The San Diego Tourism Marketing District is a nonprofit, mutual-benefit corporation dedicated to improving tourism and hotel room night consumption in the City of San Diego.

Purpose
The San Diego Tourism Marketing District (SDTMD) provides a private, nonprofit funding vehicle to stimulate hotel room demand through tourism promotion, marketing and advertising programs. The judicious allocation of these resources creates a positive economic, fiscal and employment impact on lodging businesses in the City of San Diego.

Goals
- Enhance destination marketing
- Enhance tourism activity
- Increase hotel room night consumption/occupancy
- Compete aggressively with major travel markets
- Deliver $10.5 million in Transient Occupancy Tax annual savings to the City of San Diego General Fund (Total: $52.5 million over five years)
- Raise approximately $25 million in assessments annually
The San Diego Tourism Marketing District enters into its fourth year with the momentum of proven strategies and successful performance trends. Because the SDTMD was the first district of its size in California, the learning curve was understandably steep; everything from the application process to final production audits had to be generated from “scratch.” However, under the stewardship of a board that comprised experienced tourism executives from assessed properties, the SDTMD created a solid foundation for growth. The original SDTMD management plan mandated clear parameters for contractor performance metrics based on hotel room night production, strict auditing guidelines and transparent oversight to ensure an aggressive vetting process for the deployment of all TMD funds — a process that has garnered steadily increasing contractor ROIs each year.

In FY2009 ROI was approximately 16:1 and in FY2010 ROI exceeded 18:1. Though final third-party audits are pending, the preliminary stated SDTMD contractor ROI results for FY2011 are approximately 20:1, with TMD funds directly supporting the production of more than $436 million in hotel room night revenue.

During FY2011 (July 1, 2010 to June 30, 2011) more than $22 million in TMD assessment fees were distributed through the public application review process at our Brown Act board meetings. The funds were disbursed to San Diego Convention & Visitors Bureau (ConVis), the San Diego North Convention & Visitors Bureau (SDNCVB) and a variety of special event organizations that drove significant visitation to San Diego and produced hotel room night revenue for the TMD hotels. Most awards were to the highest performing contractors from the SDTMD’s first two audited years, while newly funded programs demonstrated the promise of room night production and long-term growth potential.

Additionally, to leverage economies of scale, brand equity and regional TMD hotel ROI, the SDNCVB chose to subcontract their sales and marketing efforts with ConVis. A similar partnership agreement is now in place between the CVBs and the San Diego Sports Commission. The initial results for these partnerships show great promise in maximizing economies of scale, solidifying and elevating San Diego’s tourism brand and increasing room night production within the District.
As the third largest industry in the City — employing approximately 169,700 San Diegans — the stakes are high for San Diego tourism. Recent ConVis studies report that approximately 15.1 million overnight visits are generated annually from nearly 30 million visitors to San Diego each year. It is estimated that about half of those overnight visits were in hotels and thus generated Transient Occupancy Tax (TOT) revenue for the City. Those visitors to San Diego directly spent approximately $7.1 billion and created an overall annual economic impact of $16.6 billion to the San Diego economy. Without a successful tourism industry, San Diego faces a loss of jobs and a decline in economic health.

In retrospect, the creation of San Diego’s TMD, formed just prior to the “Great Recession” of 2008, could not have come at a more critical time. By providing substantial funding to a variety of San Diego events and marketing campaigns, the TMD created opportunities for growth that would not have happened otherwise. When compared to competing cities, the performance results for San Diego as a destination city have proven the TMD’s invaluable impact on hotel room night production for assessed hotels and TOT production for the City of San Diego.

As the sunset of the five-year trial period for the TMD rapidly approaches, the ultimate question remains: Is it working? According to audited data, the answer is yes. In the first three years, more than $68 million in TMD funds were reimbursed to approved contractors that yielded 9.3 million room nights and directly supported the production of more than $1.3 billion in TMD hotel room night production.

Another key indicator that the SDTMD works is that the cities historically competing with San Diego to attract visitors are now copying the innovative TMD model pioneered by San Diego. There are now 61 TMDs in the State of California alone; one of the most recent to be approved was in Los Angeles.

As our original TMD trial contract approaches renewal, new TMDs continue to emerge and level the playing field, especially in regional markets. They are an ever-present reminder that competition for each visitor is fiercer and that San Diego’s prosperity is directly tied to the tourism industry — the future of which depends on how effectively it can market, sell and promote the city. Our SDTMD has the experience, momentum and proven strategy and tactics to build on the hard work and success of its foundation years. Now and in the future, we must use these advantages to brand San Diego perpetually in the minds of the consumer as the best destination for any group or leisure travel.

In closing, we thank the San Diego City Council for their assistance in creating the SDTMD, and we thank Mayor Jerry Sanders for granting his final approval, which put San Diego ahead of the curve when it implemented the TMD in 2008. With strong leadership and commitment from our staff, partners and Board, the SDTMD has grown into a powerful public-private partnership that makes vital contributions to our city’s economy.
The SDtMD is a nonprofit organization consisting of 183 lodging business owners and managers committed to maintaining San Diego’s leadership in the visitor industry. This collaborative effort is modeled after other successful Tourism Business Improvement Districts (TBIDs)—types of partnerships in which business owners self-assess fees and use them to create demand for tourism. SDTMD’s privately levied, mutual-benefit fee structure is an alternative to increasingly limited public funding resources for tourism, and is allocated for certain categories of expenditure and fixed funding. A minimum of 50% of SDTMD assessments are distributed to ConVis to support long-term marketing.

Additional funds are competitively awarded to local tourism groups and event organizers that demonstrate strategies and tactics designed to aggressively promote San Diego and capture overnight visitors. SDTMD’s creation as a funding engine for tourism marketing acknowledges tourism’s vital role in the local economy and reflects an ongoing, unified public-private effort to encourage and finance destination marketing.
How the SDTMD Works
In April 2008, the City of San Diego agreed to a five-year contract to implement the SDTMD. Per the agreement, the SDTMD does not represent a marketing entity, but rather a funding engine that drives promotion of San Diego to enhance tourism and hotel room night consumption.

Benefits

Relieve the City of certain tourism support obligations
Thus far, $5.3 million (FY2008), $10.6 million (FY2009), and for FY2010 through FY2012, projections of $10.5 million per year (five-year projected total of $52.5 million at FY2008 level of support)

Raise approximately $25 million in assessments annually

Protect the San Diego Transient Occupancy Tax
Maintain and increase San Diego's market share against our regional and domestic competition
183 hotels in the City of San Diego with approximately 38,908 rooms

Only hotels with 70 or more rooms are assessed

Assessment equals 2% of gross hotel room rate in addition to the 10.5% Transient Occupancy Tax (TOT)

Assessments may be passed on to guests

Hotel operators must remit assessments on a monthly basis (and separately from TOT collections)

SDTMD Contractors

All contractors must undergo an application process that clearly articulates how they will benefit hotel occupancy in the City of San Diego

Successful applications must clearly describe the strategies and tactics for delivering room nights, as well as estimated projected gross room revenue

All ROI results are subject to third-party audit

Assessments

Assessment fees are strictly dedicated to securing visitor traffic and room nights through a diverse mix of marketing programs, projects and activities, including:

> Advertising
> Marketing promotion
> Direct sales
> Press and/or public relations
> New product development
> Prospective marketing and visitor services
> Marketing research
> eMarketing and Web strategies
> Partnership marketing
> Special events promotion
Market Assessment

In 2010, San Diego maintained prominence as a preferred travel destination with 29.9 million day and overnight visitors, and they spent nearly $7.1 billion at local businesses—figures slightly higher than one year earlier. Predictably, San Diego’s diversity of exciting special events and lifestyle activities, as well as its beautiful scenery and weather, elicits the envy of the nation and the attention of travelers. These are important points of pride for our unique coastal metropolis, as well as foundation elements upon which to advance tourism.

Ultimately, tourism powers cities. An aggressive spirit of moving forward and not resting on reputation is vital. The SDTMD acknowledges this urgency and in cooperation with San Diego’s hospitality community is poised to attract even more tourism dollars. They, along with other local business and political leaders, recognize that the time is now to continue to harness the three-years-and-growing momentum of the SDTMD. FY2011 represented a third consecutive year of major economic challenges for the nation and competition for tourism dollars remains ever-intense throughout domestic and regional markets. With its prime focus on increasing hotel room night consumption, the SDTMD is dedicated to giving San Diego an advantage in the fight for business and leisure travelers.

Domestically, in the tourism wars, San Diego squares off against Las Vegas and Orlando, among other markets, as well as Western region staples Los Angeles, Anaheim, San Francisco and Phoenix. Informed by and inspired by the SDTMD, Los Angeles voted in July 2011 to create its own tourism marketing district. Further north, Seattle is the latest prominent city to consider this direction. Imitation is a form of flattery, but as it pertains to the SDTMD, it has become other cities’ tool for chipping away at San Diego’s tourism market share. Fortunately, the SDTMD exists as a proven and still ever-evolving catalyst for growth and an economic engine that performs specifically to support the best interests of the city’s visitor industry.
As SDTMD’s largest contractor, ConVis continues to play a significant role in attracting leisure and business travelers for overnight and extended visits. Year-round, with a seasonal focus, ConVis’ diversified advertising — television, radio, print, Internet — in drive markets drew desirable demographic targets such as couples and families to San Diego for a variety of attractions. Additionally, its Group Sales and Travel Trade teams targeted corporate clients and large membership organizations, securing new room nights for 2011, 2012 and potentially beyond. For FY2011 ConVis’ ROI was 24:1. SDTMD not only supplements ConVis’ marketing efforts, but unique to many of California’s 62 tourism marketing districts, it also allocates funds to another local Convention and Visitors Bureau as well as carefully vetted organizations. Below are the funding percentages as outlined in the SDTMD Management Plan:

- **Minimum assessment amount to ConVis - 50%**
- **Variable Funding by Competitive Application - 32%**
- **San Diego North CVB - 10%**
- **Opportunity/Catastrophe Reserve - 5%**
- **SDTMD and City Administration - 3%**
Hotel Performance and Impact

Tourism is San Diego’s third largest industry. The SDtMD continued to work closely with ConVis and other contractors to promote the City of San Diego as a prime travel destination. This winning strategy delivered for the third year in a row — the city saw increases yet again in hotel visitors and hotel room demand as the tourism industry continued on a slow, but steady recovery. As of FY2011, SDtMD hoteliers realized a 69.7% occupancy rate, reflecting a 4.4% increase. The average daily rate (ADR) was $124.01, up 2.6%.

According to the U.S. Travel Association, travel volume and spending is showing improvement across the nation, despite substantially increased travel and fuel costs and continued inflation. This July assessment was joined in September by a PKF Hospitality Research report which forecast that room revenue will rise 7.2% in 2011. As consumers continue to gradually spend more travel dollars, the SDTMD will continue to support San Diego’s lodging market against regional competition. SDTMD’s focus is the delivery of hotel room nights, which in turn generate local sales tax revenues and increase both direct and indirect visitor spending. Such sustained and increased momentum in the vital area of tourism also creates an environment able to sustain and even increase employment in San Diego’s tourism industry workforce of approximately 169,700.

1 San Diego Convention & Visitors Bureau, 2011 Visitor Industry General Facts
2 San Diego convention & Visitors Bureau, Monthly Tourism Industry Report, July 2011
3 California Employment Development Department (EDD), Labor Market Information Division, September 2011
### SDTMD Hotels

Since the SDTMD’s inception, the dynamic between the organization and its contractors has had a positive impact on lodging businesses in the City of San Diego. The SDTMD’s judicious allocation of funding from assessed properties to competitively chosen, local contractors has resulted in growth in hotel room nights and revenue that strengthen the local economy and its vitally important tourism industry.

By design, at least 50% of the SDTMD’s funding goes to ConVis. In addition to dedicated funding to ConVis, the SDTMD utilizes an innovative and vigorous vetting process to select new contractors or renew previous ones. The selected contractors have either proven promotional track records and/or long-range potential. All must have clearly defined marketing strategies and tactics that complement and enhance San Diego’s tourism brand through unique attractions and events that fill hotel rooms.

The SDTMD’s performance over the first three years reflects positively on its participating contractors and hotels. Consistently, the program of assessments support and aid the development of measurable tourism promotion and marketing programs. Specifically:

**FY2009.** Among the successful programs made possible with TMD funds, ConVis was able to launch an unprecedented national cable advertising campaign in tandem with a substantial online travel agency campaign. That year, Smith Travel Research reported that San Diego had outpaced the percentage of total market share when compared to other cities in the region, including Anaheim, Seattle, Phoenix and Los Angeles. San Diego was second only to San Francisco, an international gateway/airline hub. The overall audited ROI for the SDTMD’s inaugural year was approximately 16:1.

**FY2010.** Despite the global recession and overall hotel occupancy being down in San Diego, SDTMD assessed hotels performed well against all competitive sets. Specifically, SDTMD hotels had an occupancy of 67.6%, which was 2.6% higher than San Diego County overall. Also, quite significantly, SDTMD properties’ Revenue Per Available Room (RevPAR) ended the fiscal year at $88.56 — an impressive figure that ranked San Diego seventh among the top 25 U.S. markets, behind only New York, Oahu, Miami, San Francisco, Washington, D.C. and Boston. The overall audited ROI for the SDTMD in FY2010 increased to 18:1.

**FY2011.** Cumulative ROI (pending final audit) for all SDTMD contractors in FY2011 is 20:1. The average contractor ROI is 10:1 with some contractors achieving ROIs over 20:1. For example, Competitor Group, the organizers of the Rock ‘n’ Roll Marathon, leveraged their $145,510 of TMD funds into more than 27,200 room nights and over $3.6 million in revenue, a 25:1 ROI.

Many contractors, such as the San Diego Sports Commission and the San Diego Crew Classic and received funding throughout the SDTMD’s existence. Each exemplifies how SDTMD funding supports year-over-year growth, and ultimately, guides contractors to a level of success where they become established, self-sustaining San Diego traditions.
SAN DIEGO CONVENTION & VISITORS BUREAU

ConVis is the sales and marketing engine for the San Diego region. The organization is charged with monitoring the health of the tourism industry, promoting all areas of the region, and stimulating inbound travel. Despite the impact of the global economic downturn and a rapidly changing marketplace, ConVis has been nimble and aggressive. Program of work shifts and new marketing funds from the SDTMD have helped ConVis in its efforts to win market share and tout San Diego as a diverse tourism market, appealing to leisure and group travelers, and international, domestic and drive market visitors. ConVis highlights San Diego as a preferred destination brand, known for delivering a great experience and value.

Sales Highlights:

• Booked 734,127 Definite Room Nights, over 56,000 more than FY2010, achieving 95% of the Sales Division’s goal.

• Generated 2411 leads, an increase of over 13% from FY2010.

• Conducted 11 in-market customer events in cities including Portland, Seattle, Atlanta, Houston, Dallas and Denver. These events generated over 40 RFPs.

• Represented San Diego at various industry trade shows throughout the year, including the Consumer Electronics Show in Las Vegas and the Elite Meetings Alliance event at Paradise Point, capturing over 3,600 potential room nights combined.

• Achieved sales gains in Northern California through one-on-one sales calls, trade shows and customer events, including a sale of 2,700 rooms that could potentially move business out of Las Vegas for a 10-year period.

Sales Highlights (continued):

• Utilized the Group Sales Team to regularly administer best practices surveys to determine what planners need most from tradeshows, and continued the Site Experience Program with customers and hotel partners.

• The four-person Travel Trade Development Team continued their focus on global promotion of San Diego through participation in 28 tradeshows and sales missions. They also hosted 25 customer familiarization tours in FY2011.

Marketing Highlights:

• The FY2011 base program included advertising, promotions, public relations, Web/interactive and travel trade development.

• The FY2011 base program generated $17.6 million in unpaid media value: $13.2 million was through unpaid editorial, $2.86 million was through unpaid media promotions and the remainder was through co-operative advertising. All marketing efforts, including e-mail marketing, social media and search engine initiatives generated over six million visitor inquiries, bringing the results to 114 percent (unpaid media) and 129 percent (visitor inquiries) of the overall FY2011 goal, respectively.

• Promotions generated over $2.8 million in unpaid media exposure in FY2011, surpassing projections by more than $360,000. ConVis was able to secure a sponsorship with the Holiday Bowl this year, valued at over $66,000, which included a 30-second commercial to run nationally during the game, two 15-second public announcements, and name recognition on the Jumbotron screens.

• Launched ConVis Connect in Spring 2011. This corporate blog provides members and other community stakeholders with sales and marketing updates, industry news and a forum for feedback.

• Selected Threshold Interactive to design and build the new ConVis website, expected to launch in December 2011.

Well hello, sunshine.
Marketing Highlights (continued):

• International media coverage included prominent U.K. publications such as *The Daily Telegraph* and *Sainsbury’s Magazine*. The PR team hosted two British Airways media groups in celebration of the airline’s inaugural San Diego to London direct flight, consisting of travel and business media from the U.K., Russia, Western Europe and Scandinavia.

• The Online Travel Agency Campaign continued to generate year-over-year growth in room nights through advertising on three major online travel agency sites: Trave-locity, Expedia and Orbitz. In FY2011, the campaign generated 1,191,971 room nights, 36,000 more than FY2010 and overall revenue increased by 8%.

• ConVis sought to update its “Happy Happens” advertising campaign after a successful three-year run. Concepts leveraged San Diego’s “Sunny Outlook” platform based on input from key stakeholders and consumer research. Feedback was also gained from visitors and new prospect groups in Denver, Los Angeles and San Francisco. The result: a new “Happiness is Calling” campaign to replace “Happy Happens.”

Seasonal Program Highlights

• ConVis and SeaWorld partnered for a joint co-op advertising campaign, with TV, radio and online promotions in the Los Angeles, Phoenix, Tucson, Salt Lake City and Las Vegas markets. ConVis negotiated station partnerships with the local NBC, Fox and CBS affiliates in Los Angeles and Phoenix. In both markets, the partnership included custom San Diego news and travel segments, live remotes from SeaWorld San Diego, in-studio segments, weather and trivia sponsorships, event content in email newsletters, online banner ads and “win-a-trip to San Diego” sweepstakes.

• The “Choose Happy” spring advertising campaign rolled out on February 28, 2011 in the San Francisco, Denver and Salt Lake City markets with television, radio, billboards and online promotions. The campaign ran through June and included an accompanying print campaign with full-page color magazine ads in *Golf Digest, Sunset Magazine* and *The New Yorker*.

• ConVis and the San Diego Convention Center Corporation (SDCCC) teamed to host the closing luncheon in Las Vegas for the annual Professional Convention Management Association (PCMA) conference in January 2011. PCMA represents 3,000-plus meeting planners and the ConVis-SDCCC destination marketing effort secured the organization’s business for its January 2012 conference. Hosting the 2012 conference will provide the San Diego hospitality community with an exceptional opportunity to showcase the city to PCMA’s membership which represents annual buying power of $18 billion.

Seasonal Program Highlights (continued):

• ConVis and SDCCC will capitalize on the 2012 PCMA conference to secure future group business, convert existing tentative business and stimulate first-time citywide and hotel meetings from PCMA member associations.

• ConVis continued the momentum of the Los Angeles fall campaign with a fall/winter print campaign that included full-Page ads in newspapers and magazines with a combined circulation of over 17,768,000, including the *Los Angeles Times, Food & Wine, National Geographic, Vancouver Sun* and *Toronto Star*. ConVis also ran a robust co-op campaign in October and November with *Budget Travel, Sunset* and the *Los Angeles Times* that included full-page ads matching advertorials and a custom email to 375,000 Western region recipients.

• The Los Angeles fall advertising campaign launched on August 30, 2010, anchored by a television partnership with Fox 11 that featured San Diego commercials, banner ads on the FOX website, a Win-a-trip to San Diego sweepstakes, and custom segments that highlighted different regions of San Diego. In addition, there were radio spots, online ads on TripAdvisor and Yahoo, cooperative San Diego newspaper sections that ran in the *Los Angeles Times*, and a freestanding newspaper insert distributed to six Western region markets.

### 24:1 Total FY2011 Return on Investment

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NOTE: Projected ROI. Final reports pending and due December 2011.
The San Diego North Convention & Visitors Bureau (CVB) provides visitor information for the 2,000 square mile San Diego North region from the coastal communities of La Jolla to Oceanside and east to the valley, mountain and desert communities of Escondido, Julian and the Anza-Borrego Desert. The CVB works closely with its members to promote San Diego North as a premier, year-round resort destination. This year the North CVB contracted with the San Diego Convention & Visitors Bureau to develop a strategic marketing plan toward executing sales and marketing efforts with improved efficiencies and to produce stronger return on investment and economic benefit.

Sales Highlights:
- Sales Division generated 53 new leads for the North hotels for a total of 15,117 room nights, including 1,102 definite room nights.
- Attended three sales conferences in San Diego and one in Chicago and identified 90 potential clients from the financial, technology, e-marketing and food and beverage sectors.
- Helped sponsor BIOCOM’s annual golf event in April with access to 140 golfers and new contacts from BIOCOM’s wide range of corporate members.

Marketing Highlights:
- Developed a new, two-pronged advertising approach to address the range of product and value propositions in the region. One target is an affluent audience and the other is a value-oriented audience.

Marketing Highlights (continued):
- Toured AAA offices in Phoenix in a “wrapped” bus featuring North Country products and experiences. The bus can also be used for client events and sales calls promoting San Diego North.
- Launched a $200,000, four-week summer ad campaign in Los Angeles, Phoenix, Tucson and Las Vegas that consisted of traffic radio, digital outdoor boards and Web presence on sandiego.org/North County. Campaign featured North County events such as the Del Mar races and the La Jolla Playhouse.
- Introduced “Tee Box Derby,” an online golf game to endorse San Diego golf, including three top North County courses: Maderas Golf Club, Rancho Bernardo Inn Golf Course and Torrey Pines Golf Course. Promotion included banner ads on leading golf-centric websites.
- Partnered with KTNV Las Vegas (an ABC affiliate) to give away 80 trips to San Diego during the summer. Prizes included accommodations at the Radisson Rancho Bernardo and passes to the San Diego Zoo Safari Park. This promotion was mentioned in every newscast for more than a month and on their “Morning Blend” show. Additionally, KTNV visited the Safari Park for a live remote broadcast with nine live reports and interviews. The promotion generated more than 6,700 entries.

ROI: 4:1 Total FY2011 Return on Investment

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ROI results as reported by TMD contractors. All results are subject to third party audit to be completed by February/March 2012.
SAN DIEGO FILM COMMISSION (CREWS ONLY)

The San Diego Film Commission (SDFC) is dedicated to promoting San Diego as a film-friendly region, coordinating and facilitating the permission process, and serving as a liaison with local government, the community, and the production industry. SDFC continues to be supported and funded as an economic development program by the City, County and the Port of San Diego—all recognizing the increased jobs for San Diegans, priceless media exposure, and positive economic and civic impact generated from filming. Today, SDFC remains one of the most effective film commissions in the world, recognized for its services and dedication to fostering the growth of filmmaking in the San Diego region.

Marketing Highlights:

• Reality shows on ABC, the Style Network, MTV and HGTV accounted for hundreds of hotel room nights in FY2011. MTV’s Mad alone filmed three episodes in locations ranging from Mission Valley to Rancho Bernardo.

• The SDFC successfully attracted two television pilots from the Lifetime Network and A&E for partial filming, providing nearly 500 room nights for San Diego hotels.

• Travel industry projects originating in Japan, Canada and Mexico came to San Diego. Rose Wedding Formalities from China, a show with a 160 million-person viewership, filmed in November and featured several San Diego icon shots. Such international productions promote our city, at no cost, when they air across the globe.

• Car commercial projects accounted for over 350 city hotel room nights last year, as San Diego hosted Ford, Nissan, Bugatti, Mercedes, VW, Hyundai, GMC and Jeep for their national commercial spots.

• San Diego provided the backdrop for numerous popular brands in diverse industries, including Bank of America, McDonalds, OnStar, Pfizer and Calvin Klein, which added up to over 1,200 room nights.

• Harley Davidson and Marks Catalog (from Canada) visited San Diego for still photo campaigns, securing nearly 30 and 200 room nights, respectively.

• The SDFC attended the California on Location Awards in Beverly Hills in October of 2010. Attendance surpassed 500, including location crews from popular programs such as Mad Men, NCIS: Los Angeles and House, providing SDFC the opportunity to develop relationships with location managers and promote San Diego as an attractive site for future projects.

2:1

Total FY2011 Return on Investment

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<td>Total Room Night Revenue</td>
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Marketing Highlights (continued):

• The SDFC published the 2011 San Diego Film and Video Resource Guide in November of 2010. Hundreds of San Diego hotels are listed for free in the Guide, which is sent with all filming inquiries received by the Film Commission. It is one of the most effective marketing tools to attract filming to San Diego.
San Diego Sports Commission (Base Funding)
The San Diego Sports Commission (SDSC) promotes its home region as the preferred destination for sports events and activities, and fosters economic development and quality of life through sports. The organization has upgraded its capabilities by successfully adding sports expertise from within and beyond the region and has transitioned its focus toward becoming San Diego’s Sports Marketing Agency.

Marketing Highlights:
- SDSC served as, or in support of the Local Organizing Committee for several major events, including:
  - USTSA World Series
  - Aflac All-American Baseball Classic
  - USA Triathlon Youth Nationals
  - Lucas Oil AMA Nationals
  - International Sports Heritage Association Conference
  - Mountain West Conference Women’s Soccer Tournament
  - Fed Cup Final
  - Amigos Tennis Cup
  - Battle at Rancho Bernardo Inn (SDSU Women’s Golf)
  - USATF Cross Country National Championships
  - USA Taekwondo National Qualifier
  - NCAA Men’s Golf Regional
  - US Rugby Men’s & Women’s DII College Playoffs
  - US Rugby Men’s Senior Club Playoffs
  - Senior Club All-Stars: Women’s Championship
  - Adrenaline Lacrosse Classic
  - Pacific Lacrosse Festival
- SDSC had a productive year and surpassed its 2011 goals, generating over 1,000 more room nights and over $20,000 more revenue for San Diego hotels than originally targeted.

Marketing Highlights (continued):
- SDSC hosted its first conference at the Hall of Champions with the International Sports Heritage Association’s annual conference, a gathering of sports museum professionals from around the globe.
- SDSC worked with the United States Tennis Association to host the prestigious Fed Cup by BNP Paribas Final at the San Diego Sports Arena (now called Valley View Casino Center) as well at the 2010 Amigos Tennis Cup at the La Jolla Beach and Tennis Club. SDSC will leverage its role in the success of these events to strengthen its relationship with local, national and international tennis organizations to help bring future tennis events to San Diego.
- SDSC expanded its presence in the national track and field market by partnering with USA Track and Field to host the 2011 Cross Country Championships. This event included more than 550 participants and drew more than 1,000 spectators from around the country.
- SDSC successfully marketed the Town & Country Grand Exhibit Hall for multiple mat sports events, including the USA Taekwondo National Qualifier, which far exceeded room pick-up expectations of the event organizer, reaching over 125% occupancy of the room block.

| FY2011 Funding Amount | $363,391 |
| Hotel Room Nights | 20,056 |
| x Average Daily Rate: ADR | $133.80 |
| Total Room Night Revenue | $2,683,626 |
SAN DIEGO SPORTS COMMISSION (ORACLE RC44 SAN DIEGO CUP)

The Oracle RC44 San Diego Cup laid the groundwork for the future of sailing events in San Diego. The rewards are already being seen in the fact that America’s Cup World Series events will be taking place on San Diego’s waters in November 2011. The America’s Cup is a solidly international event, with other host cities in Europe, South America and the Middle East.

Marketing Highlights:
• The Oracle RC44 San Diego Cup was the first international regatta in San Diego since 1995 and included 11 RC44 sloop sailboats from nine different countries.
• The RC44 Oracle Cup showcased tight match racing and fleet racing inside San Diego’s waterfront, often within feet of the Broadway Pier. Such close proximity viewing for spectators has contributed to increased interest and anticipation among sailing aficionados for the America’s Cup races in San Diego.

SAN DIEGO BOWL GAME ASSOCIATION

The San Diego Bowl Game Association produced two college football bowl games played at Qualcomm Stadium: the Holiday Bowl and the San Diego County Credit Union Poinsettia Bowl. The 33rd annual Holiday Bowl featured the Nebraska Cornhuskers and the Washington Huskies. The 7th annual Poinsettia Bowl featured the San Diego State Aztecs and the U.S. Naval Academy. In addition to the influx of room nights during the off-peak season, the games were nationally televised on ESPN and featured San Diego’s sunny winter weather.

Marketing Highlights:
• During the games’ respective telecasts on ESPN, the on-air talent frequently mentioned the city and the network featured a minimum of seven San Diego “beauty shots” which showcased San Diego as a destination city to the combined eight million-plus viewing audience.
• The Holiday Bowl and the Poinsettia Bowl worked closely with the participating schools to maximize promotion of game tickets they were required to sell.
• Both games worked with fellow SDTMD contractors — specifically, the San Diego Convention and Visitors Bureau — to promote San Diego as a travel destination.

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<td>Total Room Night Revenue</td>
<td>$498,266</td>
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<table>
<thead>
<tr>
<th>9:1</th>
<th>Total FY2011 Return on Investment</th>
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</thead>
<tbody>
<tr>
<td>FY2011 Funding Amount</td>
<td>$375,000</td>
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<tr>
<td>Hotel Room Nights</td>
<td>31,630</td>
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<td>x Average Daily Rate: ADR</td>
<td>$105.00</td>
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<tr>
<td>Total Room Night Revenue</td>
<td>$3,321,150</td>
</tr>
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</table>
CALIFORNIA STATE GAMES

The 2010 California State Games were held July 9 through July 11 and hosted 7,547 athletes, who competed in 22 sports, including archery, badminton, baseball, basketball, BMX, gymnastics, judo, junior lifeguards, karate, powerlifting, skateboarding, soccer, softball, surfing, swimming, synchronized swimming, table tennis, taekwondo, track and field, water polo, weightlifting and wrestling. The 2011 California Winter Games held ice hockey, figure skating and roller skating events in February and March and hosted 1,665 athletes.

The California State Games is the only statewide Olympics-style event held each year and has become a prestigious event on many coaches’ calendars. Athletes venture from throughout the state to compete for medals in these premier amateur events. Since it is a youth event, it appeals to athletes and their families, which prompts many to take a family vacation in conjunction with the Games.

Marketing Highlights:

- The Games hired a part-time marketing manager, who worked with each individual sport to determine the best ways to inform and entice coaches and athletes to attend the Games.
- The Games implemented a successful policy this year mandating that out-of-town ice hockey teams stay at one of the pre-designated hotels located throughout the city.
- The Games focused on attracting Northern California participants by increasing its distribution of printed collateral to events in that region, as well as by attending coaches meetings in various sports. This year, several teams from Northern California decided to come to the Games in San Diego instead of traveling to the East Coast to Nationals.
- For the second consecutive year, the Games used in-house staff to reserve and block rooms, which enabled close, productive relationships with various SDTMD hotels. It also provided convenience for the athletes by placing them in accommodations throughout the Assessment District.

SAN DIEGO CREW CLASSIC

The mission of the San Diego Crew Classic (SDCC) is to produce the premier rowing regatta in the United States. The event seeks to promote the highest ideals of amateur athletics and host a signature event that is a source of pride for the citizens of San Diego. The 2011 Crew Classic attracted several powerhouse collegiate teams to participate in the Copley Cup (men) and the Jessop-Whittier Cup (women).

Marketing Highlights:

- The San Diego Crew Classic enjoyed 17.6% increased participation in 2011, which resulted in over 2,000 more hotel room nights than originally projected.
- The Crew Classic continued its team payout policy, a cornerstone of the Crew Classic growth initiative. The payout to the top-tier collegiate crews who participate ensures a competitive field for these races, which is paramount to the overall success of the regatta. The Crew Classic is now mentioned with greater anticipation throughout the season as these Copley and Jessop-Whittier crews advance in other races around the country.
- After the success of its 2010 inaugural national ad campaign, SDCC expanded its advertising to include several full-page ads in Rowing News Magazine, as well as banner ads on rowing websites and mailings to 2,500 rowing coaches and administrators around the country. This ad campaign contributed to record-breaking registration in 2011.

<table>
<thead>
<tr>
<th>23:1</th>
<th>Total FY2011 Return on Investment</th>
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<tbody>
<tr>
<td>FY2011 Funding Amount</td>
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<td>Hotel Room Nights</td>
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<td>( \times ) Average Daily Rate: ADR</td>
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<td>Total Room Night Revenue</td>
<td>$1,707,129</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total FY2011 Return on Investment</th>
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</thead>
<tbody>
<tr>
<td>FY2011 Funding Amount</td>
</tr>
<tr>
<td>Hotel Room Nights</td>
</tr>
<tr>
<td>( \times ) Average Daily Rate: ADR</td>
</tr>
<tr>
<td>Total Room Night Revenue</td>
</tr>
</tbody>
</table>
Marketing Highlights (continued):

- By highlighting San Diego’s weather and “rowable” in April, a time of year when many crews cannot enter the water, some teams were motivated to extended their stays or make special trips to San Diego to take advantage of the “rowable” water for early season training.

- Several crews that had not previously attended the regatta participated this year, including the University of Alabama. In addition, a large junior program from Connecticut attended, bringing along a large contingent of supportive parents.

- SDCC continued to enhance its video programming, including a one-hour feature of the premier races that was shown seven times on ESPNU to viewership of more than 100,000 households. The broadcast prominently featured San Diego and has provided ConVis, the Zoo and other San Diego entities with free commercial spots in each airing. The video also streamed live on the Crew Classic website during the event and was viewed in more than 1,700 cities and 50 countries around the world.

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SAN DIEGO BAY WINE AND FOOD FESTIVAL

The San Diego Bay Wine & Food Festival is an international showcase of the world’s premier wine and spirits producers, chefs and culinary personalities. Held each November, it has quickly grown into a world-class extravaganza featuring wine-tasting seminars, cooking classes by James Beard award-winning chefs, a celebrity chef luncheon, VIP party, and an elegant reserve tasting and silent auction. The Festival benefits the American Institute of Wine & Food’s culinary arts scholarship program.

Marketing Highlights:

- More than 10,000 wine and food aficionados attended the five-day festival in 2010.

- Participation from 70 of San Diego’s top award-winning fine dining restaurants and chefs.

- Participation from more than 170 wineries from wine growing regions around the world.

- Ranked as one of the “Top 100 Southern California Events” for the fourth year in a row by BizBash Magazine.

- The 2010 Festival launched the Tastemaker Dinner Series, which brought together culinary masters from around the country, San Diego’s top chefs and legendary wineries, to create outstanding food and wine pairing experiences.

- Celebrity chefs and James Beard Award Winners such as Top Chef contestants Brian Malarkey, CJ Jacobson, and Eli Kirshtein; Food & Wine Magazine “Best Chef” Gavin Kaysen; Sam Zion from Sam the Cooking Guy; and Food Network TV Star and acclaimed author Ted Allen, participated in the line-up of exciting and informative cooking demonstrations.

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10:1 Total FY2011 Return on Investment

<table>
<thead>
<tr>
<th>FY2011 Funding Amount</th>
<th>$100,000</th>
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</thead>
<tbody>
<tr>
<td>Hotel Room Nights</td>
<td>8,133</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
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<td>Total Room Night Revenue</td>
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7:1 Total FY2011 Return on Investment

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<thead>
<tr>
<th>FY2011 Funding Amount</th>
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<tr>
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<td>x Average Daily Rate: ADR</td>
<td>$157.66</td>
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<td>Total Room Night Revenue</td>
<td>$328,721</td>
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</table>
MULTI-CULTURAL CONVENTION SERVICES NETWORK

The Multi-Cultural Convention Services Network (MCCSN) is a full service convention and tourism management company. MCCSN aggressively markets and promotes San Diego as a premiere meeting destination to national multi-cultural convention planners and leisure travel groups. MCCSN’s goal is to ensure that visitors have the triple “E” effect: “Experiences that Exceed their Expectations” by connecting clients with the perfect venues and suppliers at the best possible value.

Marketing Highlights:

- MCCSN launched a new website, UniquelySanDiego.com, to promote San Diego as the multi-cultural destination of choice for locals and visitors alike.
- Produced and hosted the three-day San Diego Heart and Soul Multi-Cultural FAM Tour for pre-qualified national ethnic meeting planners to showcase premiere and unique San Diego venues, diverse communities, local attractions, and cultural arts and entertainment. The FAM itinerary also included an educational component that allowed attendees, MCCSN and its key supporters to discuss and develop strategies that will ensure the perpetuation of the multi-cultural industry, locally and nationally.
- Secured four confirmed, contracted meetings and two promising prospects from FY2011 FAM Tour participants.
- Produced over 3,000 room nights and more than $400,000 in hotel revenue for San Diego from diverse organizations including:
  - National Organization of Bilingual Education
  - 2,460 Total Room Nights booked for February 8-17, 2014**
  - National Association of Asian Professionals
  - JAFRA Family Reunion
  - National Association of Hispanic Studies

COMPETITOR GROUP

A Competitor Group Inc. event, the 14th Annual Dodge Rock ‘n’ Roll San Diego Marathon & 1⁄2 Marathon took place on June 5, 2011. The sold-out race benefitted the Leukemia & Lymphoma Society and positioned live bands and cheerleaders along each mile of the scenic course. A two-day Health and Fitness Expo presented by Power Balance, featuring more than one hundred fitness retailers, exhibits and interactive clinics at the San Diego Convention Center, kicked off the race weekend.

Marketing Highlights:

- The marathon had 31,479 registered participants and brought approximately 8,000 more visitors to San Diego above and beyond those running in the race.
- According to post-race surveys, more than 7,500 people registered for the event based on the marketing campaigns put in place using SDTMD funding. Of those, nearly 75% stayed in hotels, which accounted for more than 11,400 room nights, far exceeding the target estimate of 6,190 new room nights.

<table>
<thead>
<tr>
<th>2:1</th>
<th>Total FY2011 Return on Investment Excluding 2014 Bookings</th>
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</thead>
<tbody>
<tr>
<td>FY2011 Funding Amount</td>
<td>$52,500</td>
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<tr>
<td>Hotel Room Nights</td>
<td>3,189</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
<td>$127.00</td>
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<tr>
<td>Total Room Night Revenue</td>
<td>$405,003.00</td>
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</table>

<table>
<thead>
<tr>
<th>8:1**</th>
<th>Total FY2011 Return on Investment Including 2014 Bookings</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
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<td>3,189</td>
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<tr>
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<td>$127.00</td>
</tr>
<tr>
<td>Total Room Night Revenue</td>
<td>$405,003.00</td>
</tr>
</tbody>
</table>
Marketing Highlights (continued):

• Numerous print ads ran throughout the year, including one full-page, full-color ad in one issue of Runner’s World magazine which, according to a post-race participant survey, garnered over 2,500 (8.5%) of the registered participants.

• Produced a six-panel event brochure, 33% larger than previous years. The two extra panels focused on iconic San Diego images and included verbiage provided by the San Diego Convention & Visitor’s Bureau. The brochure was utilized in race “goodie bags” across the country and distributed in key markets, resulting in 2,200-plus participants, according to the post-race survey.

• Implemented a vastly expanded online advertising campaign, including RunnersWorld.com, which has 2.5 million unique visitors and 20 million page views per month, as well as on MapMyRun.com, which has 2.6 million unique visitors and 18 million page views per month. The post-race survey revealed that more than 8% of participants (over 2,600) learned about the race online.

25:1 Total FY2011 Return on Investment

<table>
<thead>
<tr>
<th>FY2011 Funding Amount</th>
<th>$145,510</th>
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<tbody>
<tr>
<td>Hotel Room Nights</td>
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<td>x Average Daily Rate: ADR</td>
<td>$169.44</td>
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<td>Total Room Night Revenue</td>
<td>$3,661,279</td>
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</table>

CRAFT BREWERS GUILD: BEER WEEK

San Diego Beer Week (SDBW) promotes San Diego’s thriving craft beer culture by sponsoring a 10-day, countywide festival that attracts beer tourism, fosters knowledge of San Diego’s regional brewing heritage, and serves as a showcase for local breweries, restaurants, pubs, and other businesses with ties to the craft beer community. The 2nd Annual San Diego Beer Week took place November 5 - 13 and consisted of 477 independent events.

Marketing Highlights:

• SDBW showcased San Diego’s international reputation for brewing inspired beers. The city brought home more medals at the 2010 World Beer Cup than the traditional beer countries of England, Germany and Belgium combined. With the popularity of craft beer on the rise, San Diego is poised to be the capital of beer tourism in the United States.

• Marketing campaign promoted SDBW as an “all-welcome” event that appealed to both novice and seasoned craft brew drinkers, hosting brewery tours as well as sophisticated beer and chocolate pairing events and a final culinary event at the Lodge at Torrey Pines.

• Produced a five-minute highlight video of the 2010 event that heavily promoted San Diego as an international beer and culinary destination. Included video footage of Mayor Jerry Sanders tapping a keg at the kick-off event.

• Offered exclusive rates with SDTMD hotels via the SDBW.org website

4:1 Total FY2011 Return on Investment

<table>
<thead>
<tr>
<th>FY2011 Funding Amount</th>
<th>$50,000</th>
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<td>Hotel Room Nights</td>
<td>1,435</td>
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<td>$125.25</td>
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<td>Total Room Night Revenue</td>
<td>$179,734</td>
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47 48
San Diego Bayfair is San Diego’s largest annual family beach festival and sports competition. A San Diego tradition since 1964, it has grown well beyond its regional attendance base. The three-day beach festival and powerboat racing event, considered the “World Series of Powerboat Racing,” occurred September 17-19, 2010 on Mission Bay. More than 150 powerboat racing teams from every region of the nation competed in over a dozen classes of professional and amateur powerboat racing. Thunderboats Unlimited, Inc. administers the San Diego Bayfair. This non-profit corporation was established in 1964 by a group of committed Southern California racing enthusiasts to promote powerboat racing in San Diego and increase tourism in the beach area.

Marketing Highlights:

• The family beach festival was targeted at regional and national attendance bases, with a heavy emphasis on the military. Free admission was offered to active military and reservists and, for the fifth year in a row, Thunderboats Unlimited partnered with the Warrior Foundation to bring nearly 300 wounded soldiers to the event.

• Promotion included posters around the city, a redesigned website, and an Unlimited hydroplane promoting Air Guard and Degree Men that went on a week-long tour of the greater San Diego area with stops at military bases, a San Diego Padres game at PETCO Park and a visit to Qualcomm Stadium. Thousands of spectators checked out the hydroplane, which was specially wrapped for the Air Guard Championship presented by Degree Men.

11:1 Total FY2011 Return on Investment

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<th>FY2011 Funding Amount</th>
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<td>Total Room Night Revenue</td>
<td>$410,970</td>
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FY 2011 Contractors

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<th>Variable Distributions for FY 2011 Based on Competitive Annual Funding Recommendations</th>
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<tr>
<td>Accessible San Diego</td>
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<tr>
<td>California State Games &amp; Winter Games</td>
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<tr>
<td>CONVIS 2011 Integrated Increment</td>
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<tr>
<td>CONVIS-PCMA Sponsorship</td>
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<tr>
<td>Competitor Group- Rock n’ Roll Marathon</td>
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<tr>
<td>Craft Brewers Guild – San Diego Beer Week</td>
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<tr>
<td>MCCSN: Multicultural FAM Tour</td>
</tr>
<tr>
<td>San Diego Bay Wine and Food Festival</td>
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<tr>
<td>San Diego Bowl Game Association:</td>
</tr>
<tr>
<td>Holiday Bowl and Poinsettia Bowl</td>
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<tr>
<td>San Diego Crew Classic</td>
</tr>
<tr>
<td>San Diego Film Commission</td>
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<tr>
<td>San Diego Sports Commission-Base</td>
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<td>San Diego Sports Commission-SOSEA-RC44</td>
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<tr>
<td>SDSU Certificate Course</td>
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<tr>
<td>Thunderboats Unlimited / SD Bayfair</td>
</tr>
<tr>
<td>SDTMD: BP 2015 Program Framework</td>
</tr>
<tr>
<td>Total FY11 Variable (Competitive Incremental) Funding</td>
</tr>
</tbody>
</table>
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President, Bartell Hotels

Luis Barrios, Secretary
General Manager, Best Western Hacienda Hotel Old Town

Ray Warren, Treasurer
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