

***San Diego Tourism Marketing District
(Formerly known as San Diego Tourism
Promotion Corporation)***

AGREED-UPON PROCEDURES

PROGRAM RECIPIENT RETURN ON INVESTMENT
CALCULATIONS – BASE PROGRAMS

FISCAL YEAR ENDED JUNE 30, 2009

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
San Diego Tourism Marketing District
San Diego, California

We have performed the procedures described in Exhibit I, which were agreed to by San Diego Tourism Marketing District ("TMD"), formerly known as San Diego Tourism Promotion Corporation, solely to assist you with respect to testing selected Return on Investment ("ROI") calculations provided by TMD program recipients. TMD is responsible for oversight of program recipient ROI procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of TMD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relating to the San Diego Convention & Visitors Bureau ("ConVis") and San Diego North Convention & Visitors Bureau ("North ConVis") are documented in Exhibit I.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of TMD and its board of directors and is not intended to be and should not be used by anyone other than those specified parties.

Robert R. Redwitz & Co.

ROBERT R. REDWITZ & CO.
An Accounting and Consulting Corporation

La Jolla, California
December 8, 2009

(except for the additional procedures for North ConVis
for which the date is March 16, 2010)

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
San Diego Tourism Marketing District
San Diego, California

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EXHIBIT I

SUMMARY OF AGREED UPON PROCEDURES AND FINDINGS

- I. TMD required the program recipients to report on "ROI" associated with funding. However, TMD has not established any specific uniform, measurable criteria by which ROI is to be calculated. .

- II. North ConVis – Base Funding
 - i. 12% of room nights were group room nights based on definite booking notices received from hotels. North ConVis did not identify TMD bookings.
 - ii. 88% of room nights were for leisure travel extrapolated from a survey of sampled website users and supported by a study conducted by TNS, a consultant specializing in market research. TNS conducted a study based on a sample size of 509 unique web-site users with a follow up survey of 123 website users that were influenced by their visit to the website.
 - iii. TNS did not try to isolate only TMD room nights. North ConVis took a sample of hotel rooms booked for the period March 1, 2009 to June 30, 2009 and determined that approximately 76% of the sampled bookings were TMD bookings. This rate was applied to the TNS estimated room nights generated from the website to extrapolate the TMD room nights.
 - iv. Neither TNS nor North ConVis considered the effect of other external or internal funding on website user travel decisions.
 - v. TNS did attempt to isolate the impact of visitors whom had decided to book a trip prior to their website visit by only including participants who rated a "9" or "10" out of "10" when asked about the degree of the website's influence on their decision to travel to San Diego North.

- III. ConVis – Base Funding
 - i. 53% of room nights were group room nights based on definite booking notices received from hotels.
 - ii. 46% of total room nights were for leisure travel based on a TNS study of the impact of ConVis advertising. The study was based on a sample size of 17,831 households in the advertising market area. A survey on travel behavior of 5,212 ad aware participants was performed. The survey results were extrapolated to the population of households in the advertising marketing area.
 - iii. 1% of total room nights were based on rooms booked through the ConVis website via ARES.
 - iv. TNS did not try to isolate TMD room nights. ConVis estimated that 80% of hotel bookings were TMD bookings based on City transient occupancy tax ("TOT") being approximately 80% of County TOT.
 - v. Neither TNS nor ConVis considered the effect of other external or internal funding on travel decisions.

San Diego Tourism Marketing District

Comparison of San Diego Convention Visitors Bureau and San Diego North Convention Visitors Bureau Base Program ROI Calculation
Fiscal Year End June 30, 2009

	San Diego Convention & Visitors Bureau		San Diego North Convention & Visitors Bureau	
	% of Total		% of Total	
	Room Nights	ROI	Room Nights	ROI
ROI Comparisons				
Group Sales				
Definite Room Nights Booked	641,037		28,259	
TMD allocation %	80%		141 (d)	12%
TMD Room Nights	512,830	53%	\$ 3,984,519	4.39 : 1
Average Daily Rate	145 (d)		\$ 907,171	
Total Room Night Revenue	\$ 74,360,292	22.18 : 1		
Budgeted Sales Expense	\$ 3,352,053			
Marketing (including website)				
Estimated Total Room Nights Booked	559,505		282,217 (c)	
Definite Room Nights Booked	14,240 (b)		282,217	
TMD allocation %	80%		76% (f)	
TMD Room Nights	458,996 (a)	47%	214,485 (b)	88%
Average Daily Rate	145 (d)		141 (d)	
Total Room Night Revenue	\$ 66,554,420	9.29 : 1	\$ 30,223,070	24.08 : 1
Budgeted Marketing Expense	\$ 7,162,439		\$ 1,255,011	
Operations/Admin				
Budgeted Operations/Admin Expense	\$ 3,311,125	(21.28) : 1	\$ 410,576	(15.17) : 1
Operations/Admin % of Base Funding	24%		16%	
Operations/Admin % of Total Funding	14% (e)		16%	
Total				
Total Room Night Revenue	\$ 140,914,712		\$ 34,207,589	
Funding Budgeted	\$ 13,825,617	10.19 : 1	\$ 2,572,758	13.30 : 1

San Diego Tourism Marketing District

**Comparison of San Diego Convention Visitors Bureau and San Diego North Convention Visitors Bureau Base Program ROI Calculation
Fiscal Year End June 30, 2009**

Group Sales

Both ConVis and North ConVis based total room nights for group sales on hotel booking notices. ConVis estimated that 80% of these nights related to TMD room nights due to the fact that a portion of the bookings were for non TMD hotels. North ConVis did not isolate TMD group sales.

Marketing (Print, radio, TV advertising)

- (a) ConVis Total Room Nights (TRN) are based on TNS survey results which were extrapolated to the population of the markets in which advertising took place.
- (b) Convis Base program reported actual room nights booked on the ARES website booking engine
- (c) North Convis Marketing TRN are based on TNS Website survey results which were extrapolated to total unique website visitors.

Average Daily Rate (ADR)

- (d) San Diego North used the ADR published by Smith Travel Research at June 2009.
- ConVis used the ADR published by Smith Travel Research at December 2008.

Operations/Admin % of Total Funding

- (e) ConVis administered incremental programs of \$9,923,496 which are used to calculate operations/administration % of total funding.

Additional Procedure

- (f) As discussed in additional procedures, SDTMD has estimated that TMD hotels on the North ConVis website represent approximately 50% of Total Room Nights. If 50% is used in the ROI calculation the results for Marketing and the Total ROI would be:

Marketing (including website)		ROI
Estimated Total Room Nights Booked	282,217	
TMD allocation %	0.50	
TMD Room Nights	141,109	
Average Daily Rate	\$ 141	
Total Room Night Revenue	\$ 19,883,599	15.84 : 1
Budgeted Marketing Expense	\$ 1,255,011	
Total		
Total Room Night Revenue	\$ 23,868,118	
Funding Budgeted	\$ 2,572,758	9.28 : 1

San Diego North Convention & Visitors Bureau Base Program

Procedure

1. Obtain detailed ROI calculation that agrees to the summary presented in the FY 2009 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained the detailed ROI calculation for North ConVis. We compared the calculation to the summary presented in the FY 2009 Annual ROI Report provided by the TMD. The detailed actual ROI is 13.30:1 and the ROI in the FY 2009 Annual ROI Report is 12.25:1. This difference is due to different room nights, different average daily rates and a revision in funding used in the detailed calculation and the Annual ROI Report. Actual room nights of 242,744 and an average daily rate of \$140.91 was used in the detailed calculation while estimated room nights of 222,952 and an average daily rate of \$142 (based on June 2009 average daily rate published by Smith Travel Research) was reported in the Annual ROI Report. In addition, the actual ROI calculation is based on revised funding of \$2,572,758 while the original funding of \$2,583,600 was reported in the Annual ROI Report.

Procedure

2. Compare approved ROI calculation used for annual performance report with proposed measurement that was approved for the budget and report any discrepancies or changes from proposed calculation to actual calculation used.

Finding

There were no specific measurable criteria included in the original budget approved by the TMD.

Procedure

3. Compare ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

There were no specific measurement requirements in the budget approval process.

Procedure

4. Request recipient to complete template on how ROI was computed and provide data used in the calculation.
 - a. Method for calculating total room nights.
 - b. What information was collected through surveys, studies, questionnaires, or other?
 - c. If an outside consultant was used to obtain data, what parameters and directions were given to the consultant?
 - d. Provide copies of any third party reports.

San Diego North Convention & Visitors Bureau Base Program (continued)

Procedure (continued)

- e. Summary of data obtained with backup detail. RRR may call participating hotels to verify data, if applicable.
- f. If funding was only a portion of program costs, how was other funding taken into account in calculating ROI?
- g. Were only incremental nights taken into account? (i.e. For an event that would take place regardless of TMD funding, was there a determination of how many room nights would have been expected without TMD funding? Was this taken into account in the ROI calculation?)
- h. Where data relied on sampling, provide method of extrapolation for RRR review.

Finding

4a. Total room nights were calculated based on the combination of leisure room nights and group room nights. Each group meeting booked through North ConVis has a booking notice signed by the hotel to verify the room nights booked. At the end of FY 2009, a review was completed by the Hospitality and Tourism Management Program at San Diego State University. Leisure room nights were calculated based on a study performed by Taylor Nelson Sofres Brand and Communications ("TNS"), a consultant specializing in market research, see 4b below.

4b. The information used to calculate the estimated total leisure room nights was based on a study conducted by TNS. A survey of the North ConVis website traffic was used to collect the data for the study between June 2008 and February 2009. A total of 509 unique website visitors (see 4c. below) participated in the original survey. Of these 509 unique visitors, 123 were later contacted by e-mail with regards to their travel behavior since their first survey. The results of the first survey indicated that approximately 61% of unique website visitors were considering or planning a trip to San Diego North. In the follow up email survey of participants considering a trip to San Diego North 66% of these participants reported they subsequently traveled to San Diego North. This resulted in a projected 40% of unique website visitors that traveled to San Diego North as calculated below:

Original survey: participants considering a trip to San Diego North	61%
Follow up survey: participants considering a trip to San Diego North that subsequently traveled to San Diego North	X 66%
Estimated unique website visitors who actually traveled to San Diego North	<hr/> 40%

Of this 40% approximately 57% stayed in paid accommodations.

4c. TNS was engaged by North ConVis to measure the number of San Diego North unique website visitors who actually travelled to San Diego North and stayed in paid accommodations. TNS did not attempt to estimate the number of TMD room nights associated with unique website visitors (see 4g. below). A report detailing the number of unique visitors to the website is produced each month by the website host. A unique visitor is someone who has not previously used the website during the month. If a person comes to the

San Diego North Convention & Visitors Bureau Base Program (continued)

Finding (continued)

website multiple times in a single calendar month, they are only counted one time in the monthly total of unique website visitors. The total number of unique website visitors for the fiscal year ended June 30, 2009, was used to determine the number of unique visitors who travelled to San Diego North.

4d. We obtained a copy of the report prepared by TNS and agreed the findings in the report to the ROI calculation without exception. We also obtained a copy of the report prepared by the Hospitality and Tourism Management Program at San Diego State University and agreed the findings to the number of group room nights used in the ROI calculation without exception.

4e. A summary of website traffic was obtained and agreed to the number of unique website visitors used in the leisure room nights calculation.

4f. Only TMD funding was taken into account in the ROI calculation. As noted in 4g. below, North ConVis included only estimated TMD room nights in its ROI calculation. Further, the TNS study isolated only those unique website visitors who said they were influenced by the website to book room nights in San Diego North. In its survey of unique website users, TNS asks participants to rate on a scale of one to ten how much more likely they are to take a trip to San Diego North within the next twelve months as a result of visiting the website.

Only participants who rated a "9" or "10" on the survey were determined to have been influenced by the website to travel to San Diego North. Neither TNS nor North ConVis attempted to isolate the impact of other North ConVis funding, budgeted to aggregate \$786,000 for the FY 2009, on TMD room nights associated with unique website users.

4g. Group room nights were those that were booked with TMD properties in North San Diego for which North ConVis received a signed booking notice. Leisure room nights were based on the study conducted by TNS as described above. Because the TNS study did not attempt to differentiate between TMD and non-TMD room nights, North ConVis took a sample of hotel rooms booked through the North San Diego website for the period March 1, 2009 – June 30, 2009 and determined 121 of 160 (76%) were TMD bookings. This percentage was then extrapolated to the total number of hotel room nights estimated in the TNS study to estimate the number of TMD hotel bookings. North ConVis attempted to isolate the impact of website visitors whom had decided to book a trip prior to their website visit by only including participants who rated a "9" or "10" out of "10" when asked about the degree of the website's influence on their decision to travel to San Diego North in the projected room nights generated by the website. Anyone who rated the effect of the website on their decision at "8" or less are excluded from projected room nights.

4h. We obtained a copy of the TNS report that describes the findings and method of sampling for their study, as described in 4b. above. The estimated percentage of unique website visitors later staying in paid accommodations in San Diego North was extrapolated to the entire census of unique web site visitors. Data collected by TNS during their survey of unique website users was used to estimate the average number of room nights per stay. The estimated number of unique website visitors who subsequently stayed in paid accommodations in San Diego North was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights generated by the web site.

San Diego North Convention & Visitors Bureau Base Program (continued)

Procedure

5. Test ROI calculated.
 - a. Trace total room nights ("TRN") from source data to ROI calculation.
 - b. Trace average room rate used in calculation to approved rate per contract.
 - c. Agree funding amount to award.
 - d. Recalculate ROI and report on discrepancies or mathematical errors.
 - e. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - f. If applicable, select a sample of recipient data and re-perform procedure. For example, discussion with hotel manager regarding block of rooms that was associated with the event. Any variances will be summarized.
 - g. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated.
 - i. Who designed criteria? Recipient or consultant?
 - ii. How were results collected?
 - iii. Do they feel measurement was appropriate for desired calculation?
 - iv. As an independent consultant are there alternative methods that they would recommend to provide more accurate results?
 - h. Summarize how "incremental" room nights are taken into account by recipients tested.
 - i. Source of data regarding room nights that would be sold without any funding?
 - ii. Is source information objective and consistent with other programs?

Finding

- 5a. *We agreed the total room nights calculation to the source data described in procedure 4 above and agreed it to the detailed ROI calculation with no exceptions.*
- 5b. *We agreed the average room rate used in the detailed ROI calculation to the information provided by Smith Travel Research, a consultant specializing in hotel performance trends.*
- 5c. *The funding amount reported by TMD was \$2,583,660 while the funding amount reported by North ConVis in its detailed ROI calculation was \$2,583,600, a difference of \$60. The final ROI calculation is based on revised funding of \$2,572,758.*
- 5d. *We recalculated the detailed ROI without exception.*
- 5e. *See above information in procedure 4 for detail of information collected.*
- 5f. *This procedure is not applicable. We relied on the review report dated October 8, 2009, provided by the San Diego State Hospitality Tourism and Management Program for total*

San Diego North Convention & Visitors Bureau Base Program (continued)

Finding (continued)

number of group room nights reported in the ROI calculation. No exceptions were noted in the report.

5g(i). TNS designed the criteria.

5g(ii). The results were collected through two surveys of unique visitors to the San Diego North website. The results of the first survey were collected from unique visitors that chose to participate in the survey when they initially visited the website. The second survey was taken of visitors who indicated that they were interested in travelling to North San Diego in the next three months.

5g(iii). TNS feels that the measurement of unique website users who stayed in paid accommodations was appropriate.

5g(iv). As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate. They would not recommend an alternative method of collecting results.

5h(i). See findings 4f, 4g, and 4h above regarding the attempt to isolate only TMD room nights associated with TMD funding. There was no attempt to isolate the impact of efforts of other organizations (such as ConVis) on TMD room nights in North San Diego.

5h(ii). See comparison of ConVis and North ConVis Base Program ROI calculation on pages 3 and 4.

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

We will report on these findings when our report is issued on the remainder of the programs.

Additional Procedures

On March 16 we were presented by the SDTMD with a revised estimate of the percentage of projected leisure travel room nights attributable to TMD properties for San Diego North for the fiscal year ended June 30, 2009. The original ROI reported in the FY 2009 Annual Report estimated the TMD proportion of total leisure room nights generated to be 76%. This estimate was based upon a sampling of actual on-line bookings during the period March 1, 2009 to June 30, 2009. The revised estimate of the proportion of TMD total leisure room nights generated is 50%. The revised estimate is based upon the ratio of available room nights for TMD properties represented on the San Diego North web-site compared to total available room nights for all properties represented on the San Diego North web-site. SDTMD provided us with the revised estimated TMD percentage and asked us to perform additional procedures with regard to it. Those additional procedures and findings follow:

Procedure

1. Test calculation of TMD versus non-TMD available room nights represented on the website of SanDiegoNorth.com at March 12, 2010.

San Diego North Convention & Visitors Bureau Base Program (continued)

Procedure (continued)

2. Compare calculation in procedure 1. to calculation of TMD available room nights based on use of the data report for May 14, 2009 received from CIC Research ("CIC"), a company that maintains a lodging industry database of hotels within San Diego County.
3. Calculate a revised ROI for North ConVis by applying 50% as an estimate of the leisure travel room nights attributable to TMD properties for the year ended June 30, 2009.

Finding

1. *We obtained SDTMD's detail of hotels and available room units representing hotels listed on the website and compared these to the actual website listing. We recalculated the TRNs available for TMD and non-TMD hotels and the proportion of TMD to TRNs available of 46% with no differences.*
2. *We obtained the data provided by CIC at May 14, 2009 and recomputed the TRNs available for TMD hotels at that date. We recalculated the proportion of TMD to TRNs available of 51% with no differences.*
3. *The original ROI of 13.30:1 was reported in the FY 2009 Annual Report and estimated the proportion of total TMD leisure room nights generated to be 76%. The revised 50% estimated proportion of TMD to TRNs available resulted in a revised ROI of 9.28:1.*

San Diego Convention & Visitors Bureau Base Program

Procedure

1. Obtain detailed ROI calculation that agrees to the summary presented in the FY 2009 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained the detailed ROI calculation for ConVis. We compared the calculation to the summary presented in the FY 2009 Annual ROI Report provided by the TMD. The detailed actual ROI is 10.19:1 and the ROI in the FY 2009 Annual ROI Report is 12.03:1. This difference is due to different room nights used and a revision to funding in the final detailed calculation and the Annual ROI Report. Actual room nights of 971,826 was used in the final detailed calculation while estimated room nights of 1,072,173 was reported in the Annual ROI Report. The revised funding of \$13,825,617 was used in the final detailed calculation while the original funding of \$12,918,298 was reported in the annual ROI Report.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget and report any discrepancies or changes from proposed calculation to actual calculation used.

Finding

There were no specific measurable criteria included in the original budget approved by the TMD.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

There were no specific measurement requirements in the budget approval process.

Procedure

4. Request recipient to complete template on how ROI was computed and provide data used in the calculation.
 - a. Method for calculating total room nights.
 - b. What information was collected through surveys, studies, questionnaires, or other?
 - c. If an outside consultant was used to obtain data, what parameters and directions were given to the consultant?
 - d. Provide copies of any third party reports.

San Diego Convention & Visitors Bureau Base Program (continued)

Procedure (continued)

- e. Summary of data obtained with backup detail. RRR may call participating hotels to verify data, if applicable.
- f. If funding was only a portion of program costs, how was other funding taken into account in calculating ROI?
- g. Were only incremental nights taken into account? (i.e. For an event that would take place regardless of TMD funding, was there a determination of how many room nights would have been expected without TMD funding? Was this taken into account in the ROI calculation?)
- h. Where data relied on sampling, provide method of extrapolation for RRR review.

Finding

4a. Total room nights were calculated based on the combination of room nights generated from advertising, room nights booked on the ConVis website, and group room nights. Advertising room nights totaled 559,505 and were calculated based on a study performed by Taylor Nelson Sofres Brand and Communications ("TNS"), a consultant specializing in market research, see 4b below. Website room nights totaled 14,240 and represent actual nights booked through the website. Hotel meeting nights totaled 641,037 and consist of each group meeting booked through ConVis. These meetings have a booking notice signed by the hotel to verify the room nights booked. At the end of FY 2009, a review of hotel meeting nights was completed by the Hospitality and Tourism Management Program at San Diego State University.

4b. The information used to calculate the total advertising room nights was based on a study conducted by TNS. TNS conducted two waves of surveys in order to quantify the effectiveness of ConVis advertising. In the first wave, residents of various markets in which advertising was done were asked to indicate their awareness of various ads and ad campaigns sponsored by ConVis. A total of 17,831 households completed the first survey. Of these 17,831 households, 5,212 indicated they were ad aware and participated in the second survey in order to determine their travel behavior subsequent to the first survey. The results of the first survey indicated that approximately 47.6% of households in the spot markets of San Francisco, Phoenix, Las Vegas, and Sacramento were ad aware and 5.8% of the remainder of the Western United States were ad aware. When the second wave households were later contacted, approximately 10.2% reported having travelled to San Diego and staying in paid accommodations.

4c. TNS was engaged by ConVis to measure the number of travelers to San Diego who were influenced by the advertising programs sponsored by ConVis. TNS did not attempt to estimate the number of TMD room nights associated with the travelers influenced by advertising (see 4g. below).

4d. We obtained a copy of the advertising campaign ROI study prepared by TNS and agreed the findings in the report to the ROI calculation without exception. We also obtained a copy of the report on hotel meeting sales prepared by the Hospitality and Tourism Management Program at San Diego State University and agreed the findings to the number

San Diego Convention & Visitors Bureau Base Program (continued)

Finding (continued)

of hotel meeting room nights used in the ROI calculation with an exception of 130 room nights being underreported by ConVis in their ROI calculation. A summary of bookings made through the sandiego.org website was also obtained and agreed to the ROI calculation without exception.

4e. A summary of website bookings was obtained and agreed to the number of sandiego.org hotel bookings included in the total room nights calculation.

4f. Only TMD funding taken into account in the ROI calculation was funding from the TMD. As noted in 4g. below, ConVis included only estimated TMD room nights in its ROI calculation.

4g. Hotel meeting room nights were those that were booked with TMD properties in San Diego for which ConVis received a signed booking notice. Advertising room nights were based on the study conducted by TNS as described above. Because the TNS study did not attempt to differentiate between TMD and non-TMD room nights, ConVis estimated that 80% of hotel bookings were TMD bookings. ConVis based this estimate on city transient occupancy tax ("TOT") being approximately 80% of county TOT. This percentage was then applied to the total number of hotel room nights estimated in the TNS study to estimate the number of TMD hotel bookings. In order to estimate the effect of incremental room nights, TNS asked the survey participants if they had booked travel in San Diego prior to seeing or hearing the ad and deducted those nights from the total number of hotel room nights.

4h. We obtained a copy of the TNS report that describes the findings and method of sampling for its study, as described in 4b. above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in the Western United States. Data collected by TNS during their survey was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights generated by the various ads and ad campaigns sponsored by ConVis.

Procedure

5. Test ROI calculated.
 - a. Trace total room nights ("TRN") from source data to ROI calculation.
 - b. Trace average room rate used in calculation to approved rate per contract.
 - c. Agree funding amount to award.
 - d. Recalculate ROI and report on discrepancies or mathematical errors.
 - e. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.

San Diego Convention & Visitors Bureau Base Program (continued)

Procedure (continued)

- f. If applicable, select a sample of recipient data and re-perform procedure. For example, discussion with hotel manager regarding block of rooms that was associated with the event. Any variances will be summarized.
- g. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated.
 - i. Who designed criteria? Recipient or consultant?
 - ii. How were results collected?
 - iii. Do they feel measurement was appropriate for desired calculation?
 - iv. As an independent consultant are there alternative methods that they would recommend to provide more accurate results?
- h. Summarize how "incremental" room nights are taken into account by recipients tested.
 - i. Source of data regarding room nights that would be sold without any funding?
 - ii. Is source information objective and consistent with other programs?

Finding

- 5a. *We agreed the total room nights calculation to the source data described in procedure 4 above and agreed it to the detailed ROI calculation with no exceptions.*
- 5b. *We agreed the average room rate used in the detailed ROI calculation to the information provided by Smith Travel Research, a consultant specializing in hotel performance trends.*
- 5c. *The funding amount reported by TMD of \$12,918,298 agreed to the amount ConVis used in their ROI calculation. The revised funding of \$13,825,617 is used in the final ROI calculation*
- 5d. *We recalculated the detailed ROI without exception.*
- 5e. *See above information in procedure 4 for detail of information collected.*
- 5f. *This procedure is not applicable. We relied on the report dated October 8, 2009, provided by the San Diego State Hospitality Tourism and Management Program for total number of group room nights reported in the ROI calculation. An exception of 130 room nights being under reported by ConVis was noted in the report.*
- 5g(i). *TNS designed the criteria for measuring advertising ROI.*
- 5g(ii). *The results were collected through two surveys. TNS selected panels that demographically represent the population of the Western United States to participate in the initial wave of surveys. The first wave of surveys was designed to determine awareness of the various ads and ad campaigns sponsored by ConVis. The second survey was taken of travelers who indicated that they were ad aware and was designed to measure their visits and hotel stays in San Diego.*

San Diego Convention & Visitors Bureau Base Program (continued)

Finding (continued)

5g(iii). TNS feels that the measurement of advertising room nights generated from ConVis advertising and ad campaigns was appropriate.

5g(iv). As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate. They would not recommend an alternative method of collecting results.

5h(i). See findings 4f, 4g, and 4h above regarding the attempt to isolate only TMD room nights associated with TMD funding. There was no attempt to isolate the impact of efforts of other organizations on TMD room nights in San Diego.

5h(ii). See comparison of ConVis and North ConVis Base Program ROI calculation on pages 3 and 4.

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

We will report on these findings when our report is issued on the remainder of the programs.