

**GRANT AGREEMENT
CAL POLY CORPORATION**

THIS AGREEMENT is made and entered into in the City of San Luis Obispo on _____, by and between the CITY OF SAN LUIS OBISPO, a municipal Corporation, hereinafter referred to as “City”, and CAL POLY CORPORATION hereinafter referred to as “Cal Poly” with reference to the following:

WHEREAS, Cal Poly has requested that the City contribute to Cal Poly’s efforts to move the Cal Poly Center for Innovation and Entrepreneurship (CIE), which is home to the HotHouse and Small Business Development Center (SBDC), from 872 Higuera Street to 1144 Chorro Street, San Luis Obispo, by providing financial support towards tenant improvements in the new location, and

WHEREAS, the City and Cal Poly have partnered since the inception of the CIE to foster an entrepreneurial ecosystem in the region and have historically maintained a separate annual services contract related to entrepreneurship programming and business support services, and

WHEREAS, the 2025-27 Major City Goal of Cultural Vitality, Economic Resilience, and Fiscal Sustainability includes the following workplan item, “3c. Support the creation or expansion of coworking opportunities, such as the HotHouse, or other shared resource facilities to lower the barriers to entry for new businesses and provide opportunities for community members to build skills,” and

WHEREAS, the City’s 2023-28 Economic Development Strategic Plan lists Cal Poly and the CIE as supporting partners for implementing many strategies, particularly around entrepreneurial support, small business development, and business support infrastructure, and

WHEREAS, the City has determined that contributing to tenant improvements for the CIE would enhance CIE’s ability to perform its services and increase community access to business support services.

NOW, THEREFORE, CITY and CAL POLY CORPORATION for and in consideration of the mutual benefits, promises and agreements set forth herein, do agree as follows:

1. Term

The term of this Agreement shall be from the date this Agreement is made and entered, as first written above, until June 30, 2026.

2. Incorporation by Reference

Cal Poly’s scope of work as the basis of their request for funding is hereby incorporated in and made a part of this Agreement, attached as Exhibit A. The City’s insurance requirements are hereby incorporated in and made part of this Agreement, attached as Exhibit B. To the extent that there are any conflicts between Cal Poly’s scope of work and the City’s terms and conditions as stated herein, the City’s terms and conditions shall prevail unless specifically agreed otherwise in writing signed by both Parties.

3. Grant Amount and Allowable Expenses

City agrees to pay Cal Poly a one-time only grant of up to \$116,000 as provided in Section 3 to reimburse costs for tenant improvements, finishings, and furnishings directly related to areas of the CIE intended to be used for events and provision of business support services or coworking spaces, as described in Exhibit A. Examples of allowable expenses would be for furnishings and the purchase and installation of audiovisual equipment for conference rooms and the event space.

4. Reimbursement Requests

Reimbursement payment requests for allowable expenses as described in Section 3 shall be submitted to City's Deputy City Manager. Reimbursement payment requests shall include supporting documentation including invoices or receipts. Reimbursement payment requests will be reviewed and approved for reimbursement by the City in a timely manner, and City will make best efforts to process and pay reimbursement requests within thirty (30) business days from the date of such payment request, provided that sufficient documentation supporting the reimbursement request is provided to City. Sufficiency of payment documentation shall be in the sole but reasonable discretion of the City and City reserves the right to request and receive additional reasonable documentation to support Cal Poly's reimbursement requests and as may be appropriate to aid in City's determination of whether the requested reimbursement payment is for an Eligible Cost.

5. Funding Source Recognition

Cal Poly will ensure recognition of the role of the City in providing funding through this Grant Agreement. The City shall be identified as a funding source in all applicable publications, press releases, social media outreach, and similar fundraising promotions. The City will be recognized as a sponsor of the CIE and SLO HotHouse with signage at the entrance of the building, logo placement in monthly emails, and on printed displays at public events. To acknowledge the City's critical role in funding the new space, the CIE will have signage affixed in the community or event space with the City's logo and anticipated language of the following, "This space made possible through a grant by the City of San Luis Obispo." The mockup of the design will be shared with the City prior to printing for approval.

6. Event and Meeting Spaces

City may use the event and meeting spaces at no additional cost up to 4 times per year. In addition, the event and meeting spaces will be made available for rent by businesses and non-profit organizations in the community.

7. Amendments

Any amendment, modification or variation from the terms of this Agreement shall be in writing and shall be effective only upon approval by the City Manager of the City or their designee.

8. Complete Agreement (Integration Clause)

This clause serves to explicitly state that this written agreement, including all writings specifically incorporated herein, shall represent the complete and final agreement between

the parties regarding this subject matter. This written Agreement, including all writings specifically incorporated herein by reference, shall constitute the complete agreement between the parties hereto. No oral agreement, understanding, or representation not reduced to writing and specifically incorporated herein shall not be of any force or effect, nor shall any such oral agreement, understanding, or representation be binding upon the parties hereto. No alteration or variation of the terms of this agreement shall be valid, unless made in writing and signed by both parties, by those authorized to bind the parties.

9. Notice

For purposes of notice under this agreement, all written notices shall be considered effective upon being sent by certified mail to the following addresses:

Teresa Purrington, City Clerk City of San Luis Obispo
990 Palm Street
San Luis Obispo, CA 93401
Attn: Economic Development Program

Maral Kismetian, Director of Grants Development, Cal Poly Corporation
1 Grand Ave., Building #15
San Luis Obispo, CA 93407

10. Authority To Execute Agreement

Both City and Cal Poly do covenant that everyone executing this agreement on behalf of each party is a person duly authorized and empowered to execute Agreements for such party.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

CITY OF SAN LUIS OBISPO, A Municipal Corporation

By: _____
City Manager

APPROVED AS TO FORM:

By: _____
City Attorney

Cal Poly Corporation

By: _____
Director of Grants Development

Exhibit A – Letter to City Council from Cal Poly CIE



OFFICE OF THE PRESIDENT

August 15, 2025

City of San Luis Obispo
Attn: Mayor and City Council Members
990 Palm Street
San Luis Obispo, CA 93401

Subject: One-Time Funding Request for the Cal Poly Center for Innovation & Entrepreneurship

Dear Mayor Stewart and Members of the San Luis Obispo City Council,

Construction is well underway at 1144 Chorro Street—the future downtown home of the Cal Poly Center for Innovation & Entrepreneurship (CIE) and the Cal Poly Mustang Shop. As previously shared, our vision for this location is to create a dynamic regional hub for entrepreneurship, innovation, and economic development, activating a storefront that been vacant for 15 years. In support of this vision, we respectfully request \$250,000 in one-time funds from the City of San Luis Obispo.

While we are excited about what's to come, it's important to recognize the tremendous success the CIE has already achieved through its current downtown presence at the HotHouse. Since its founding in 2010, the CIE has played a vital role in developing entrepreneurial talent in our region. The CIE has launched 125 companies, helped raise more than \$250 million in capital, and witnessed acquisitions that totaled \$650 million. Thousands of students and community members have benefited from CIE programs, tools, and mentorship.

The HotHouse has become the cornerstone of Cal Poly's commitment to San Luis Obispo and regional economic development. In addition to our student programming, it houses the Small Business Development Center, which supports over 500 clients annually, and our two-year Incubator program, which helps early-stage companies grow into financially stable, high-growth enterprises. These achievements have been made possible through the support of valued partners like the City of San Luis Obispo.

More than 50% of our SBDC clients are based in the City of San Luis Obispo. Our HotHouse location will provide expanded opportunities to engage our local entrepreneurship community and will allow us to work with regional partners to advance our economic development goals.

Upon opening in the first half of 2026, the HotHouse will expand its offerings to include entrepreneurship events, speaker series, and economic development convenings, all supported by a purpose-built event space. This space, available for community bookings, will accommodate up to 70 guests seated or up to 100 in a cocktail-style setting.

The expanded coworking space—currently operating at nearly full capacity—will allow us to serve more local entrepreneurs, freelancers, and small businesses. The HotHouse consistently maintains a waiting list for private offices, and the new facility will double the number available. This increased capacity will not only meet existing demand but also draw more professionals, startups, and visitors into downtown San Luis Obispo, adding to its vibrancy and economic activity.

The total project cost, including tenant improvements for the Cal Poly Mustang Shop, is \$7.9 million. Of this, the CIE's share for its new downtown facility is \$4.25 million. As a self-supporting nonprofit, the CIE is actively raising these funds. A lead donor has committed a \$2 million dollar-for-dollar matching challenge to accelerate the campaign. To date, including matched contributions and a \$350,000 investment from the County of San Luis Obispo, we have secured \$1.86 million—leaving a funding gap of \$2.39 million. The City's proposed \$250,000 contribution would directly reduce this gap and be applied exclusively to the HotHouse portion of the project, ensuring the new facility is fully equipped to serve the community.

The City's contribution would fund the outfitting of the event space and community coworking areas, offsetting costs associated modernized audio-visual systems, conference tables and seating, modular coworking desks, reception and lounge furnishings, whiteboards and presentation boards, signage, lighting fixtures, and other movable equipment needed to ensure the space is fully functional and welcoming for community use.

The County and City grants are critical in demonstrating to private donors the long-term commitment of our local government partners, and the importance supporting local small businesses, and the innovation and entrepreneurial community. We believe this investment strongly aligns with the City's Economic Development Strategic Plan and the Future of Downtown – Downtown Development Recommendations. The CIE's ongoing success contributes to the vitality of our local economy and elevates San Luis Obispo's reputation as a center of innovation and entrepreneurship.

Thank you for considering this funding request. With your support, we can further empower students, support entrepreneurs, and deepen the connection between Cal Poly and the City of San Luis Obispo.

Sincerely,

Karen Tillman
Economic Development Advisor to the University President
Interim Executive Director, Cal Poly Center for Innovation & Entrepreneurship
ktillman@calpoly.edu

Exhibit B – Insurance

Cal Poly, hereinafter the Contractor, shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

Minimum Scope of Insurance. Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Errors and Omissions Liability insurance as appropriate to the consultant's profession.

Minimum Limits of Insurance. Contractor shall maintain limits no less than:

1. General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
3. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
4. Errors and Omissions Liability: \$1,000,000 per occurrence.

Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City, its officers, officials, employees, agents and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the Contractor; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of

protection afforded to the City, its officers, official, employees, agents or volunteers.

2. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
3. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
4. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

Verification of Coverage. Contractor shall furnish the City with a certificate of insurance showing maintenance of the required insurance coverage. Original endorsements effecting general liability and automobile liability coverage required by this clause must also be provided. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received and approved by the City before work commences.