 City Official**

**Kent, Ohio Official**

Name (print): Jon Zeit

Name (print): \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Position: CEO \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_\_

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_\_

**EXHIBIT A : Compensation Equation**

**Revenue from Network  
(Managed Services Cost)  
(Commission)**

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**Profit  
(Access Mobility 24)**

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**Adjusted Profit**

**THE CITY will get a proportion of the adjusted profit. This proportion is noted within the proposal**

**Definitions:**

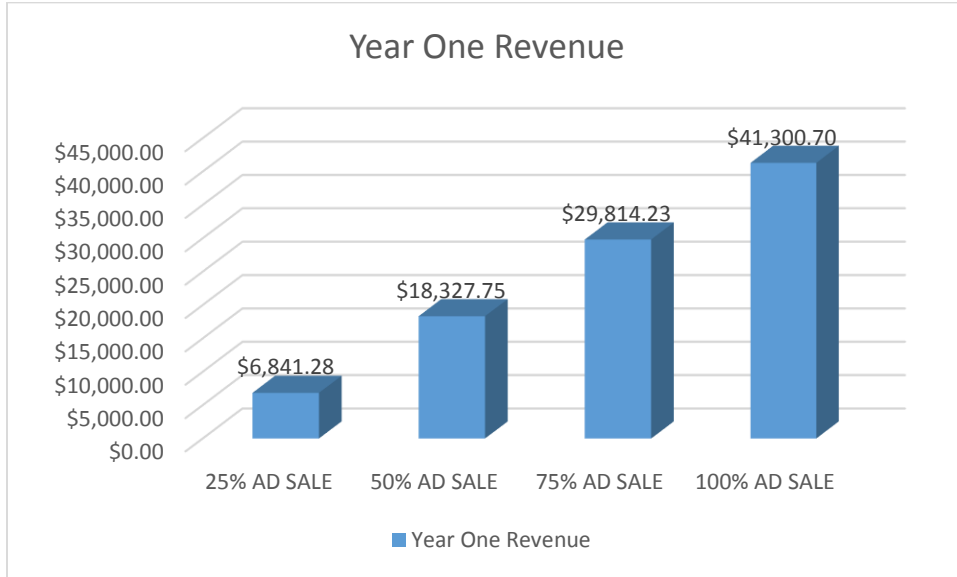
**“REVENUE FROM NETWORK” is defined as any earnings that come directly from the sale and placement of an advertisement on a beacon or geofence. “REVENUE FROM NETWORK” does NOT include any earnings from consulting fees, management fees, or any fees not associated with the direct placement of an advertisement onto the network.**

**“MANAGED SERVICES COST” is defined as human capital costs associated with uploading and monitoring advertisements and campaigns that are active on the City 2 City Network. These costs are calculated at 49.00 per beacon and geofence per month.**

**“COMMISSION” is defined at a 15% rate for any individual or agency that places an advertisement on the City 2 City network.**

**“ACCESS MOBILITY 24” is a partner company in which City 2 City has an existing revenue share with.**

**EXHIBIT B: Financial Projections at 100 Beacons and 10 geofences.**



**The above chart shows the revenue ONLY from the profit split.**

**At 50% advertisement sales, there will also be up to another \$72,000 that will be paid in local commissions from ad placements. On top of that, there will be increased tax revenue from the traffic driven into local business with City 2 City.**

**EXHIBIT C: Payment Schedule Example**

**Activation Date: March 1<sup>st</sup> 2016**  
**Beacons: 100 Geofences: 10 Ads Sold: 50%**  
**Total Annual \$ for City: \$27,491.63**

Month	Quarter	Payment Amount
<ul style="list-style-type: none"> <li>• Notes</li> </ul>		
Jan 1st	Q1	
<ul style="list-style-type: none"> <li>• City 2 City activates March 1st.</li> </ul>		
Apr. 1st	Q2	\$0.00
<ul style="list-style-type: none"> <li>• Q2 will be the first full quarter C2C will be active in your area.</li> </ul>		
July 1st	Q3	\$0.00
<ul style="list-style-type: none"> <li>• We prorate the first month and then begin the payment cycle</li> </ul>		
Oct. 1st	Q4	\$9,214.23
<ul style="list-style-type: none"> <li>• One Month of Q1, ceteris paribus = \$2,341.32</li> <li>• One Quarter (Q2), ceteris paribus = \$6,872.91</li> <li>• This total includes the prorated Q1 in which we were not active the entire Q.</li> </ul>		
Jan 1st	Q1	\$6,872.91
<ul style="list-style-type: none"> <li>• This is the payment for Q3</li> <li>• After this quarter payments will remain at \$6,872.91, ceteris paribus</li> </ul>		

**EXHIBIT D: Example TimeLine for C2C Implementation**



Shown is a 90 Day Timeline. This timeline is a close representation to our roll out but we combined many smaller tasks into broader categories. A more detailed and amended (for launch date) Project Management timeline and sheet will be given upon approval.

