

File No. 131128

Committee Item No. 7  
Board Item No. 24

**COMMITTEE/BOARD OF SUPERVISORS**  
AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 12/04/2013

Board of Supervisors Meeting

Date: 12/10/2013

**Cmte Board**

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission                 |
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Completed by: Victor Young Date November 27, 2013  
Completed by: Victor Young Date 12/5/2013

1 [Amendment - Moscone Expansion District Management District Plan]

2  
3 **Resolution approving amendments to the Moscone Expansion District Management**  
4 **District Plan for the business-based business improvement district, known as the**  
5 **“Moscone Expansion District,” in accordance with Section 36636 of the Streets and**  
6 **Highways Code to require the monthly, instead of quarterly, assessment, collection**  
7 **and transfer of assessments by the Office of the Treasurer and Tax Collector, and an**  
8 **agreement with the nonprofit Owners' Association for administration/management of**  
9 **the District in accordance with Section 36651 of the California Streets and Highways**  
10 **Code.**

11  
12 WHEREAS, On November 20, 2012, acting in accordance with Article XIID of the  
13 California Constitution, Section 53753 of the California Government Code, and the California  
14 Property and Business Improvement District Law of 1994 (Part 7 of Division 18 of the  
15 California Streets and Highways Code, commencing with Section 36600), as augmented by  
16 Article 15 of the San Francisco Business and Tax Regulations Code, the Board of Supervisors  
17 adopted Resolution No. 416-12 ("Resolution of Intention") declaring the Board's intention to  
18 form a business-based business improvement district, known as the “Moscone Expansion  
19 District” (the “District” or “MED”), and to levy assessments on defined tourist hotel businesses  
20 within the District, setting the public hearing, initiating mail ballot majority protest proceedings,  
21 approving the Moscone Expansion District Management District Plan (the "Management  
22 District Plan" or "Plan"), making various findings and taking other legislative actions required  
23 to form the proposed district and levy the proposed assessments (Board File No. 120989);  
24 and  
25

1           WHEREAS, On February 5, 2013, acting in accordance with the aforementioned legal  
2 authorities, the Board of Supervisors adopted Resolution No. 26-13 ("Resolution of  
3 Formation"), establishing the Moscone Expansion District and levying multi-year assessments  
4 on identified businesses included within the District (the "Assessments") (Board File No.  
5 130043); and

6           WHEREAS, In accordance with the aforementioned legal authorities and the  
7 Resolution of Formation, the Assessments may only be used to fund business-related  
8 services, "Improvements" (as defined in Section 36610 of the Streets and Highways Code)  
9 and "Activities" (as defined in Section 36613 of the Streets and Highways Code) within the  
10 District in accordance with the Management District Plan (collectively, such authorized  
11 services, improvements and activities are referred to as "District Programs"); and

12           WHEREAS, The District is not a governmental, corporate or separate legal  
13 entity, but is a geographic area containing all of the identified businesses subject to the  
14 Assessments for District Programs described in the Plan and included in the annual budgets  
15 submitted to and approved by the Board of Supervisors; the annual budget for District  
16 Programs for the first year of operations is set forth in the Plan, and for subsequent years,  
17 shall be set forth in the Annual Reports submitted to the Board of Supervisors as required by  
18 Section 36650 of the Streets and Highways Code; and

19           WHEREAS, In accordance with the Resolution of Formation and Sections  
20 36614.5 and 36650 of the Streets and Highways Code, the City may contract with a private  
21 nonprofit entity referred to as an "Owners' Association" to administer the District Programs.  
22 An Owners' Association may be an existing nonprofit entity or a newly formed nonprofit entity.  
23 An Owners' Association is a private entity and may not be considered a public entity for any  
24 purpose, nor may its board members or staff be considered to be public officials for any  
25 purpose; provided, however, that an Owner's Association must comply with the Ralph M.

1 Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the  
2 Government Code), at all times when its board of directors or any committee thereof hears,  
3 considers or deliberates on matters concerning the District, and must comply with the  
4 California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of  
5 Title 1 of the Government Code), for purposes of providing public access to records relating to  
6 the District; and

7 WHEREAS, An Owners' Association is obligated to hold in trust for the City all funds it  
8 receives from the City that are derived from the City's levy and collection of the Assessments,  
9 and to use such funds exclusively for the purposes of implementing the Management District  
10 Plan and administering, managing and providing District Programs set forth in the Plan,  
11 Resolution of Formation, and annual budgets submitted by the Owners' Association and  
12 approved by the Board of Supervisors; and

13 WHEREAS, To finance all or a portion of certain additions and improvements to  
14 the George R. Moscone Convention Center within the District (the "Project"), the City will  
15 issue or execute bonds, financing leases (including certificates of participation therein) or  
16 similar obligations (collectively, "City Obligations"), and a designated portion of the  
17 Assessments will be pledged and applied to repay those City Obligations, which City  
18 Obligations are expected to be issued or executed in 2017; and

19 ~~WHEREAS~~, Upon issuance of the City Obligations, in each fiscal year the City,  
20 in accordance with the Plan, shall: (1) collect Assessment revenues from hotel businesses  
21 within the District; (2) withhold and apply that portion of those revenues allocated to  
22 Development Activities pursuant to the Management District Plan necessary to pay the  
23 District's portion of debt service for the City Obligations (3) utilize any Surpluses (as defined in  
24 the Plan) to fund a Stabilization Fund, Sinking Fund and repayment of the City's contribution  
25 toward any shortfall in debt service costs from prior years, and to the MED to fund future

1 development, expansion, renovation, and capital improvements to the Moscone Center; and  
2 (4) transfer to the Owner's Association the portion of revenue per the allocation outlined in the  
3 Management Plan; and

4 WHEREAS, The Resolution of Formation states that the hotel businesses assessed by  
5 the City within the MED will be billed quarterly and/or will complete and submit a quarterly  
6 assessment payment form provided by the City, and that the Assessment payments will be  
7 submitted by hotel businesses on a quarterly basis to the City's Office of the Treasurer and  
8 Tax Collector or his or her designee ("Treasurer and Tax Collector"), or as otherwise  
9 designated by the Board of Supervisors, based on the gross revenue collected for tourist  
10 rooms each quarter. And the Management District Plan states that the Treasurer and Tax  
11 Collector shall transfer the assessment payments on a quarterly basis to the Owners'  
12 Association; and

13 WHEREAS, On October 1, 2013, the Board of Supervisors adopted Ordinance No.  
14 206-13 (Board File No. 130784), authorizing the Treasurer and Tax Collector to collect  
15 transient occupancy taxes on a monthly basis. The Treasurer and Tax Collector will be  
16 implementing a new system for the monthly collection of taxes on January 1, 2014, which for  
17 efficiency, would also be employed for the assessment and collection of assessment funds;  
18 and

19 WHEREAS, San Francisco Tourism Improvement District Management Corporation  
20 ("SFTIDMC" or "Nonprofit Corporation"), the Owner's Association for the District, in  
21 accordance with Section 36636 of the Streets and Highways Code, has requested by letter  
22 dated November 6, 2013 to the Board of Supervisors that the Management District Plan be  
23 amended to provide for monthly, instead of quarterly, assessment, payment, and transfer of  
24 funds based on gross revenue collected for tourist rooms each month (the "TID Letter"), a  
25

1 copy of which is on file with the Clerk of the Board of Supervisors in File No. 131128, which is  
2 declared to be a part of this resolution as if set forth fully herein; and

3 WHEREAS, Allowing monthly assessment, payment and transfer of funds as of  
4 January 1, 2014 is in the best interest of the City and District, and satisfies the request of the  
5 Owner's Association; and

6 WHEREAS, The Resolution of Formation provides that the Office of Economic and  
7 Workforce Development is the City agency responsible for coordination between the City and  
8 the Owners' Association for the District; and

9 WHEREAS, The Office of Economic and Workforce Development has negotiated an  
10 agreement with the SFTIDMC, to, in good faith and with diligence as the Owners' Association  
11 for the District, develop, implement, direct, manage, administer, operate and ensure the timely  
12 provision of the District Programs ("Management Agreement" or "Agreement"). The  
13 Management Agreement is on file with the Clerk of the Board of Supervisors in File No.  
14 131128, which is declared to be a part of this resolution as if set forth fully herein; and

15 WHEREAS, The SFTIDMC also serves as the Owner's Association for the San  
16 Francisco Tourism District which is operative through December 31, 2023; and

17 WHEREAS, As to the City Obligations, the Management Agreement requires the City  
18 to indemnify and defend the Nonprofit Corporation from claims arising out of the City  
19 Obligations or Assessments funds not disbursed to the Nonprofit Corporation (the "City  
20 Obligations Indemnity"). The Management Agreement states:

21  
22 City shall indemnify and save harmless Corporation and its directors, officers, agents  
23 and employees from, and, if requested, shall defend them against any and all loss,  
24 cost, damage, injury, liability, and claims thereof arising out of or related to (a) the City  
25 Indebtedness, and/or (b) the withholding, allocation or handling of Assessment funds

1 not disbursed to Corporation. The foregoing indemnity shall include, without limitation,  
2 reasonable fees of attorneys, consultants and experts and related costs and  
3 Corporation's costs of investigating any claims against Corporation;

4  
5 and

6 WHEREAS, On September 21, 2010 the Board of Supervisors adopted Ordinance No.  
7 244-10 (the "Moscone Contracting Ordinance") authorizing the Tourism Improvement District  
8 ("TID") to award an agreement to a qualified general contractor for construction activity in  
9 connection with the Moscone Convention Center Improvement Project (all necessary  
10 construction services in connection with the upgrade, renovation, and planning for a possible  
11 expansion, of the San Francisco Moscone Convention Center, including capital  
12 improvements, installation of state of the art technology and structural work to the North,  
13 South and West facilities of the Moscone Convention Center) and agreements for labor,  
14 equipment, material and supplies (Board File No. 101051), provided the agreements are  
15 funded solely with assessment funds. The Moscone Contracting Ordinance requires  
16 contracts that are to be funded with other City funds to be awarded by the Department of  
17 Public Works (DPW), but authorizes DPW to novate such contracts to TID and or its general  
18 contractor. Because the City owns the Moscone Center and for other reasons, the Moscone  
19 Contracting Ordinance allows TID to assign to the City its legal rights in and to contracts with  
20 regard to design defects, latent construction defects and warranties to provide the City the  
21 legal right to pursue claims arising under the contracts after completion of the Moscone  
22 Convention Center Improvement Project, provided, in exchange, the City releases the TID of  
23 liability with respect to design and construction claims arising from or related to any acts or  
24 omissions of the TID under such contracts; and

1           WHEREAS, In accordance with the Moscone Contracting Ordinance, the Management  
2 Agreement requires the Nonprofit Corporation to assign to the City its contracts in exchange  
3 for a release from liability at the conclusion of construction, or on any corporate dissolution of  
4 the Nonprofit Corporation, at the request of the City, in exchange for a release of liability with  
5 respect to planning, design and/or construction activities for the Moscone Convention Center  
6 expansion project . In addition, the City agrees to indemnify and defend the Nonprofit  
7 Corporation, except for the Nonprofit Corporation's sole negligence, recklessness or willful  
8 misconduct, for any claims, losses and liabilities arising out of or related to the assigned  
9 contracts or the expansion project (the "Assignment Indemnity"); and

10           WHEREAS, It is in the best interest of the City and the property owners within the  
11 District for the City to enter into the Management Agreement with the Nonprofit Corporation  
12 according to the terms and conditions set forth therein; and

13           WHEREAS, In accordance with the Property and Business Improvement District Law of  
14 1994, the Resolution of Formation and the express terms of the Management Agreement, the  
15 Agreement shall not be binding unless the Board of Supervisors approves the Agreement by  
16 resolution; and

17           WHEREAS, The Planning Department has determined that the actions contemplated in  
18 this Resolution comply with the California Environmental Quality Act (California Public  
19 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the  
20 Board of Supervisors in File No. 131128 and is incorporated herein by reference; now,  
21 therefore, be it

22           RESOLVED, that the Board of Supervisors declares as follows:

23           Section 1.   AMENDMENT TO MANAGEMENT DISTRICT PLAN. The Management  
24 District Plan currently states:



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- Method of Collection – quarterly, tax collectors office, etc. (Management Plan, p. 2);
- The MED assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, as it may be amended from time to time, will be collected and enforced by the Treasurer and Tax Collector of the City (the Treasurer and Tax Collector). The Treasurer and Tax Collector shall transfer the assessment payments on a quarterly basis to the SFTDIMC, a non-profit corporation that is designated as the Owners Association for the District. (Management Plan, p. 27)

First Quarterly MED Assessment payment transferred to SFTIDMC	Not later than 45 days after the quarterly filing deadline following the effective date, above.
MED services initiated	Not later than 45 days after the quarterly filing deadline following the effective date, above.

(Management Plan, p. 32); and

Effective January 1, 2014, the preceding text of the Management Plan shall be amended to state the following in accordance with the TID Letter:

- Method of Collection – monthly, tax collectors office, etc. (Management Plan, p. 2);

- The MED assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, as it may be amended from time to time, will be collected and enforced by the Office of the Treasurer and Tax Collector of the City (the Treasurer and Tax Collector). The hotel businesses assessed shall be billed and/or shall file assessment payment forms, and submit assessment payments on a monthly basis to the Treasurer and Tax Collector, based on gross revenue collected for tourist rooms each month. The Treasurer and Tax Collector shall transfer the assessment payments on a monthly basis to the SFTIDMC, a non-profit corporation that is designated as the Owners Association for the District. (Management Plan, p. 27); and

First MED Assessment payment transferred to SFTIDMC	Not later than 45 days after the filing deadline following the effective date, above.
MED services initiated	Not later than 45 days after the filing deadline following the effective date, above.

(Management Plan, p. 32)

Notwithstanding anything else in the Plan, the intent of this Resolution is to allow monthly assessments by the Treasurer and Tax Collector, monthly payment of assessments by the hotels, and the monthly transfer of assessment payments to the District. Notwithstanding anything to the contrary in the Resolution of Formation, as of January 1, 2014, the Treasurer

1 and Tax Collector shall act in accordance with the amendments to the Management Plan in  
2 this Section. A copy of the amended Management Plan is on file with the Clerk of the Board  
3 of Supervisors in File No. 131128, which is declared to be a part of this resolution as if set  
4 forth fully herein.

5 Section 2. AUTHORIZATION TO EXECUTE CONTRACT. The Office of Economic  
6 and Workforce Development and the Treasurer and Tax Collector are duly authorized to  
7 execute the Management Agreement with the San Francisco Tourism Improvement District  
8 Management Corporation, on behalf of the City and County of San Francisco.

9 Section 3. APPROVAL OF AGREEMENT. The Board of Supervisors hereby  
10 approves the Management Agreement for the Moscone Expansion District, including the City  
11 Obligations Indemnity and the Assignment Indemnity, on file with the Clerk of the Board of  
12 Supervisors in File No. 131128.

13 Section 4. AUTHORIZATION FOR ACTIONS CONTEMPLATED IN AGREEMENT.  
14 The Office of Economic and Workforce Development, Treasurer and Tax Collector, Controller,  
15 and all other Departments, City Officers and Employees are authorized to take all actions,  
16 make determinations, exercise discretion, grant or deny approval, and otherwise take all  
17 reasonable steps necessary for full performance of the Management Agreement on behalf of  
18 the City and County of San Francisco according to its terms.

19 Section 5. AUTHORIZATION FOR AMENDMENTS TO AGREEMENT. Subject to  
20 disapproval by the Board of Supervisors within 30 days of submission to the Clerk of the  
21 Board, the Office of Economic and Workforce Development and the Treasurer and Tax  
22 Collector may execute amendments to the Agreement on behalf of the City and County of San  
23 Francisco that are consistent with the Management District Plan, Resolution of Formation,  
24 official City policies and applicable law.

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Section 6. DELIVERY. The Clerk of the Board of Supervisors shall cause certified copies of this Resolution to be delivered to the Owners' Association (SFTIDMC), the Office of Economic and Workforce Development, and the Treasurer and Tax Collector.

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OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *W* Mayor Edwin M. Lee *EL*  
RE: Moscone Expansion District Management District Plan Amendment and  
Management Agreement with the Owners' Association for  
Administration/Management of Moscone Expansion District  
DATE: November 19, 2013

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Attached for introduction to the Board of Supervisors is the resolution approving amendments to the Moscone Expansion District Management District Plan for the business-based business improvement district, known as the "Moscone Expansion District," in accordance with Section 36636 of the Streets and Highways Code to require the monthly assessment, collection and transfer of fees by the Office of the Treasurer and Tax Collector and an agreement with the nonprofit Owners' Association for administration/management of the District in accordance with Section 36651 of the California Streets and Highways Code.

Please note this item is cosponsored by Supervisors Chiu and Kim.

I request that this item be calendared in Budget and Finance Committee on December 4<sup>th</sup>.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

*MB*  
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BOARD OF SUPERVISORS  
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SAN FRANCISCO TOURISM  
IMPROVEMENT DISTRICT

November 6, 2013

Members of the Board of Supervisors  
c/o Angela Cavillo  
Clerk of the Board of Supervisors  
City of San Francisco  
1 Dr. Carlton B. Goodlet Place  
San Francisco, CA 94102-4689

Re: *Request to Modify Management Plans of San Francisco Tourism Improvement District and Moscone Center Expansion District*

Hon. Members of the Board of Supervisors:

San Francisco Tourism Improvement District Management Corporation, a California non-profit corporation (the *Corporation*), serves as the "owners' association" for the San Francisco Tourism Improvement District (*TID*) and the Moscone Center Expansion District (*MED*). We understand that the Board of Supervisors has adopted Ordinance No. 206-13 (File No. 130748) that amends Article 6 of the San Francisco Business and Tax Regulation Code to authorize the Treasurer & Tax Collector's Office of the City and County of San Francisco (*TTX*) to collect the City's Transient Occupancy Tax (*TOT*) on a monthly, rather than a quarterly basis, beginning effective January 1, 2014. We also understand that the Ordinance amends Article 6 of the Business & Tax Regulations Code, which among other things, through the management plan for the MED governs the collection and enforcement of the MED assessments, and by amendment to the management plan for the TID would govern the collection and enforcement of the TID assessments. In connection with those proposed changes, and to provide for greater efficiencies, TTX has asked the Corporation to request that the Board of Supervisors modify the TID and MED Management Plans to (1) allow for the TID and MED assessments to be collected and disbursed on a monthly, rather than a quarterly basis, and (2) clarify that the TID and MED assessments will be collected and enforced pursuant to Article 6 of the Business & Tax Regulations Code, as it may be amended from time to time.

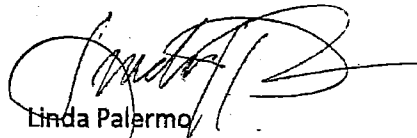
Attached as Exhibits A and B to this letter, respectively, are proposed amendments to the TID Management Plan and the MED Management Plan, which make the changes summarized in the prior paragraph. Based on the Corporation's understanding set forth in this letter, pursuant to sections 36635 and 36636 of the California Streets & Highways Code, Corporation, in its capacity as owners' association of the TID and MED, hereby requests that the TID Management Plan and the MED Management Plan be amended as set forth in Exhibits A and B, hereto. Corporation makes this request on condition that the proposed modifications would become effective only if and when the City begins collection of the TOT on a monthly basis, and upon enactment of the proposed changes to Article 6. Except as expressly set forth

Members of the Board of Supervisors  
c/o Angela Cavillo  
Clerk of the Board of Supervisors  
November 6, 2013  
Page 2

in Exhibits A and B, Corporation requests no other modifications to either management plan, and expressly objects to any modifications of those plans other than as set forth in Exhibits A and B.

Thank you for your continued support of the San Francisco Tourism Improvement District and the Moscone Center Expansion District.

Very truly yours,



Linda Palermo  
Vice-Chair, San Francisco Tourism Improvement  
District Management Corporation

Enclosures

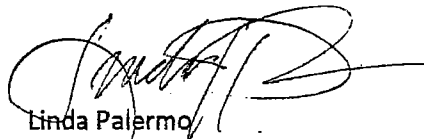
- Exhibit A – Proposed Amendment to TID Management Plan
- Exhibit B – Proposed Amendment to MED Management Plan

Members of the Board of Supervisors  
c/o Angela Cavillo  
Clerk of the Board of Supervisors  
November 6, 2013  
Page 2

in Exhibits A and B, Corporation requests no other modifications to either management plan, and expressly objects to any modifications of those plans other than as set forth in Exhibits A and B.

Thank you for your continued support of the San Francisco Tourism Improvement District and the Moscone Center Expansion District.

Very truly yours,



Linda Palermo  
Vice-Chair, San Francisco Tourism Improvement  
District Management Corporation

Enclosures

- Exhibit A – Proposed Amendment to TID Management Plan
- Exhibit B – Proposed Amendment to MED Management Plan



**EXHIBIT A**

**Proposed Amendment to TID Management Plan (*redline and final*)**

**EXHIBIT B**

**Proposed Amendment to MED Management Plan (*redline and final*)**

**APPENDIX C****Other Agreements with City**

Per Section 8.5 of this Agreement, Corporation's interests in other City contracts/agreements are as follows:

1. The Corporation is party to a Memorandum of Understanding with the City's Office of Economic and Workforce Development, Department of Public Works, and the Planning Department, dated as of May 20, 2013, with regard to the Moscone Expansion Project. The total budgeted amount of the contract is \$1,680,606, subject to potential modification of the budget upon the occurrence of specified conditions.
2. One or more directors of the Corporation also serve as directors of San Francisco Travel Association (SF Travel). SF Travel is party to an agreement with the City, acting by and through its Airport Commission, Contract No. 9239, amended and dated November 20, 2012, for a total not to exceed \$2,700,000.
3. A director of the Corporation is affiliated with Commune Hotels & Resorts. One of its hotels, Hotel Vitale, is subject to a lease with the Port of San Francisco.
4. A director of the Corporation is an employee of the City & County of San Francisco, as its Director, Convention Facilities Department.
5. A director of the Corporation is affiliated with Scoma's Restaurant, Inc. which is subject to leases with the Port of San Francisco.
6. The Corporation, in its capacity as owners' association for the San Francisco Tourism Improvement District (TID), entered into multiple assignments, novation agreements and/or related documents with the City with respect to work performed by contractors on the Moscone Convention Center renovation project, as set forth in the TID Management Plan.

## **AGREEMENT FOR ADMINISTRATION OF THE SAN FRANCISCO MOSCONE EXPANSION DISTRICT**

This Agreement ("Agreement") is entered into as of December 1, 2013 (with an effective date as set forth in Section 2.1 below) by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation ("City"), by and through the Office of Economic and Workforce Development ("OEWD"), and subject to approval of the Board of Supervisors for the City and County of San Francisco (the "Board of Supervisors" or "Board") by resolution, and the **SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT MANAGEMENT CORPORATION**, a California nonprofit corporation ("Corporation"), acting as the "Owners' Association" pursuant to Sections 36614.5 and 36651 of the California Streets and Highways Code.

### **RECITALS**

**WHEREAS**, pursuant to the Property and Business Improvement Law of 1994 (California Streets and Highways Code Sections 36600 *et seq.*, the "Act"), as augmented and modified by Article 15 of the San Francisco Business and Tax Regulations Code ("Article 15") and other legal authorities (collectively, the "Business Assessment District Law"), revenues from assessments on businesses may only be used for the services, improvements and activities that confer special benefits upon the assessed businesses.

**WHEREAS**, on November 20, 2012, acting pursuant to the Business Assessment District Law, the Board of Supervisors adopted Resolution No. 416-12 ("Resolution of Intention"), signed by the Mayor of San Francisco on November 26, 2012, declaring the Board's intention to form a business-based business improvement district and to levy assessments on businesses to be included within the district, setting the public hearing, initiating mail ballot proceedings, approving the Moscone Expansion District Management District Plan (the "Management District Plan" or "Management Plan" or "Plan"), making various findings and taking other legislative actions required to form the proposed district and levy the proposed assessments (Board File No. 120989).

**WHEREAS**, on February 5, 2013, the Board of Supervisors, acting pursuant to the Business Assessment District Law, adopted Resolution No. 26-13 ("Resolution of Formation"), signed by the Mayor of San Francisco on February 11, 2013, establishing the business-based business improvement district designated as the "Moscone Expansion District" ("District") and levying multi-year special assessments on Identified Businesses (as defined herein) included within the District ("Assessments") (Board File No. 130043).

**WHEREAS**, pursuant to the Business Assessment District Law and the Resolution of Formation, the Assessments may only be used to fund business-related services, "Improvements" (as defined in Section 36610 of the Streets and Highways Code) and "Activities" (as defined in Section 36613 of the Streets and Highways Code) within the District in accordance with the Management District Plan (collectively, "District Programs").

**WHEREAS**, Corporation shall hold in trust for the City all funds it receives from the City that are derived from the City's levy and collection of the Assessments exclusively for the purposes of

implementing the Management District Plan, and administering, managing and providing District Programs, directly by Corporation's personnel or by third party providers contracting with Corporation.

**WHEREAS**, the City and the Corporation are parties to an Agreement for Administration of the San Francisco Tourism Improvement District, dated August 7, 2009 (the "City-TID Agreement"), which remains in effect. For clarity, the parties intend that the Corporation shall continue to serve as the "Owners' Association" of the San Francisco Tourism Improvement District as set forth in the City-TID Agreement, and simultaneously serve as "Owners' Association" of the District, as set forth herein.

**WHEREAS**, it is in the interests of the City and the owners of Identified Businesses to enter into an agreement between the City and an Owners' Association to implement the Management District Plan and administer, manage and provide the District Programs. In addition:

A. The Board of Supervisors, by adopting a resolution approving this Agreement, (i) authorizes OEWD, as the City agency responsible under the Resolution of Formation for coordination between the City and the Owners' Association of the District, to execute and administer this Agreement with Corporation, (ii) authorizes the San Francisco Department of Public Works ("DPW") to provide fiscal oversight over the expenditure of public funds on the Moscone Center expansion project, including the primary responsibility for overseeing the expenditure of funds related to construction and support services with respect to that project, and (iii) authorizes DPW to provide oversight of District funds spent on development and renovation activities within the District budget.

B. The Board of Supervisors, by adopting a resolution approving this Agreement, also hereby authorizes the Office of the Treasurer/Tax Collector, consistent with its authority under Section 6.06 of the Charter and Section 6.3-1 of the Business and Tax Regulations Code and pursuant to the provisions of the Resolution of Formation and the District Management Plan, to enter into an agreement with the District to collect the Assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties under Article 6 of the City's Business and Tax Regulations Code, as amended from time to time ("Article 6").

C. Prior to the execution of this Agreement, Corporation has accomplished the following tasks associated with this Agreement, including but not limited to: (i) obtained approval of the officers and board of directors for the Corporation to enter into this Agreement and authorizing the execution hereof by the individual or individuals executing this Agreement on behalf of the Corporation, (ii) appointed an agent for service of process upon the Corporation, whose business address is in San Francisco and who shall accept service of process in San Francisco on behalf of the Corporation, (iii) established an account or accounts at a federally insured bank, a savings and loan, a credit union or other financial corporation acceptable to the City for the safekeeping of Assessments Funds the City disburses to or on behalf of the Corporation under this Agreement, (iv) obtained a business registration certificate from the Tax Collector pursuant to Article 12 of the San Francisco Business and Tax Regulations Code, and (v) submitted to City a certificate of good standing from the California Secretary of State.

D. As set forth in the Management District Plan, and as approved by the Board of Supervisors, the City will execute and deliver bonds, financing lease (including certificates of participation), or other similar obligations of the City (collectively "City Indebtedness"), the proceeds of which will be used to pay for development costs associated with the expansion of the Moscone Convention Center project, including planning, design, engineering, entitlement, project management and related development services, as well as a portion of hard construction costs and the cost of capital

improvements to the Moscone Convention Center that will not be funded by District Assessment funds. The handling and disbursement of the above-described funds, including the flow of funds generated by the District Assessment, are set forth with greater particularity in the Management Plan. Subject to the Management Plan, nothing in this Agreement shall be construed so as to prevent the use of funds from City Indebtedness for the above purposes.

E. As further set forth in the Management District Plan, in addition to partially funding the repayment of City Indebtedness, District Assessment funds will also provide funding for efforts to attract convention business, including (i) a Convention Incentive Fund, to be used to help attract important meetings to San Francisco by offsetting convention center rental, a practice used by many other cities that compete with San Francisco for major convention business, (ii) increased, targeted sales and marketing of convention business, (iii) a capital reserve fund for future improvements and upgrades to Moscone Center, and (iv) funds for costs incurred in the formation and for the administration of the District.

**NOW, THEREFORE**, City and Corporation, in consideration of the recitals, mutual promises, covenants, agreements, representations set forth below, and other valuable consideration the receipt of which is hereby acknowledged, hereby promise, covenant, agree and represent as follows:

## **ARTICLE 1 DEFINITIONS**

**Section 1.1 Specific Terms.** Unless the context otherwise requires, the following capitalized terms (whether singular or plural) shall have the meanings set forth below:

- (a) "**Activities**" mean as that term is defined in Section 36613 of the Streets and Highways Code.
- (b) "**ADA**" means the Americans with Disabilities Act (including all rules and regulations thereunder) and all other applicable federal, state and local disability rights legislation, as the same may be amended, modified or supplemented from time to time.
- (c) "**Annual Report**" means as that term is defined in Section 36650 of the Streets and Highways Code.
- (d) "**Assessments**" mean the special assessments levied by the Board of Supervisors on Identified Businesses included within the District pursuant to the Resolution of Formation.
- (e) "**Assessment Funds**" and "**Assessment Revenues**" mean any and all money collected by the City from the levy of the Assessments, including all amounts collected as penalties and interest for delinquent payment of Assessments, and including all interest, dividends, income and other increases or accumulations from the deposit or investment thereof.
- (f) "**Charter**" means the Charter of the City and County of San Francisco.

- (g) "**City Attorney**" means the City Attorney of the City and County of San Francisco.
- (h) "**Controller**" means the Controller of City and County of San Francisco.
- (i) "**Eligible Expenditures**" means expenditures of Assessments Funds for business-related services, Improvements and Activities, as authorized by the Business Assessment District Law, Management District Plan, Resolution of Formation and Annual Reports for the relevant Fiscal Year.
- (j) "**Event of Default**" shall have the meaning set forth in Section 11.1 of this Agreement.
- (k) "**Fiscal Quarter**" means each period of three (3) calendar months commencing on July 1, October 1, January 1 and April 1, respectively.
- (l) "**Fiscal Year**" means each period of twelve (12) calendar months commencing on July 1 and ending on June 30 during all or any portion of which this Agreement is in effect.
- (m) "**Improvements**" means as that term is defined in Section 36610 of the Streets and Highways Code.
- (n) "**Indemnified Parties**" means: (1) the City, including the Board of Supervisors, OEWD, Controller, Treasurer and Tax Collector, City Attorney, and all other commissions, departments, agencies and other subdivisions of the City; (2) elected officials, directors, officers, employees, agents, successors and assigns of the City; and (3) all persons or entities acting on behalf of any of the foregoing.
- (o) "**Identified Business**" means a business included within the District, identified in the Management District Plan as having a special benefit or benefits conferred upon it, and upon which the Board of Supervisors has levied multi-year special assessments pursuant to Streets and Highways Code Sections 36625 and 36628.5, Article 15 and the Resolution of Formation.
- (p) "**Losses**" means any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, judgments, fees, expenses and costs of whatsoever kind and nature (including legal fees and expenses and costs of investigation, of prosecuting or defending any Loss described above) whether or not such Loss be founded or unfounded, of whatsoever kind and nature.
- (q) "**Management District Plan**" and "**Management Plan**" and "**Plan**" mean the proposal submitted to the Board of Supervisors pursuant to Section 36622 of the Streets and Highways Code, designated as the "Moscone Expansion District Management District Plan" and approved by the Board of Supervisors by adoption on February 11, 2013, of the Resolution of Formation, as the Plan may be amended, modified, corrected, supplemented or superseded by the Board of Supervisors from time to time pursuant to the Business Assessment District Law, and including any attachments and exhibits thereto. The Management District Plan, as amended, and the Resolution of Formation are attached hereto as Appendices A and B, respectively.

(r) "**Owners' Association**" means as that term is defined in Section 36614.5 of the Streets and Highways Code.

(s) "**Special Assessment Monthly Payment**" means the payment sent by the owner of each Identified Business to the City's Treasurer and Tax Collector each month of each year of this Agreement, based on the gross revenue collected for tourist guest rooms each month during the calendar year.

(t) "**Treasurer and Tax Collector**" means the Treasurer and Tax Collector of the City and County of San Francisco.

**Section 1.2 Additional Terms.** The terms "as directed," "as required" or "as permitted" and similar terms shall refer to the direction, requirement, or permission of the OEWD, Board of Supervisors, Mayor, Controller, Treasurer and Tax Collector, City Attorney, Risk Manager or other commission, department, agency, subdivision, elected official, director, officer, employee or agent of the City responsible for such direction, requirement, or permission, as the case may be. The terms "sufficient," "necessary" or "proper" and similar terms shall mean sufficient, necessary or proper in the reasonable judgment of the department, person or body described in the preceding sentence authorized to exercise such judgment on behalf of the City. The terms "approval," "acceptable" or "satisfactory" or similar terms shall mean approved by, or acceptable to, or satisfactory to such department, person or body authorized to grant such approval, acceptance or determination of satisfaction on behalf of the City, as the case may be. The terms "include," "included" or "including" and similar terms shall be deemed to be followed by the words "without limitation". The use of the term "successor" or "assign" herein refers only to a successor or assign expressly permitted by the City in writing.

**Section 1.3 References to this Agreement.** References to this Agreement include: (a) any and all appendices, exhibits, schedules, attachments hereto; (b) any and all statutes, ordinances, regulations or other documents expressly incorporated by reference herein; and (c) any and all amendments, modifications or supplements hereto made in accordance with this Agreement and applicable law. References to articles, sections, subsections or appendices refer to articles, sections or subsections of or appendices to this Agreement, unless otherwise expressly stated. Terms such as "hereunder," herein or "hereto" refer to this Agreement as a whole.

## ARTICLE 2

### TERM OF AGREEMENT

**Section 2.1 Period of Performance.** Subject to adoption by the Board of Supervisors of a resolution approving this Agreement, this Agreement shall be effective as of July 1, 2013. Unless modified by mutual agreement of the parties through a written amendment to this Agreement, the period of performance under this Agreement shall be from its effective date and continuing for a period of thirty-two (32) years, *i.e.*, to and including June 30, 2045; provided, that if the District is disestablished pursuant to the Business Assessment District Law, expires prior to June 30, 2045 for any reason, the City exercises its right to terminate this Agreement as provided herein, or this Agreement is terminated for any other reason, the period of performance shall end on the date the last of the following events occurs: (i) the Controller accepts in writing the Corporation's final accounting of all Assessment Funds disbursed by the City, (ii) the Corporation submits written confirmation acceptable to the Controller that



there is no outstanding and unpaid indebtedness incurred to accomplish any of the purposes of the District, and (iii) any and all claims against the Corporation and the City arising out of this Agreement or the Corporation's administration, management and provision of the District Programs have been settled or finally adjudicated and all obligations relating thereto have been fully satisfied; provided, further, that certain obligations of Corporation with respect to the preservation of records, City's access to books and records, audits, insurance and indemnification of City and Indemnified Parties arising from Corporation's performance of this Agreement, implementation of the Management District Plan and receipt of Assessment Funds, shall, as specified in this Agreement and applicable law, survive the period of performance set forth in this section. In the event that this Agreement is not renewed or extended beyond the end of its term, the Assessment for the quarter ending June 30, 2045, shall be collected and disbursed to pay existing debt, with any remainder used as set forth in the Management District Plan, and then to be distributed to the businesses that paid the assessment in accordance with the requirements of the Business Assessment District Law.

### ARTICLE 3

#### CORPORATION RESPONSIBILITIES

**Section 3.1 District Programs; Implementation of Plan; Nonprofit Status of Corporation.** Corporation shall, in good faith and with diligence, develop, implement, direct, manage, administer, operate and ensure the timely provision of all business-related services, Improvements and Activities as described in the Management District Plan. Corporation acknowledges and expressly agrees that, for the duration of this Agreement, it will: (a) comply with all applicable federal, state and local laws and regulations, (b) continuously maintain its corporate status active and in good standing, and (c) continuously maintain non-profit status under Section 501(c)(6) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended.

**Section 3.2 Corporation's Administration of Contracts with Third Parties; Accountability.** The Management District Plan shall be implemented under the direction and supervision of Corporation. Corporation shall be responsible for the oversight, administration and enforcement of any and all contracts with third parties to provide any business-related service, improvement or activity paid or to be paid with Assessment Funds. The use of Assessment Funds for purposes other than Eligible Expenditures by any third party under contract with Corporation shall be attributable to Corporation and shall be deemed a material breach of this Agreement for which the City may exercise any of its remedies under this Agreement or applicable law, including terminating this Agreement and entering into a contract with a different nonprofit entity to act as the Owners' Association for the District; provided, however, the City may not exercise such remedies if the Corporation, upon learning that such third party has used Assessment Funds for purposes other than Eligible Expenditures, takes prompt and appropriate remedial action and recovers the Assessment Funds that were used for purposes other than Eligible Expenditures.

**Section 3.3 Corporation's Board of Directors.** Corporation shall at all times be governed by a legally constituted board of directors as set forth in the Management District Plan.

**Section 3.4 Annual Reports.** Corporation shall prepare and submit an Annual Report to the Clerk of the Board of Supervisors and the OEWD for each Fiscal Year for which the City collects and

disburses the Assessments. Corporation also shall prepare an Annual Report for any Fiscal Year in which it expends Assessment Funds carried over from the prior Fiscal Year even if no additional Assessment Funds are to be collected and disbursed to Corporation during the Fiscal Year covered by the report. The first Annual Report shall be submitted by October 31, 2014 and subsequent Annual Reports shall be submitted by October 31<sup>st</sup> of each subsequent Fiscal Year for the duration of this Agreement. The Corporation's Annual Report may be consolidated with its Annual Report filed with respect to the San Francisco Tourism Improvement District, provided, however, that such report must comply with the requirements of section 36650 of the California Streets and Highways Code with respect to the District.

**Section 3.5 Coordination.** Corporation shall coordinate with the OEWD for the implementation of the Plan. Unless otherwise stated in the Agreement or required by the Charter, ordinance or other applicable law, OEWD shall be the agency of the City responsible for administration of this Agreement and OEWD will coordinate with the Treasurer and Tax Collector for any acceptance, approval, permission or determination of the City required or permitted under this Agreement.

**Section 3.6 Eligible Expenditures.**

(a) Any obligations or expenditures for items not constituting Eligible Expenditures may not be paid through Assessments collected by the City for the District programs. In administering contracts with third party providers as necessary for providing the business-related services, Improvements and Activities within the District, Corporation shall comply with all applicable federal, state and City laws and regulations.

(b) The Corporation may reallocate the surplus of any funds disbursed to it by the City within the categories of expenditures consistent with the Management District Plan. If the Corporation wishes to reallocate funding in a manner not provided for under the Management District Plan, it may do so by seeking to modify this Management Plan and by obtaining such approvals as may be required by law pursuant to section 36636 of the Streets and Highways Code. In no event may the Assessments exceed the total amount set forth in the Management District Plan for any applicable fiscal year.

**Section 3.7 Community/Public Access.** To foster effective working relationships and effectuate the goals of the District as set forth in the Management District Plan, Corporation's responsibilities under this Agreement shall include the following:

(a) **Annual Outreach.** Corporation shall provide copies of its Annual Report and board meeting schedule in writing to the owners of Identified Businesses assessed within the District boundaries. Such notice shall be in addition to the requirements of the Ralph M. Brown Act and additional open meeting requirements of this Section.

(b) **Open Meetings; Compliance with Ralph M. Brown Act.** Actions of the Corporation shall be taken openly and deliberations shall be conducted openly in compliance with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), as made applicable to Corporation pursuant to Section 36614.5 of the Streets and Highways Code and this Agreement. In addition to Corporation's obligation to comply with the Ralph M. Brown Act, all notices and agendas for regular and special meetings of Corporation's board of directors and its committees shall be sent to the Government Information Center at the main branch of the San Francisco Public Library for posting. If Corporation establishes an internet website for the

District, meeting notices and agendas shall be posted on Corporation's website no later than the time such notices and agendas must be posted under the Ralph M. Brown Act.

(c) **Public Access to District Related Records; Compliance with the California Public Records Act.** Corporation shall comply with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to the District, this Agreement, the Assessments, Annual Reports, District Programs, Management District Plan, contracts with third party providers and any other matter related to the District or the subject matter of this Agreement. Confidential data and records in possession of the Treasurer and Tax Collector shall remain confidential as provided by law, including but not limited to San Francisco Business and Tax Regulations Code §6.22-1.

**Section 3.9 Prohibited Contracts with City Officers and Employees.** Corporation may not employ or subcontract with any person where such employment or subcontract would constitute a violation of California Government Code Sections 1090 *et seq.*

**Section 3.10 City Access to Records; Copies.** All designs, plans, reports, files, invoices, investigations, materials, documents and other records that are prepared, acquired, owned, maintained or under the control or possession by Corporation, its agents or representatives, or other person under contract with Corporation, pursuant to this Agreement (including any duplicate copies), shall be made fully available to City by Corporation. Corporation agrees to exercise reasonable and due diligence in providing for the secure storage of all such materials and, upon request, to provide copies for City's use for any purpose related to this assessment district. Nothing herein shall be construed to give the City access to documents protected by evidentiary privileges or a right to privacy, such as attorney-client communications, attorney work product, and confidential medical records.

## ARTICLE 4

### CITY RESPONSIBILITIES

**Section 4.1 Collection and Disbursement of Assessments.** Prior to January 1, 2014, the Assessments shall be collected and disbursed by City on a quarterly basis, as set forth in the Resolution of Formation and the Management Plan. Beginning January 1, 2014, City shall collect Special Assessment Monthly Payments from owners of Identified Businesses, and shall disburse to Corporation the actual revenues received from the Assessments, subject to the terms and conditions of this Agreement, according to the following schedule:

(a) **Monthly Payments.** The City's Treasurer/Tax Collector shall collect payments of self-reported Special Assessments from the owners of the Identified Businesses on a monthly basis. Monthly payments shall be due and payable on or before the last day of the following month.

(b) **Allocation and Disbursement.** The City shall apply Assessment Funds in accordance with the Plan as follows (i) withhold Assessment Funds allocated to "Development Activities" that are necessary to pay debt service, (ii) allocate and disburse "Surpluses" from excess MED revenue allocated to Development Activities, and (iii) allocate and disburse to the Corporation Assessments Funds for Renovation Activities, Convention Business Attraction Activities, and

Administration of the MED and Operating Contingency Reserve, all as set forth with greater particularity in the Management Plan. All disbursements to the Corporation shall be made no less frequently than on a monthly basis, no later than forty-five (45) days after the funds were due to the City. The City's Board of Supervisors shall have a full right of accounting of funds disbursed to the Corporation. Capitalized terms in this subsection (b) that are not defined in this Agreement shall have the meanings assigned in the Plan.

(c) **Reconciliation; Delinquent Assessments and Other Special Disbursements.**

In addition to the Allocation and Disbursement described above, and subject to the terms and conditions of this Agreement, the City may make additional disbursements from time to time as determined by the Controller. Each disbursement of Assessment Funds shall include:

(1) Assessments paid and/or processed by the Office of the Treasurer and Tax Collector and posted to the special assessment account within the City's Treasury for the District after the Disbursement;

(2) Assessments collected but not previously disbursed pending: (A) reconciliation of the City's books and records; (B) resolution of disputes resulting in withholdings from or suspension of disbursements under Section 4.4; or (C) cure of an Event of Default resulting in withholding of Assessment Funds under Section 11.2; and,

(3) Assessment Funds, including delinquent Assessments from prior Fiscal Years, not previously disbursed for any other reason that are available for disbursement.

(d) Disbursements made pursuant to subsection (c) shall be made as such intervals and under such conditions or assurances of Corporation's future compliance with this Agreement as the Controller deems appropriate. Assessment Funds not disbursed during the Fiscal Year in which received shall be carried over to the next Fiscal Year and disbursed with the first disbursement, unless disbursement would violate this Agreement or applicable law.

(e) City shall not be responsible for delays in disbursements to Corporation due to delays in transmittals of funds or payment delays by Identified Businesses, or delays caused by the resolution of disputes which, in the discretion of the Controller, warrant suspension of disbursements as set forth in this Article.

(f) The collection and disbursement of Assessments shall be in accordance with Article 6.

(g) All interest earned on Assessment Funds shall be for the benefit of the Corporation, and shall be disbursed by the City to the Corporation on a quarterly basis, on the same schedule as set forth in Section 4.1(b).

**Section 4.2 Assistance.** The City shall resolve any discrepancies in individual Assessments amounts, calculations or benefits, as provided in Article 6.

**Section 4.3 Delinquent Assessments.** The amount of delinquent Assessments, if any, and interest and penalties thereon, if any, that have been collected by City that are available for disbursement

to Corporation for District Programs shall be disbursed in accordance with the disbursement schedule in Section 4.1.

**Section 4.4 Withholding; Suspension of Disbursements.** The City may withhold either all or some portion of the actual revenues received from Assessments if, in the reasonable judgment of the Controller: (a) Corporation is not using the Assessment Funds for Eligible Expenditures, (b) Corporation has failed to maintain proper records or follow generally accepted accounting principles, (c) Corporation has failed to diligently implement audit recommendations regarding the safekeeping or use of Assessment Funds, (d) based on advice from the City Attorney, Corporation is in violation of this Agreement or the Business Assessment District Law. Prior to withholding of any revenue, the City will notify Corporation and set forth the specific issues the Controller determines warrant suspension of disbursements, and will provide the Corporation with a reasonable opportunity to cure any such problems and issues. The City may not withhold funds under this paragraph if the Corporation is diligently pursuing such a cure. If any funds are nevertheless withheld under this paragraph, such funds will be released upon the implementation of an acceptable cure, subject to the reasonable approval of the Controller and possible modification of the disbursement schedule. This does not alter or diminish in any way City's right to proceed in a manner consistent with California Streets and Highways Code, Section 36670, Article 15 or other applicable law, or to invoke other appropriate remedies provided for in this Agreement.

**Section 4.5 Notification of Changed Status.** If the Corporation is dissolved, dissolves itself, no longer has non-profit status, or has its corporate powers suspended by the Secretary of State or otherwise fails to maintain in good standing its authority to conduct business or operate in the City or the State of California (unless promptly brought back into good standing upon learning of any such failure) (separately and collectively "Corporate Dissolution"), prior to or upon the expiration of this Agreement, Corporation shall immediately transmit to City all unexpended Assessment Funds for allocation and disbursement consistent with the terms of the Management District Plan, and potential distribution to the owners of Identified Businesses, less amounts City, in its sole discretion, may pay or agree to pay to Corporation's unpaid creditors for Eligible Expenses, unless Corporation makes arrangements for payment of creditors and return of excess Assessment Funds acceptable to City. Corporation will immediately notify DPW, OEWD and Controller in writing of any such change in the status of the Corporation described in this Section or which constitutes a breach of this Agreement.

## ARTICLE 5

### APPROPRIATION AND CERTIFICATION OF ASSESSMENTS FUNDS

**Section 5.1 Certification of Controller; Guaranteed Maximum Costs.** As provided by City and County of San Francisco Charter §3.105, all disbursements of funds in the custody of the Treasurer must be authorized by the Controller. Accordingly, no Assessment Funds shall be available under this Agreement without prior written authorization certified by the Controller under the terms set forth in this Agreement.

(a) City's obligations hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

(b) City may not disburse Assessment Funds to Corporation for purposes beyond the scope of the Management District Plan.

(c) City and its employees and officers are not authorized to offer or promise to Corporation additional funding for this Agreement which would exceed the maximum amount of Assessment Funds provided for in the Management District Plan. Additional funding from any City funds for District Programs in excess of Assessment Funds actually collected under this Agreement shall require lawful approval and certification by the Controller. City is not required to honor any offered or promised additional funding that exceeds the maximum amount of Assessment Funds provided in the Management District Plan when the lawful approval and certification by the Controller has not been obtained.

(d) Nothing in this section 5.1 is intended to affect the City's contribution toward the financing of the Moscone Convention Center expansion set forth in page 34 of the Management Plan, as amended as of January 1, 2014 (under the heading "Proposed City Financing of Moscone Convention Center Expansion").

**Section 5.2 SUPERSEDURE OF CONFLICTING PROVISIONS.** IN THE EVENT OF ANY CONFLICT BETWEEN ANY OF THE PROVISIONS OF THIS ARTICLE 5 AND ANY OTHER PROVISION OF THIS AGREEMENT, OR ANY OTHER DOCUMENT OR COMMUNICATION RELATING TO THIS AGREEMENT, THE TERMS OF THIS ARTICLE 5 SHALL GOVERN.

## ARTICLE 6

### ADDITIONAL REPORTING AND ORGANIZATIONAL REQUIREMENTS; AUDITS; PENALTIES FOR FALSE CLAIMS

**Section 6.1 Additional Reports.** In addition to the Annual Reports described in Article 3 of this Agreement, Corporation shall provide, in a prompt and timely manner, unaudited, interim financial statements, as may be requested by the City. All hard-copy reports required under this Agreement, including any copies, shall be submitted on recycled paper and printed on double-sided pages, to the maximum extent possible.

**Section 6.2 Organizational Documents.** On or before the effective date of this Agreement, Corporation shall provide to City the names of its officers and directors, certified copies of its Articles of Incorporation and Bylaws, proof of registration as a non-profit corporation in the State of California, and a copy of the non-profit corporation approval letter upon its issuance by the IRS.

**Section 6.3 Notification of Defaults or Changes in Circumstances.** Corporation shall notify City immediately of (a) any Event of Default or event that, with the passage of time, would constitute an Event of Default; and (b) any change of circumstances that would cause any of the representations and warranties contained in Article 8 to be false or misleading at any time during the term of this Agreement.

**Section 6.4 Audited Financial Statements.** Within one hundred twenty (120) days following the end of each Fiscal Year, Corporation shall deliver to City audited financial statements with respect to the Corporation, prepared by a Certified Public Accountant (CPA), at no expense to the City. City acknowledges that if Corporation, on its own behalf, is not allowed to audit the books and records of the Treasurer & Tax Collector with respect to its performance of services under this Agreement, which services form the basis of Corporation's revenues, and the Controller has failed to provide the audit report to the Corporation or its auditor as required in Section 6.6 below, Corporation's audited financial statements furnished to City under this section 6.4 may be subject to an exception and/or disclaimer. City expressly acknowledges that any such exception and/or disclaimer in Corporation's audited financial statements shall not constitute a breach of Corporation's obligations under this Agreement or under law.

**Section 6.5 Books and Records.** Corporation shall establish and maintain accurate files and records of all aspects of the Management District Plan and the matters funded in whole or in part with Assessment Funds during the term of this Agreement, and shall follow generally accepted accounting principles. Without limiting the scope of the foregoing, Corporation shall establish and maintain accurate financial books and accounting records relating to Eligible Expenses incurred and Assessment Funds received and expended under this Agreement, together with all invoices, documents, payrolls, time records and other data related to the matters covered by this Agreement, whether funded in whole or in part with Assessment Funds. Corporation shall maintain all of the files, records, books, invoices, documents, payrolls and other data required to be maintained under this Section in a readily accessible location and condition for a period of not less than five (5) years after final disbursement under this Agreement or until any final audit has been fully completed to the satisfaction of the Controller, whichever is earlier.

**Section 6.6 Inspection and Audit.** Corporation shall make available to City, its employees and authorized representatives, during regular business hours all of the files, records, books, invoices, documents, payrolls, tax returns and statements and other data required to be established and maintained by Corporation under this Agreement and applicable law. Corporation shall permit City, its employees and authorized representatives to inspect, audit, examine, make and retain duplicate copies, and make excerpts and transcripts from any of the foregoing. The rights of City pursuant to this Section shall remain in effect so long as Corporation has the obligation to maintain such files, records, books, invoices, documents, payrolls, tax returns and statements and other data under this Article 6. Corporation shall have the right, at its own expense, to inspect and audit the books and records of the City's Treasurer & Tax Collector with respect to its performance of services under this Agreement. Such right to audit may not be exercised more than one time per year, and must be conducted only by the City Controller's office or by an outside accounting firm otherwise retained or selected by the City. If an audit of the City's Treasurer & Tax Collector is performed under this section 6.6, the Controller shall make a reasonable effort to make the audit report available to the Corporation or the Corporation's auditor no later than ninety (90) days following the end of the Fiscal Year for which the audit is to be performed, provided the Corporation makes a reasonable effort to request the audit no later than fifteen (15) days after the end of such Fiscal Year.

**Section 6.7 Submitting False Claims; Monetary Penalties.** Corporation acknowledges and agrees that it is a "Contractor" under and is subject to San Francisco Administrative Code Section 21.35. Under such Section 21.35, any Corporation, subcontractor or consultant who submits a false claim shall be liable to City for three times the amount of damages which City sustains because of the false claim. A Corporation, subcontractor or consultant who submits a false claim shall also be liable to City for the

costs, including attorney's fees, of a civil action brought to recover any of those penalties or damages, and may be liable to City for a civil penalty of up to ten thousand dollars (\$10,000) for each false claim. A Corporation, subcontractor or consultant will be deemed to have submitted a false claim to City if the Corporation, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by City; (c) conspires to defraud City by getting a false claim allowed or paid by City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to City; or (e) is a beneficiary of an inadvertent submission of a false claim to City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to City within a reasonable time after discovery of the false claim.

## ARTICLE 7

### TAXES

**Section 7.1 Corporation to Pay All Taxes.** Corporation shall pay to the appropriate governmental authority, as and when due, any and all taxes, fees, assessments or other governmental charges, including possessory interest taxes and California sales and use taxes, levied upon or in connection with this Agreement, the Management District Plan, the Assessment Funds or any of the activities contemplated by this Agreement.

**Section 7.2 Use of City Real Property.** If at any time this Agreement entitles Corporation to the possession, occupancy or use of City real property for private gain, the following provisions shall apply:

(a) Corporation, on behalf of itself and any subcontractors, successors and assigns, recognizes and understands that this Agreement may create a possessory interest subject to property taxation and Corporation, and any subcontractor, successor or assign, may be subject to the payment of such taxes.

(b) Corporation, on behalf of itself and any subcontractors, successors and assigns, further recognizes and understands that any assignment permitted hereunder and any exercise of any option to renew or other extension of this Agreement may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder. Corporation shall report any assignment or other transfer of any interest in this Agreement or any renewal or extension thereof to the Assessor within sixty (60) days after such assignment, transfer, renewal or extension.

(c) Corporation shall provide such other information as may be requested by City to enable City to comply with any reporting requirements under applicable law with respect to possessory interests.

**Section 7.3** Omitted by Agreement of the Parties (Earned Income Credit (EIC) Forms.)



**ARTICLE 8**  
**REPRESENTATIONS AND WARRANTIES**

Corporation represents and warrants each of the following as of the date of this Agreement and at all times throughout the term of this Agreement:

**Section 8.1 Organization; Authorization.** Corporation is a nonprofit corporation, duly organized and validly existing and in good standing under the laws of the State of California. Corporation shall maintain valid nonprofit status under Section 501(c)(6) of the United States Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated under such Section. Corporation has duly authorized by all necessary action the execution, delivery and performance of this Agreement. Corporation has duly executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of Corporation, enforceable against Corporation in accordance with the terms hereof.

**Section 8.2 Location.** Corporation's operations, offices and headquarters are located at the address for notices set forth in Section 15.

**Section 8.3 No Misstatements.** No document furnished or to be furnished by Corporation to City in connection with the this Agreement, Annual Report, any Disbursement Request or any other document relating to any of the foregoing, contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made.

**Section 8.4 Conflict of Interest.** Through its execution of this Agreement, Corporation acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts that constitute a violation of those provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

**Section 8.5 No Other Agreements With City.** Except as expressly itemized in Appendix C attached to this Agreement, neither Corporation nor any of Corporation's affiliates, officers, directors or employees has any interest, however remote, in any other agreement with City, including any commission, department or other subdivision thereof. City and Corporation have entered into an Agreement for Administration of the San Francisco Tourism Improvement District, as amended, which need not be itemized on Appendix C.

**Section 8.6 Subcontracts.** As of January 1, 2014, Corporation shall provide to OEWD a list of any and all agreements with any other person or entity pursuant to which such person or entity will implement or assist in implementing all or any portion of the Management District Plan required to be performed by Corporation (each a "Management District Plan Subcontract") for which the term has not expired. Corporation shall up-date this list to include each Management District Plan Subcontract entered into on or after January 1, 2014. For each Management District Plan Subcontract, the list shall state: (1) the name of the person or entity with whom or which Corporation has contracted; (2) the amount of the agreement; (3) a general description of the nature of the work to be performed (e.g., construction or marketing); and (4) the expiration of the term of the agreement. Corporation shall

provide OEWD a copy of any Management District Plan Subcontract within 15 days of receipt of a written request by OEWD for the agreement. By executing this Agreement, Corporation certifies that it has not and shall not enter into any subcontract unless the subcontracting party agrees in writing to the terms and conditions set forth in Section 13.3 of this Agreement.

**Section 8.7 Eligibility to Receive Government Funds.** By executing this Agreement, Corporation certifies that Corporation is not suspended, debarred or otherwise excluded from participation in federal assistance programs. Corporation further certifies that it is not suspended, debarred or otherwise excluded from being awarded contracts from the State of California or the City, or from participation in assistance programs funded by the State of California. Corporation acknowledges that this certification of eligibility to receive federal, state and local funds is a material term of the Agreement.

## ARTICLE 9

### INDEMNIFICATION AND GENERAL LIABILITY

**Section 9.1 Indemnification by Corporation.** Corporation shall indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Corporation or loss of or damage to property, arising directly or indirectly from Corporation's performance of this Agreement, including, but not limited to, Corporation's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Corporation, its subcontractors or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City.

In addition to Corporation's obligation to indemnify City, Corporation specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Corporation by City and continues at all times thereafter; provided, however, that in the event a court of law determines that no such indemnity obligation exists as to the matter at issue, the City shall reimburse the Corporation for the all fees, expenses, costs and liabilities incurred by Corporation in defending the City under this paragraph.

Corporation shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

**Section 9.2 Indemnification by City.** City shall indemnify and save harmless Corporation and its directors, officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof arising out of or related to (a) the City Indebtedness, and/or (b) the withholding, allocation or handling of Assessment funds not disbursed to Corporation. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Corporation's costs of investigating any claims against Corporation.

**Section 9.3 LIMITATION ON LIABILITY OF CORPORATION.** CORPORATION'S OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNT OF ASSESSMENT FUNDS ACTUALLY COLLECTED AND DISBURSED OR TO BE DISBURSED TO CORPORATION HEREUNDER, PLUS INTEREST, PENALTIES AND ANY OTHER FEES COLLECTED FROM IDENTIFIED BUSINESSES AND DISBURSED OR TO BE DISBURSED TO CORPORATION. NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THIS AGREEMENT, OR ANY OTHER DOCUMENT OR COMMUNICATION RELATING TO THIS AGREEMENT, IN NO EVENT SHALL CORPORATION BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE ASSESSMENT FUNDS, THE MANAGEMENT DISTRICT PLAN OR ANY SERVICES, IMPROVEMENTS OR ACTIVITIES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

**Section 9.4 LIMITATION ON LIABILITY OF CITY.** CITY'S OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNT OF ASSESSMENT FUNDS ACTUALLY COLLECTED HEREUNDER, PLUS INTEREST, PENALTIES AND ANY OTHER FEES COLLECTED FROM IDENTIFIED BUSINESSES. NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THIS AGREEMENT, OR ANY OTHER DOCUMENT OR COMMUNICATION RELATING TO THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE ASSESSMENT FUNDS, THE MANAGEMENT DISTRICT PLAN OR ANY SERVICES, IMPROVEMENTS OR ACTIVITIES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

## ARTICLE 10 INSURANCE

**Section 10.1 Types and Amounts of Coverage.** Without limiting Corporation's liability pursuant to Article 9, Corporation shall maintain in force, during the full term of this Agreement, insurance in the following amounts and coverages:

(a) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than one million dollars (\$1,000,000) each accident, injury or illness, at all times during which Corporation employs any individual as an "employee" as defined in California Labor Code Section

3351. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by Corporation, its employees, agents and subcontractors.

(b) Commercial General Liability Insurance with limits not less than one million dollars (\$1,000,000) each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations.

(c) Commercial Automobile Liability Insurance with limits not less than one million dollars (\$1,000,000) each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable, if the Corporation employs any individual as an "employee" as defined in California Labor Code Section 3351.

(d) Crime Insurance Requirement: A blanket fidelity bond or crime policy coverage of all officers and employees in an amount not less than one half of the annual District's assessment budget, including the City as additional obligee or loss payee as its interest may appear.

**Section 10.2** Omitted by Agreement of the Parties

**Section 10.3** Additional Requirements for General and Automobile Coverage.

Commercial General Liability and Commercial Automobile Liability (if applicable under 10.1(c) and 10.2(c), above) insurance policies shall:

(a) Name as additional insured the City and County of San Francisco and its officers, agents and employees.

(b) Provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought, except with respect to limits of liability.

(c) Corporation waives subrogation which any insurer of Corporation may acquire from Corporation by virtue of the payment of any loss. Corporation will obtain any endorsement that may be necessary to effect this waiver of subrogation.

**Section 10.4** Additional Requirements for All Policies. All policies shall provide at least thirty (30) days' advance written notice to City of cancellation or nonrenewal or reduction in coverage, mailed to City's address for notices pursuant to Article 15.

**Section 10.5** Required Post-Expiration Coverage.

(a) Liability insurance, except for professional liability insurance, shall be on an occurrence basis, and the insurance shall provide that the coverage afforded thereby shall be primary coverage (and non-contributory to any other existing valid and collectable insurance) to the full limit of liability stated in the declaration, and such insurance shall apply separately to each insured against whom claim is made or suit is brought, but the inclusion of more than one insured shall not operate to increase the insurer's limits of liability.

(b) Should any of the insurance required hereunder be provided under a claims-made form, Corporation shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three (3) years beyond the expiration or termination of this Agreement, to the effect that, should occurrences during the term hereof give rise to claims made after expiration or termination of the Agreement, such claims shall be covered by such claims-made policies.

**Section 10.6 General Annual Aggregate Limit/Inclusion of Claims Investigation or Legal Defense Costs.** Should any of the insurance required hereunder be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

**Section 10.7 Evidence of Insurance.** Before commencing any operations under this Agreement, Corporation shall furnish to City certificates of insurance, and additional insured policy endorsements, in form and with insurers satisfactory to City, evidencing all coverages set forth above, and shall furnish complete copies of policies promptly upon City's request. Failure to maintain insurance shall constitute a material breach of this Agreement.

**Section 10.8 Effect of Approval.** Approval of any insurance by City shall not relieve or decrease the liability of Corporation hereunder.

**Section 10.9 Adjustments to Types and Amounts of Coverage.** The City may require Corporation to provide types of insurance coverage different than as set forth in this Article 10, and insurance coverage in amounts higher than as set forth in this Article 10, as may be required by the City's Risk Manager. City shall provide written notice of such changes in types and amounts of coverage not less than ninety (90) days before Corporation's obligation to obtain and thereafter maintain such additional type(s) of coverage, or coverage in amounts higher than as set forth herein, becomes effective.

## ARTICLE 11

### EVENTS OF DEFAULT AND REMEDIES

**Section 11.1 Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Agreement. City will provide Corporation with written notice of any such Event of Default and Corporation will have 30 calendar days from the date of the written notice to cure or contest any identified Event of Default, before City may proceed with any Remedies Upon Event of Default as provided in Section 11.2. Corporation may request additional time to cure any identified default, which City in its discretion may grant.

(a) **False Statement.** Any statement, representation or warranty contained in this Agreement, or in any other document submitted to City under this Agreement is found by City to be intentionally false or misleading. For purposes of this Article, "intentionally" means that Corporation, with respect to any such statement, representation or warranty, does any of the following: (1) has actual knowledge of the information; (2) acts in deliberate ignorance of the truth or falsity of the information;

or (3) acts in reckless disregard of the truth or falsity of the information. Proof of specific intent is not required, and reliance by the City is not required.

(b) **Failure to Provide Insurance.** Corporation fails to provide or maintain in effect any policy of insurance required in Article 10.

(c) **Failure to Comply with Applicable Laws.** Corporation fails to perform or materially breaches any of the terms or provisions of Article 16.

(d) **Failure to Perform Other Covenants.** Corporation fails to perform or breaches any other material agreement or covenant of this Agreement to be performed or observed by Corporation as and when performance or observance is due and such failure or breach continues for a period of thirty (30) days without cure after the date on which City has provided notice to Corporation of such failure or breach.

(e) **Cross Default.** Corporation defaults under any other agreement between Corporation and City (after expiration of any grace period expressly stated in such agreement).

(f) **Voluntary Insolvency.** Corporation (a) is generally not paying its debts as they become due, (b) files, or consents by answer or otherwise to the filing against it, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Corporation or of any substantial part of Corporation's property or takes action for the purpose of any of the foregoing.

(g) **Involuntary Insolvency.** Without consent by Corporation, a court or government authority enters an order, and such order is not vacated within ten (10) days, (a) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Corporation or with respect to any substantial part of Corporation's property, (b) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (c) ordering the dissolution, winding-up or liquidation of Corporation.

**Section 11.2 Remedies Upon Event of Default.** Upon and during the continuance of an Event of Default, subject to the written notice of Event of Default and cure provisions of Section 11.1, above, City may do any of the following, individually or in combination with any other remedy:

(a) **Termination.** City may terminate this Agreement by giving a written termination notice to Corporation and, on the date specified in such notice, this Agreement shall terminate and all rights of Corporation hereunder shall be extinguished. In the event of such termination, Corporation shall not be entitled to receive any further disbursement of Assessment Funds.

(b) **Withholding of Assessment Funds.** City may withhold all or any portion of Assessment Funds not yet disbursed hereunder, regardless of whether the Controller previously approved the disbursement of the Assessment Funds. Any Assessment Funds withheld pursuant to this Section and subsequently disbursed to Corporation after cure of applicable Events of Default may be disbursed without interest.

(c) **Offset.** City may offset against all or any portion of undisbursed Assessment Funds hereunder or against any payments due to Corporation under any other agreement between Corporation and City the amount of any outstanding Loss incurred by any Indemnified Party, including any Loss incurred as a result of the Event of Default.

(d) **Return of Assessment Funds.** City may demand the immediate return of any previously disbursed Assessment Funds that have been claimed or expended by Corporation in breach of the terms of this Agreement, together with interest thereon from the date of disbursement at the maximum rate permitted under applicable law.

**Section 11.3 Remedies Nonexclusive.** Each of the remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The remedies contained herein are in addition to all other remedies available to City at law or in equity by statute or otherwise and the exercise of any such remedy shall not preclude or in any way be deemed to waive any other remedy.

**Section 11.4 Use of Assessments and Refunds Upon Disestablishment of District or Termination of Agreement.**

(a) Upon the disestablishment of the District, any remaining revenues, after all outstanding debts are paid, derived from the levy of the Assessments, or derived from the sale of assets acquired with Assessment Funds, shall be refunded to the owners of the Identified Businesses who paid the Assessment, or on whose behalf the Assessment was paid, applying the same method and basis that was used to calculate the Assessments in the fiscal year in which the District is disestablished. All outstanding Assessment Funds collected after disestablishment shall be spent on Improvements and Activities specified in the Management District Plan in accordance with Section 36671 of the Streets and Highways Code.

(b) If the disestablishment occurs before the monthly Assessment Payments are made by owners of Identified Businesses for the Fiscal Year in which the District is disestablished, the method and basis that was used to calculate the Assessments in the immediate prior Fiscal Year shall be used to calculate the amount of any refund to the owners of the Identified Businesses who paid the Assessment, or on whose behalf the Assessment was paid.

(c) The City shall refund and dispose of Assessment Funds as set forth in subsections (a) and (b) of this Section if this Agreement is terminated for any reason and either of the following occurs:

(1) The Board of Supervisors determines, in its sole discretion, not to enter into a different agreement with the Corporation or an agreement with a different nonprofit entity as the Owners' Association for purposes of implementing the Management District Plan, or

(2) The Board of Supervisors disestablishes the District under Section 36670 of the Streets and Highways Code or Section 1511(e) of the San Francisco Business and Tax Regulations Code.

**ARTICLE 12**  
**DISCLOSURE OF INFORMATION AND DOCUMENTS**

**Section 12.1 Proprietary or Confidential Information of City.** Corporation understands and acknowledges that, in the performance of this Agreement or in contemplation thereof, Corporation may allow access to private or confidential information that may be owned or controlled by City and that such information may contain proprietary or confidential information, the disclosure of which to third parties may be damaging to City. (*See, e.g., San Francisco Business and Tax Regulations Code §6.22-1.*) Corporation agrees that all private or confidential information to which City allows access to Corporation in the performance of this Agreement shall be held in confidence and used only in the performance of this Agreement. Corporation shall exercise the same standard of care to protect such information as a reasonably prudent nonprofit entity would use to protect its own proprietary or confidential data.

**Section 12.2 Sunshine Ordinance.** Corporation acknowledges and agrees that this Agreement is subject to Section 67.24(e) of the San Francisco Administrative Code. All information provided by Corporation that is covered by such Section 67.24(e) and not exempt from disclosure pursuant to applicable law will be made available to the public upon request. The requirements of this section are in addition to Corporation's obligation to comply with the California Public Records Act.

**ARTICLE 13**  
**ASSIGNMENTS AND SUBCONTRACTING**

**Section 13.1 No Assignment by Corporation.**

(a) Neither party may, either directly or indirectly, assign its interest in this Agreement without the prior written consent of the other. Any attempted assignment without such consent shall be void. This Agreement shall not, nor shall any interest herein, be assignable as to the interest of Corporation involuntarily or by operation of law without the prior written consent of City. A change of control of Corporation or a sale or transfer of substantially all of the assets of Corporation shall be deemed an assignment for purposes of this Agreement.

(b) The parties agree that (i) the Moscone Convention Center is a City-owned facility in which the Corporation and District have no ownership interest, (ii) the District has a legal existence of limited duration as required by law, and (iii) upon conclusion of the construction phase of the Moscone Convention Center expansion project, or a Corporate Dissolution, the City should have the right to pursue any claims arising from breach of warranties, negligence, latent defects, and the like, with respect to work performed on the expansion project. Based on the above, upon completion of the construction phase of the expansion project or, at the City's request, in connection with any Corporate Dissolution, Corporation shall assign to the City its legal rights and obligations in all contracts to which the Corporation is a party with respect to the design and/or construction of the expansion project, including, for example, contracts with architects and other design professionals, the Construction Manager/General Contractor ("CM/GC"), engineers, trade contractors, and other consultants. In exchange for that assignment, the City shall (a) release the Corporation of liability with respect to the planning, design and/or construction activities for the Moscone Convention Center expansion project, and (b) except for



Corporation's sole negligence, recklessness or willful misconduct, agree to defend and indemnify the Corporation for any claims, losses and liabilities, including reasonable attorney fees, arising out of or related to the assigned contracts or the expansion project.

**Section 13.2 Agreement Made in Violation of this Article.** Any agreement made in violation of Section 13.1 shall confer no rights on any person or entity and shall automatically be null and void.

**Section 13.3 Subcontracting.** The parties recognize that the Corporation shall enter into subcontracts for the provision of District Programs and administrative and related services necessary or convenient for the implementation of the Management District Plan and as provided therein, including a contract with San Francisco Travel Association, and contracts with respect to the expansion of, future renovations of and improvements to, and the marketing and promotion of the Moscone Convention Center, as more specifically provided in the Management District Plan.

(a) **Limitations.** A subcontract will not relieve Corporation from any liability or obligation under this Agreement and, as between City and Corporation, Corporation shall be responsible for the acts, defaults and omissions of any subcontractor or its agents or employees as fully as if they were the acts, defaults or omissions of Corporation. Corporation shall ensure that its subcontractors comply with all of the terms of this Agreement insofar as they apply to the subcontracted portion of the Management District Plan. All references herein to duties and obligations of Corporation shall be deemed to pertain also to all subcontractors to the extent applicable. A default by any subcontractor that would constitute an Event of Default under this Agreement if committed by Corporation shall be deemed to be an Event of Default hereunder. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and City.

(b) **Terms of Subcontract.** Each subcontract shall incorporate all of the terms of this Agreement, insofar as they apply to the subcontracted portion of the Management District Plan. Without limiting the scope of the foregoing, each subcontract shall provide City, with respect to the subcontractor, the audit and inspection rights set forth in Section 6.6. Upon the request of City, Corporation shall promptly furnish to City true and correct copies of each subcontract permitted hereunder. The parties recognize that subcontractors are not subject to the Ralph M Brown Act (Government Code §§54950 *et seq.*). The parties further recognize that subcontractor records of assessment district work performed for Corporation may be subject to the California Public Records Act (Government Code §§6250 *et seq.*).

## ARTICLE 14

### INDEPENDENT CORPORATION STATUS

**Section 14.1 Nature of Agreement.** Corporation shall be deemed at all times to be an independent Corporation and is solely responsible for the manner in which Corporation implements the Management District Plan and uses the Assessment Funds. Corporation shall at all times remain solely liable for the acts and omissions of Corporation, its officers and directors, employees and agents. Nothing in this Agreement shall be construed as creating a partnership, joint venture, employment or agency relationship between City and Corporation.

**Section 14.2 Direction.** Any terms in this Agreement referring to direction or instruction from the City or any Indemnified Party shall be construed as providing for direction as to policy and the result of Corporation's work only, and not as to the means by which such a result is obtained.

**Section 14.3 Consequences of Recharacterization.**

(a) Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that any officer, employee, agent or representative of Corporation is an employee of City for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Corporation which can be applied against this liability). City shall subsequently forward such amounts to the relevant taxing authority.

(b) Should a relevant taxing authority determine a liability for past services performed by Corporation for City, upon notification of such fact by City, Corporation shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Corporation under this Agreement (again, offsetting any amounts already paid by Corporation which can be applied as a credit against such liability).

(c) A determination of employment status pursuant to either subsection (a) or (b) of this Section 14.3 shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, any officer, employee, agent or representative of Corporation shall not be considered an employee of City. Notwithstanding the foregoing, if any court, arbitrator, or administrative authority determine that any officer, employee, agent or representative of Corporation is an employee for any other purpose, Corporation agrees to a reduction in City's financial obligation hereunder such that the aggregate amount of Assessment Funds under this Agreement does not exceed what would have been the amount of such Assessment Funds had the court, arbitrator, or administrative authority had not determined that any officer, employee, agent or representative of Corporation was an employee of City.

**ARTICLE 15**

**NOTICES AND OTHER COMMUNICATIONS**

**Section 15.1 Requirements.** Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications hereunder shall be in writing, shall be addressed to the person and address set forth below and shall be (a) deposited in the U.S. mail, first class, certified with return receipt requested and with appropriate postage, or (b) hand delivered.

If to the City:

Office of Economic and Workforce Development  
City Hall, Room 448  
One Dr. Carlton B. Goodlett Place,  
San Francisco, CA 94102  
Attn: Director

Office of Treasurer and Tax Collector  
City Hall, Room 140  
One Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Attn: Tax Administrator

If to Corporation:

San Francisco Tourism Improvement District Management Corporation  
201 Third Street, No. 900  
San Francisco, CA 94103-3185  
Attn: Chair, Board of Directors  
Telephone No. 415-227-2698  
Facsimile No. 415-541-0228

**Section 15.2 Effective Date.** All communications sent in accordance with Section 15.1 shall become effective on the date of receipt. Such date of receipt shall be determined by: (a) if mailed, the return receipt, completed by the U.S. postal service; (b) if sent via hand delivery, a receipt executed by a duly authorized agent of the party to whom the notice was sent; or (c) if sent via facsimile, the date of telephonic confirmation of receipt by a duly authorized agent of the party to whom the notice was sent or, if such confirmation is not reasonably practicable, the date indicated in the facsimile machine transmission report of the party giving such notice.

**Section 15.3 Change of Address.** From time to time any party hereto may designate a new address for purposes of this Article by notice to the other party.

## ARTICLE 16 COMPLIANCE

### Section 16.1 Nondiscrimination; Penalties.

(a) **Corporation Shall Not Discriminate.** In the performance of this Agreement, Corporation agrees not to discriminate against any employee, City and County employee working with such Corporation or subcontractor, applicant for employment with such Corporation or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune

Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) **Subcontracts.** Corporation shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a) and 12B.2(c)-(k), of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions, if, depending on the subject matter and terms and conditions of such subcontract, such provisions would be apply to Corporation if the subcontract was a contract to which the City was a party. Corporation's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) **Non-Discrimination in Benefits.** Corporation does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **Condition to Contract.** As a condition to this Agreement, Corporation shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Corporation shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including the remedies provided in such Chapters. Without limiting the foregoing, Corporation understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of fifty dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Corporation and/or deducted from any payments due Corporation.

**Section 16.2 MacBride Principles--Northern Ireland.** Pursuant to San Francisco Administrative Code Section 12F.5, City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Corporation acknowledges and agrees that he or she has read and understood this section

**Section 16.3 Tropical Hardwood and Virgin Redwood Ban.** Pursuant to Section 804(b) of the San Francisco Environment Code, City urges all Corporations not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

**Section 16.4 Drug-Free Workplace Policy.** Corporation acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Corporation and its employees, agents or assigns shall comply with all terms and provisions of such Act and the rules and regulations promulgated thereunder.

**Section 16.5 Resource Conservation; Liquidated Damages.** Chapter 5 of the San Francisco Environment Code (Resource Conservation) is incorporated herein by reference. Failure by Corporation to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract. If Corporation fails to comply in good faith with any of the provisions of Chapter 5, Corporation shall be liable for liquidated damages in an amount equal to Corporation's net profit under this Agreement, or five percent (5%) of the total contract amount, whichever is greater. Corporation acknowledges and agrees that the liquidated damages assessed shall be payable to City upon demand and may be offset against any monies due to Corporation from any contract with City.

**Section 16.6 Compliance with ADA.** Corporation acknowledges that, pursuant to the ADA, programs, services and other activities provided by a public entity (including the City and County of San Francisco, and including its Moscone Center) to the public, whether directly or through a Corporation, must be accessible to the disabled public. Corporation shall not discriminate against any person protected under the ADA in connection with all or any portion of the Management District Plan and shall comply at all times with the provisions of the ADA.

**Section 16.7 Requiring Minimum Compensation for Employees.**

(a) Corporation agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of Corporation's obligations under the MCO is set forth in this Section. Corporation is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires Corporation to pay Corporation's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Corporation is obligated to keep informed of the then-current requirements. Any subcontract entered into by Corporation shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Corporation's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Corporation.

(c) Corporation shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(d) Corporation shall maintain employee and payroll records as required by the MCO. If Corporation fails to do so, it shall be presumed that the Corporation paid no more than the minimum wage required under State law.

(e) The City is authorized to inspect Corporation's job sites and conduct interviews with employees and conduct audits of Corporation.

(f) Corporation's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Corporation fails to comply with these requirements. Corporation agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Corporation's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(g) Corporation understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Corporation fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Corporation fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(h) Corporation represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(i) If Corporation is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Corporation later enters into an agreement or agreements that cause Corporation to exceed that amount in a fiscal year, Corporation shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Corporation and this department to exceed \$25,000 in the fiscal year.

**Section 16.8 Limitations on Contributions.** Through execution of this Agreement, Corporation acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Corporation acknowledges that the foregoing restriction applies only if the contract or a combination or series of

contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Corporation further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Corporation's board of directors; Corporation's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Corporation; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Corporation. Additionally, Corporation acknowledges that Corporation must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

**Section 16.9 Prohibition on Political Activity with City Funds.** In accordance with San Francisco Administrative Code Chapter 12.G, no funds appropriated by the City and County of San Francisco for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity"). The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference. Accordingly, an employee working in any position funded under this Agreement shall not engage in any Political Activity during the work hours funded hereunder, nor shall any equipment or resource funded by this Agreement be used for any Political Activity. In the event Corporation, or any staff member in association with Corporation, engages in any Political Activity, then (i) Corporation shall keep and maintain appropriate records to evidence compliance with this section, and (ii) Corporation shall have the burden to prove that no funding from this Agreement has been used for such Political Activity. Corporation agrees to cooperate with any audit by the City or its designee in order to ensure compliance with this section. In the event Corporation violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (a) terminate this Agreement and any other agreements between Corporation and City, (b) prohibit Corporation from abiding on or receiving any new City contract for a period of two (2) years, and (c) obtain reimbursement of all funds previously disbursed to Corporation under this Agreement.

**Section 16.10 Preservative-Treated Wood Containing Arsenic.** Corporation may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Corporation may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Corporation from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

**Section 16.11 Protection of Private Information.** Corporation has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Corporation agrees that any failure of Corporation to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement, bring a false claim action against Corporation pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Corporation.

## **Section 16.12 Requiring Health Benefits for Covered Employees.**

Unless exempt, Corporation agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Corporation shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Corporation chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Corporation is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) Corporation's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Corporation if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Corporation fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Corporation fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

(d) Any Subcontract entered into by Corporation shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Corporation shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Corporation shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Corporation based on the Subcontractor's failure to comply, provided that City has first provided Corporation with notice and an opportunity to obtain a cure of the violation.

(e) Corporation shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Corporation's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Corporation represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Corporation shall keep itself informed of the current requirements of the HCAO.



(h) Corporation shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Corporation shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five business days to respond.

(j) City may conduct random audits of Corporation to ascertain its compliance with HCAO. Corporation agrees to cooperate with City when it conducts such audits.

(k) If Corporation is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for non-profits), but Corporation later enters into an agreement or agreements that cause Corporation's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Corporation and the City to be equal to or greater than \$75,000 in the fiscal year.

**Section 16.13 Graffiti Removal.** Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Corporation shall remove all graffiti from any real property owned or leased by Corporation in the City and County of San Francisco within forty eight (48) hours of the earlier of Corporation's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Corporation to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Corporation to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

**16.14. Food Service Waste Reduction Requirements.**

Corporation agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Corporation agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Corporation agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Corporation's failure to comply with this provision.

**Section 16.15 Compliance with Other Laws.** Without limiting the scope of any of the preceding sections of this Article 16, Corporation shall keep itself fully informed of City's Charter, codes, ordinances and regulations and all state, and federal laws, rules and regulations affecting the performance of this Agreement and shall at all times comply with such Charter codes, ordinances, and regulations rules and laws.

**ARTICLE 17  
MISCELLANEOUS**

**Section 17.1 No Waiver.** No waiver by the City of any default or breach of this Agreement shall be implied from any failure by the City to take action on account of such default if such default persists or is repeated. No express waiver by the City shall affect any default other than the default specified in the waiver and shall be operative only for the time and to the extent therein stated. Waivers by City of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by the City of any action requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

**Section 17.2 Modification.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.

**Section 17.3 Administrative Remedy for Agreement Interpretation.** Should any issue arise as to the meaning or intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, the Corporation and the Director of the Office of Economic Development, or his or her designee, shall be required to meet and confer in an attempt to arrive at a resolution of the issue.

**Section 17.4 Governing Law; Venue.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California, without regard to its conflict of laws principles. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

**Section 17.5 Headings.** All article and section headings and captions contained in this Agreement are for reference only and shall not be considered in construing this Agreement.

**Section 17.6 Entire Agreement.** This Agreement and the documents set forth as appendices hereto constitute the entire Agreement between the parties, and supersede all other oral or written provisions. If there is any conflict between the terms of this Agreement and other documents, the terms of this Agreement shall govern. The following appendices are attached to and a part of this Agreement:

Appendix A, Management District Plan;

Appendix B, Resolution of Formation; and

Appendix C, Interests in Other City Contracts/Agreements.

**Section 17.7 Certified Resolution of Signatory Authority.** Upon request of City, Corporation shall deliver to City a copy of the corporate resolution(s) authorizing the execution, delivery and performance of this Agreement, certified as true, accurate and complete by the secretary or assistant secretary of Corporation.

**Section 17.8 Severability.** Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

**Section 17.9 Successors; No Third-Party Beneficiaries.** Subject to the terms of Article 13, the terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity (other than the parties hereto and their respective successors and assigns and, in the case of Article 9, the Indemnified Parties) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

**Section 17.10 Survival of Terms.** The obligations of Corporation and the terms of the following provisions of this Agreement shall survive and continue following expiration or termination of this Agreement: Sections 6.4 through 6.8, Articles 7 and 9, Section 10.4, Article 12, Section 13.4, Section 14.3 and this Article 17.

**Section 17.11 Further Assurances.** From and after the date of this Agreement, Corporation agrees to do such things, perform such acts, and make, execute, acknowledge and deliver such documents as may be reasonably necessary or proper and usual to complete the transactions contemplated by this Agreement and to carry out the purpose of this Agreement in accordance with this Agreement.

**17.12 Cooperative Drafting.** This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule

that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

**17.13 Early Activities of the Corporation** The parties acknowledge that the Corporation has engaged in Activities prior to the adoption of a resolution by the Board of Supervisors approving this Agreement which has caused it to incur obligations within the scope of the Management Plan. The Corporation may use Assessments disbursed to it by the City's Treasurer/Tax Collector to satisfy such obligations.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first specified herein.

**CITY** \_\_\_\_\_

**CORPORATION:** \_\_\_\_\_

**OFFICE OF ECONOMIC AND  
WORKFORCE DEVELOPMENT**

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

By: \_\_\_\_\_  
\_\_\_\_\_  
**Director**

**OFFICE OF THE TREASURER  
AND TAX COLLECTOR**

I have read and understood paragraph 16.3, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

By: \_\_\_\_\_  
**JOSÉ CISNEROS**  
**Treasurer and Tax Collector**

**SAN FRANCISCO TOURISM  
IMPROVEMENT DISTRICT  
MANAGEMENT CORPORATION**

**Approved as to Form:**

**DENNIS J. HERRERA**  
**City Attorney**

By: \_\_\_\_\_  
\_\_\_\_\_, **Chair**  
**Board of Directors**

By: \_\_\_\_\_  
**ROBERT A. BRYAN**  
**Deputy City Attorney**

Federal Tax ID No.: 26-4814856

City Vendor Number: 81801

**APPENDIX A**

**Management District Plan, As Amended  
(section 1.1(q) of Agreement)**

# Moscone Expansion District Management District Plan

*Formed Under California Streets and Highways Code Sections 36600 et seq.  
"Property and Business Improvement District Law of 1994," Augmented by Article  
15 of the San Francisco Business and Tax Regulations Code*

Submitted to

The Moscone Expansion District Advisory Committee

The Hotel Business Owners and Operators of the  
Proposed Moscone Expansion District

The San Francisco Board of Supervisors

Amended as of January 1, 2014

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## **Moscone Expansion District**

### **Introduction and Background**

In 2008, the San Francisco hotel community and the Board of Supervisors approved the San Francisco Tourism Improvement District (*TID*), which authorized a small assessment on tourist hotel room revenue in order to fund promotion of the City and County of San Francisco (*City*) as a meeting and tourism destination. The TID assessment also raised funds for the renovation of the Moscone Convention Center, and for exploration of its potential expansion.

In the years since, increased sales, marketing and promotion have helped transform San Francisco's hotel room market into one of the healthiest in the country as measured by increases in year-over-year average daily room rates (*ADR*) among the top 25 destinations<sup>1</sup>.

In addition, we are proud to report that a public/private partnership, consisting of the TID, industry stakeholders, and City agencies, has successfully completed a \$56 million renovation of the Moscone Convention Center, a major generator of hotel room demand, on time and on budget. The portion of the TID assessment allocated to renovation of the Moscone Convention Center is set to expire at the end of 2013.

The TID has also begun to address the need to expand the Moscone Convention Center. In a city in which convention attendees and exhibitors comprise nearly 30% of overnight hotel guests,<sup>2</sup> a healthy meetings and tradeshow market is vital to maintaining occupancy and room rates. Because large conventions generally make destination decisions 5 to 15 years in advance, convention room-blocks are the base upon which hotels layer mid- and short-term business, essentially locking in a foundation of business a decade or more in advance.

However, the existing three-building configuration of Moscone Center is effectively filled to capacity; it is occupied an average of 70% of any given year, essentially full when factoring in holidays and move-in/move-out days. Therefore, it is impossible to significantly grow the San Francisco convention market without providing additional meeting and exhibit space. Further, major customers have told us that in addition to needing more space, they need more contiguous space than the existing facilities can offer.

The Moscone Expansion District (*MED* or the *District*) provides the mechanism for this effort. If approved by the hotel community and the Board of Supervisors, this assessment will help fund the design, engineering, planning, entitlements, and

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<sup>1</sup>Smith Travel Research (STR) Monthly Hotel Review, December 2011 (refers to percent change in Average Daily Rate (ADR), Revenue Per Available Room (RevPAR) and Rooms Revenue between the calendar year 2011 vs. 2010.

<sup>2</sup>San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" [Page 4, "Percent Group Meeting", 2011]



construction of the proposed expansion of Moscone Convention Center. The improvements contemplated are estimated to cost up to \$500 million.

*Project Description*

The Moscone Center Expansion Capital project (the *Project*) is managed through a public/private partnership between the City and the hotels participating in MED. The MED will partner with the City in financing the Project, which currently includes reconfiguring the North and South exhibit halls to create up to 550,000 gross square feet (gsf) of contiguous exhibit space (including supporting "pre-function" space), a new 35,000 – 75,000 gsf ballroom, up to 200,000 gsf of meeting space, and up to 100,000 gsf of loading/service space. In addition to adding space to the current convention facilities, the proposed expansion will include improvements to landscaping, urban design, and streetscape within and adjacent to the Moscone Convention Center campus. The MED will finance many of the soft costs related to the Project including, for example, architectural and engineering design, construction management/general contractor, project management, consulting fees, legal fees and debt service. The MED will also finance a portion of the general construction costs, which will also be financed with City funds.

If, over the life of the District, excess funds are raised within the maximum assessment collection allowed in the Management District Plan for the life of the district, but beyond what is required for the Project, including required debt service to pay any bond, financing lease (including certificates of participation) or similar obligations to the City, the board of directors of the "owners association" governing the District may, in consultation with the City, allocate those funds toward financing additional development, expansion, renovation, or capital improvements to the Moscone Center Campus. The City owns the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities and improvements financed by District and City funds.

The MED will partially fund the repayment of bonded indebtedness, financing lease (including principal and interest on any certificates of participation executed therein), or other similar obligations (the "Bonds"), together with any related professional consulting, architectural and other professional fees and issuance costs required for the construction of the Moscone Expansion. The MED will also provide funding for convention business attraction efforts including (a) a Convention Incentive Fund, to be used to help attract important meetings to San Francisco by offsetting convention center rental, a practice used by many other cities that compete with San Francisco for major convention business, (b) increased, targeted sales and marketing of convention business, (c) a capital reserve fund for future improvements and upgrades to Moscone Center, and (d) funds for costs incurred in the formation and for the administration of the District.

### *Project Oversight*

The Department of Public Works (DPW) has direct fiscal oversight on the expenditure of public funds. DPW has the primary responsibility for overseeing the expenditure of funds related to construction and support services. The Office of Economic and Workforce Development (OEWD) will oversee expenditures related to pre-development costs, such as environmental review and entitlements.

In addition, DPW will provide oversight of MED funds spent on development and renovation activities within the MED budget, since they are being used for a City-owned building. All RFPs with respect to design and construction activities issued by the MED for the project will be reviewed by DPW.

The City and the MED will enter into a Memorandum of Understanding that will outline specific roles and responsibilities for the management of the Moscone Expansion Project.

Together, these efforts will help maintain and grow San Francisco's hotel room market well into the future. Without them, the City faces the continued loss of large conventions that have outgrown the current, non-contiguous Center; additional losses of groups that will outgrow it in the coming years; and losses from smaller groups that could book one building in the Center, but cannot currently find space due to lack of capacity.

TABLE 1

Executive Summary of Moscone Expansion District

FEATURE	SUMMARY EXPLANATION
---------	---------------------

Name of District	Moscone Expansion District ("MED" or the "District")
------------------	--

Purpose of the District	<p>To expand the George S. Moscone Convention Center in San Francisco, California. The existing convention center is increasingly too small and provides insufficient contiguous space for certain convention customers. An expansion of the facility, including an increase in contiguous space, will help attract and retain more and larger conventions to the Moscone Center, providing benefits to hotels within the District by generating additional revenue from increased room nights, rates, and related hotel guest spending.</p>
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In furtherance of providing benefits to hotels within the District, assessment funds will also be used for a Convention Incentive Fund, to help attract significant meetings to San Francisco; a Moscone Center Sales and Marketing Fund, to promote the convention center to meeting, convention and event planners; a Capital Improvements and Renovations Fund, to cover future upgrades and improvements of Moscone Center; and for administration of the District, including funds for an operating contingency and for reimbursement of District formation costs. Assessment funds, if available, will also be used to fund additional development, expansion, renovation, and capital improvements to the Moscone Center Campus.

Benefits from the planned expansion will accrue to tourist hotels within the District boundaries. Zone 1 hotels will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels is expected to be greater. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City's transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 via "compression" *i.e.*, studies show that increased convention activity generates higher demand for the limited supply of hotel rooms in Zone 1, which in turns increases demand

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for hotel rooms in Zone 2, increasing both occupancy and room rates within Zone 2.

Assessed Businesses and Boundaries of the District

The District shall include all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas:

Zone 1: Tourist hotels with addresses:

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 16<sup>th</sup> Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16<sup>th</sup> Street as if it continued east to the Bay.

Zone 2: Tourist hotels with addresses:

- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16<sup>th</sup> Street.

The boundaries of Zones 1 and 2 of the MED are identical to the boundaries of Zones 1 and 2 of the TID.

A map of the District and a list of existing tourist hotels within the District are set forth in the Management District Plan. Because this is a business-based District, tourist hotels that open for business within the District in the future will also be subject to the assessment.

Improvements and Activities, including categories of expenditures

- Planning, design, engineering, entitlement, construction, project management and related services for expansion of the Moscone Convention Center, including related payments for any bond, financing lease (including certificates of participation) or similar obligations of the City.
- Funding of a Moscone Convention Center Incentive Fund, which will be used to attract significant meetings, tradeshow and conventions to San Francisco via offset of rental costs.

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- Funding of a Moscone Convention Center Sales & Marketing Fund to provide increased funding for sales and marketing of convention business, with a focus on generating increased revenues for hotels that pay the assessment.
- Funding of capital improvements and renovations, including a capital reserve fund to cover future upgrades and improvements to the Moscone Convention Center.
- Allocation of funds to pay for District formation, operation and administration, and to establish and maintain a contingency reserve.
- In consultation with City, funding of expenses for development and implementation of future phases of expansion, renovations or capital improvements if there are funds available in excess of those needed for the Project.

Assessments and  
Assessment  
Methodology

Tourist hotels within the District will pay assessments based on the following formula. During the life of the District, the benefits that will accrue to each assessed business within each zone will correlate directly to the rate of assessments in that zone.

Zone 1:

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment through December 31, 2013, the assessment shall be 0.50% of gross revenue from tourist rooms.
- With respect to gross revenue from tourist rooms generated beginning January 1, 2014 until the termination of the District, the assessment in Zone 1 shall be 1.25% of gross revenue from tourist rooms.

Zone 2:

- With respect to gross revenue from tourist rooms

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generated during the period beginning with commencement of the assessment until the termination of the District, the assessment shall be 0.3125% of gross revenue from tourist rooms.

Annual revenues generated from assessments will fluctuate over the life of the District based on actual gross revenues from tourist rooms, subject to the maximum assessment set forth in the Management District Plan.

The assessment formula is designed to levy assessments on the basis of the estimated benefits that will accrue to the tourist hotels within the District.

“Gross revenues from tourist rooms” is defined in the Management District Plan.

It is anticipated that the District will enter into an agreement with the San Francisco Tax Collector’s Office for collection of the assessment and for certain enforcement functions.

Maximum Collections

No more than a total maximum of \$5,766,814,000 in assessment funds will be collected during the 32-year term of the MED. The maximum allowable assessment to be levied annually for the duration of the MED is set forth in the Management District Plan. Each year’s maximum annual assessment reflects a potential 10% increase over the previous year. **It should be noted that these are maximum annual collections allowed under this plan; actual annual collections may be significantly less, depending on market conditions.**

Financing Activities

It is anticipated that in connection with financing of all or a portion of the District’s improvements and activities, the City will issue bonds, financing lease (including certificates of participation) or similar obligations, and that District funds will be used in furtherance of repayment of those obligations. It is expected that the Bonds will be issued in 2017 to fund expansion-related activities.

Duration of District

The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the

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first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the *Commencement Date*). The term of the district is 32 years after the Commencement Date.

Formation

Formation of the District requires submission to the San Francisco Board of Supervisors of written petitions signed by the owners of tourist hotels in the District that will pay more than 30% of the assessments proposed to be levied. After submission of those petitions, the San Francisco Board of Supervisors may approve a resolution of intention to form the District. If this Resolution of Intention is approved by the Board of Supervisors, the City's Department of Elections will mail out assessment ballots to all tourist hotels that would be subject to assessment in the proposed District. During the special ballot election period tourist hotels within the District will be entitled to vote based on a weighted-voting formula. If tourist hotels representing at least 50% of the total estimated assessments proposed to be levied on all tourist hotels in the District cast ballots, and at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, the Board of Supervisors will vote on whether to establish the District and levy the assessments.

The "Weight" calculated for the petition vote and ballot election is determined by the assessment each tourist hotel will pay into the district compared to the total assessments estimated to be collected in year one. Year one maximum assessment collection estimates are based on 12 months of projected collections at the assessment formula of 1.25% and 0.3125% for tourist hotels located in Zones 1 and 2 respectively, calculated on the assessable gross room revenue from tourist rooms of calendar year 2011 as reported by hotels. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2011 assessable gross room revenue from tourist rooms in relation to its portion of the total MED assessment in year one. If a hotel changed ownership after the hotel's 2011 assessable gross income was reported to the City, the "weight," for purposes of this Plan,

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shall be calculated based on the 2011 assessable gross income from tourist rooms as reported to the City by the hotel prior to the ownership change. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

Management of the District

The District will be managed by the non-profit San Francisco Tourism Improvement District Management Corporation ("*SFTIDMC*"), the same organization that manages the San Francisco Tourism Improvement District.

City Contribution to Costs of Expansion

The City & County of San Francisco, subject to approval of the Board of Supervisors, will commit the following towards the repayment of Bonds issued in connection with the \$500 million Project:

- Contribution of \$8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to cap of \$10.7 million, with a continuing contribution of no less than \$10.7 million per year for the remainder of the term of the District (the City's "*Base Contribution*").
- In addition, the City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in this plan.
- For purposes of this Project, "shortfall" means a fiscal year's debt service not covered by (a) the MED allocation to debt, plus (b) the City's \$8.2 million - \$10.7 million contribution.

City contributions will partially fund the repayment on any bonded indebtedness or financing lease (including principal and interest on any certificates of participation) issued to finance related professional consulting, architectural and other professional fees and issuance costs, or similar obligations issued or incurred in connection with the expansion, together with a portion of the hard construction cost. The project will be built using an alternative project delivery method called Construction Manager/General Contractor (CM/GC). The MED will select



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the CM/GC, with input from the City, and the MED will fund the cost of the CM/GC. The City will expend construction costs by procuring, pursuant to the City's contracting rules, and paying for the trade contractors. The trade contractors will be overseen by the CM/GC funded by the MED. The City is the owner of the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities financed by District and City funds.

**Flow of Funds**

The City will collect MED revenues from hotels, withhold funds from those revenues allocated to Development Activities in the Plan necessary to pay debt service, fund the Stabilization Fund and Sinking Fund, and fund repayment of the City's contribution toward shortfall in debt service costs from prior years, and transfer to the MED the portion of revenue per the allocation outlined in the Management Plan.

**Surpluses**

For purposes of this plan, "Surpluses" mean any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, *i.e.*, excluding the City Contribution toward debt service outlined above. Surpluses shall be applied as follows:

1. To fund a Stabilization Fund of up to \$15,000,000, to be drawn upon in any year when lower than expected MED collections cause MED's contributions toward debt service to be lower than the sum set forth in cash flow projections with respect to the debt service for the Project; then
2. To fund a Sinking Fund in an amount equal to annual debt service beyond expiration of the District term less City Contribution; then
3. To the City as repayment for the City's contribution toward shortfall in debt service costs from prior years, *i.e.*, City contributions, if any, in excess of the City's Base Contribution as outlined above; then
4. To the MED to fund future development, expansion, renovation, and capital improvements to the Moscone Center Campus.

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5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for debt service, i.e., upon final maturity of the debt instruments, shall be distributed to MED or its successor, in consultation with the City and the San Francisco Travel Association or its successor, for use consistent with part 4, above.

Notwithstanding the foregoing, with respect to funds allocated to the above funds 1 through 3, the City shall have the sole discretion to apply Surpluses among those three funds in the order it deems in the best interests of the City.

**Name of District**

The District shall be known as the Moscone Expansion District (“MED” or the “District”).

**Purpose of the District**

The District will be formed in order to expand the George S. Moscone Convention Center in San Francisco, California to provide funding to attract significant meetings, tradeshows and conventions, and provide for significant future improvements and upgrades.

*Why Expand Moscone Convention Center?*

Moscone Convention Center is a primary driver of hotel room demand in San Francisco. However, Moscone Center is the smallest among 13 convention centers that are most competitive with it, particularly in terms of saleable exhibit space.<sup>3</sup> Among this same set, convention centers in at least two cities, Los Angeles and San Diego, have completed expansion or are in the process of expanding, while at least one, Las Vegas, is putting substantial capital into renovating the public spaces in and around its convention center.

Meeting planners regularly report record attendance when holding events in the City, compounding the need for additional space. San Francisco ranks particularly favorably among international convention attendees due to the large amount of direct air service. In addition, San Francisco’s position as a gateway to Asia bodes well for technology and medical meetings in particular, which attract growing numbers of Asian attendees<sup>4</sup>.

However, if Moscone Center is not expanded, San Francisco stands to lose a number of current conventions that will outgrow the existing center, won’t win back meetings that have already left due to size constraints, and will lose small meetings that currently cannot be accommodated in one or two of the existing three-building campus due to lack of available dates.

In addition, meeting planners have reported that the current lack of contiguous space is a serious detriment to their ability to book Moscone Center and San Francisco.

In fact, San Francisco has already lost meetings representing \$2,057,000,000 in direct spending as a result of space issues, for meetings with dates between 2010 and 2019. These events instead booked convention centers in Chicago, Las Vegas, San Diego and other cities, taking with them delegate spending, tax revenue and other economic impact.<sup>5</sup>

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<sup>3</sup> Jones Lang LaSalle Hotels, “Moscone Convention Center Expansion Cost Benefit Analysis” [Page 29]

<sup>4</sup> Jones Lang LaSalle Hotels, “Moscone Convention Center Expansion Cost Benefit Analysis” [Page 35]

<sup>5</sup> Jones Lang LaSalle Hotels “Moscone Convention Center Expansion Cost Benefit Analysis” [page 23]

### *Benefits from Moscone Center Expansion*

The planned expansion of the Moscone Center will be financed via a partnership between the tourist hotel community and the City. The tourist hotel community will pay its share of expansion-related costs out of District assessments. The City will pay its share of expansion-related costs out of general fund revenues or other funds and sources. The District and City will each pledge revenues to pay principal, interest and related financing costs on payments of any bond, financing lease (including certificates of participation), or other similar obligations of the City that will be issued to facilitate the expansion. Based on this shared-cost scenario, the tourist hotels within the District will derive economic benefits from the portion of the expansion paid for with District assessments. The City will derive economic benefits in return for its financial commitment. The benefits that are unique to the hotels, and the other benefits, are described below.

### *Benefits to Hotels that Pay the Assessment*

Expansion of Moscone Center will generate benefits for tourist hotels within the District that will pay the assessment, which will not accrue to those not charged. Industry studies demonstrate that expansions of convention centers in markets competitive with San Francisco generate growth in hotel "RevPAR" (revenue per available hotel room). Consistent with that finding on a national basis, past expansions of Moscone Center have led to higher real RevPAR growth for San Francisco hotels. Studies indicate that increased convention attendance arising from this new, proposed expansion of Moscone Center, combined with the incentive fund and targeted sales and marketing expenditures designed to maximize lodging performance, will generate increased hotel demand, with a positive impact on RevPAR via higher hotel occupancy rates and average daily room rates.<sup>6</sup> Assessed businesses, therefore, receive the benefit of higher yields, derived through the practice of maximizing revenue based on predictable demand. Studies also indicate that in addition to increased occupancy and room rates, hotels in the District will also derive increased revenues from their ancillary facilities, such as hotel restaurants, bars, meeting space and spas.<sup>7</sup> Further, hotel values are likely to be directly enhanced or increase by the completion of the Moscone Convention Center proposed expansions.<sup>8</sup>

Zone 1 hotels will pay a higher assessment than Zone 2 hotels because it is expected that Zone 1 hotels will achieve a greater positive impact on RevPar. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City's transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 directly, and via "compression," *i.e.*, when groups using Moscone Center fill tourist hotel rooms in Zone 1 (increasing their occupancy and average daily rate),

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<sup>6</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§5.2]

<sup>7</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§5.2]

<sup>8</sup> Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Impact" [§1.3]

the data show that other bookings, such as transient commercial, group tour, and leisure visitor business, are pushed into tourist hotels in Zone 2 (increasing occupancy and average daily rate at those hotels). In sum, hotels in Zone 1 are expected to receive approximately three times RevPAR benefit, and four times profit per available room, as compared to hotels in Zone 2.<sup>9</sup> This differential, which also manifests in a different rate of increase in hotel values between the two zones, provides the basis for structuring two levels of assessment.

#### *Other Economic Benefits*

In return for the City's financial contribution to the expansion of Moscone Center, it is expected that increased convention activity will generate increased economic activity in the City. In 2011, activity from meetings, conventions and trade shows accounted for \$1.8 billion in spending in the City<sup>10</sup>. Expert projections, based on studies of expansions in competitive markets and on past expansions of Moscone Center, indicate that expansion of Moscone Center will generate additional economic activity in the form of increased spending for local businesses and increased tax revenue for the City.<sup>11</sup>

#### *A Record of Success: The San Francisco Tourism Improvement District*

The expansion will be managed by an experienced team that includes the San Francisco hotel community, the City and County of San Francisco, the managers of Moscone Convention Center, and the San Francisco Travel Association, which is responsible for marketing convention center space.

This team collaborated to create the San Francisco Tourism Improvement District in 2008, increasing funding to sell, market, and promote the City as a visitor destination. Funds were also used to renovate the Moscone Convention Center and to explore its expansion in light of competitive pressures.

The renovation, completed in May 2012, was accomplished on time and on budget. Much-needed repairs were made to both Moscone South (opened in 1981) and Moscone North (opened in 1992), neither of which had seen any significant capital improvements. New way-finding signage, energy efficient lighting and HVAC systems, upgraded bathrooms, new paint and carpet, and Center-wide wireless access have vastly modernized the complex.

The issues of size and contiguous space remain serious obstacles, however, and led the SFTID to commission two separate studies, from Economic Research Associates/AECOM in 2010, and Jones Lang LaSalle Hotels (JLLH) in 2012. For these studies, a comprehensive set of data was gathered, including:

- Competitive convention center information

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<sup>9</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§1.3]

<sup>10</sup> San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" [Page 4, "Grand Total: Convention Impact", 2011]

<sup>11</sup> Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Cost Benefit Analysis" [§6.8]

- Interviews with major Moscone Convention Center users
- Analysis of Lost Business Reports generated by San Francisco Travel
- Trends in the meetings market

The ERA/AECOM study showed that, without additional exhibit space, the number of Moscone Convention Center-based meetings will decline as larger groups move to other cities with more space, and as smaller groups are unable to book space due to lack of availability. The JLLH report is studying various expansion scenarios.

An advisory committee has been formed to provide industry input from the assessed tourist hotels. It includes representatives of the San Francisco Tourism Improvement District Management Corporation (*SFTIDMC*) Board of Directors, representatives appointed by the Hotel Council of San Francisco, and representatives of City government.

In addition to funding Moscone Convention Center expansion, the District will fund a Convention Incentive Fund, which will be used to attract significant meetings, conventions and tradeshow to San Francisco. In the increasingly competitive convention market, many first tier cities (and several second and third tier cities, as well) provide convention center rental offsets in order to attract meetings with significant economic impact. San Francisco has made similar funds available in the past, and will be at a competitive disadvantage without the continuation of these funds. The District will also fund a Moscone Center Sales and Marketing Fund, for the purpose of generating increased revenue for hotels that pay the assessment by promoting the convention center to meeting, convention and event planners, and a Capital Improvements and Renovations Reserve Fund, to cover future upgrades and improvements so that the Moscone Center buildings remain competitive with convention centers in other cities and do not once again fall into disrepair. Funds will also be allocated to build and maintain a contingency reserve, for costs related to formation of the District, and for the administration of the District, such as payment to the City's Treasurer and Tax Collector for the costs of collecting, enforcing, and distributing assessments, and payment for staff and professional services needed to run the District. Lastly, funds may be used to fund future development, expansion, renovation, and capital improvements of the Moscone Center campus.

### **Assessed Businesses and Boundaries of the District**

This will be a business-based district that shall include all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas:

#### **Zone 1: Tourist hotels with addresses:**

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 16<sup>th</sup> Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16<sup>th</sup> Street as if it continued east to the Bay.

#### **Zone 2: Tourist hotels with addresses:**

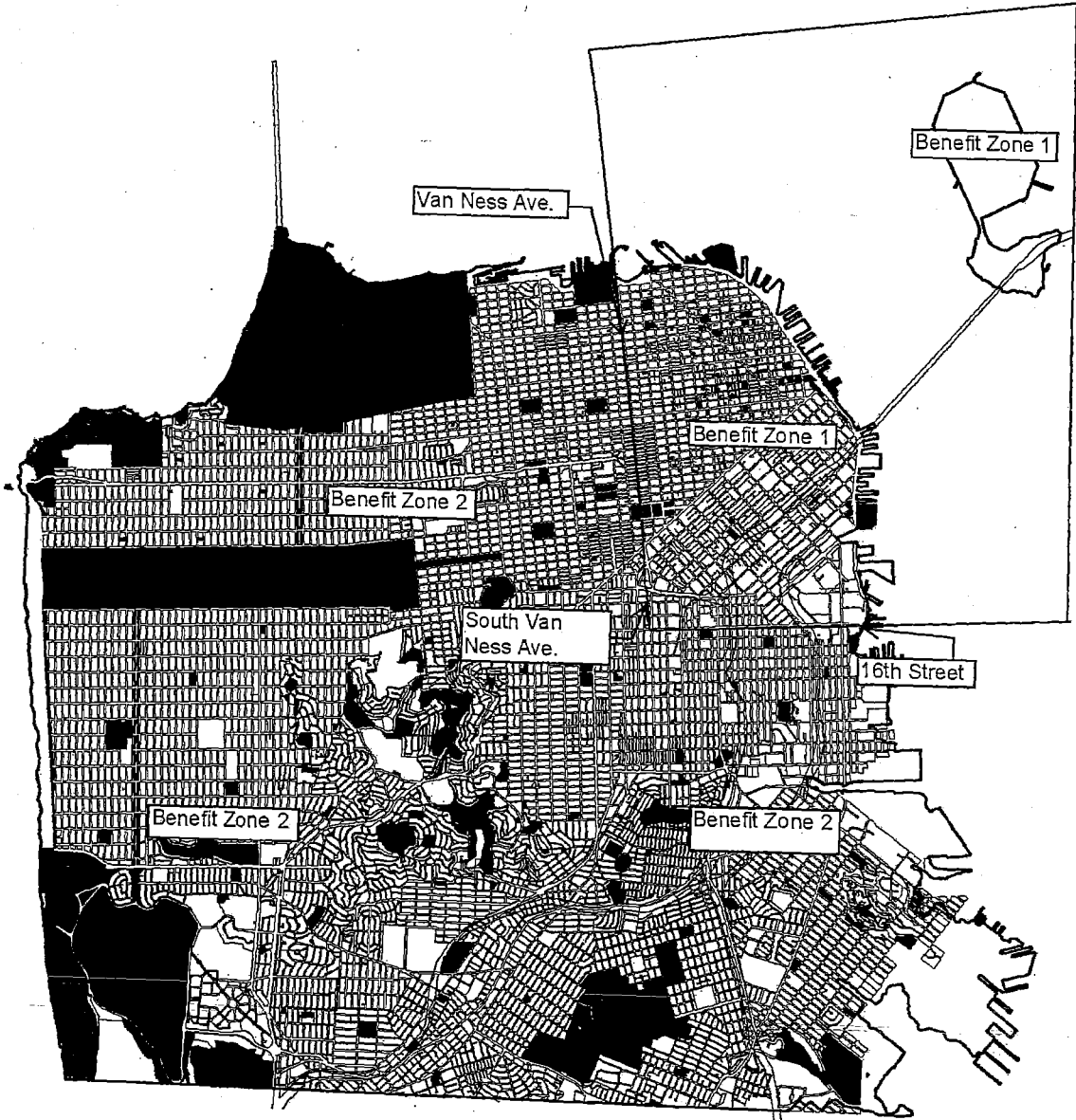
- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16<sup>th</sup> Street.

The boundaries of Zones 1 and 2 of the MED are identical to the boundaries of Zones 1 and 2 of the Tourism Improvement District.

Because they will benefit from the improvements and activities funded by the District, and because this is a business-based district, future tourist hotels that open for business within the District will also be subject to the assessment.

# Map of the District

Moscone Expansion District Map





**Proposed Annual Operating Budget, including Improvements and Activities,  
and categories of expenditures**

(The FY 2013/14 projected budget is set forth below.<sup>12</sup> Annual budgets for subsequent years will be outlined in annual reports prepared by SFTIDMC and submitted to the Board of Supervisors as required by applicable law.)

<i>Improvements and Activities</i>	<i>Percent of Budget Allocated to Types of Activities</i>	<i>Budget</i>
<p><b><u>Development Activities</u></b></p> <ul style="list-style-type: none"> <li>• Planning, design, engineering, entitlement, project management and related development services for the Project, which it is projected will include reconfiguration of existing non-contiguous space to create up to 550,000 gsf of contiguous exhibit space, and new meeting rooms, ballroom, and loading and service spaces.</li> <li>• Construction costs for of the expansion of the Moscone Convention Center as noted above.</li> <li>• Financing costs related to the Project, including those associated with the payments of any bond, financing lease (including certificates of participation), or other similar obligations of the City.</li> </ul>	87.5%	\$16,915,500
<p><b><u>Renovation Activities</u></b></p> <ul style="list-style-type: none"> <li>• Funding of a capital reserve to pay for <b>future renovations of and improvements to</b> the Moscone Convention Center complex, to include capital improvements, but not including general maintenance or general repairs.</li> <li>• Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a majority vote of the board of directors of the MED owners association.</li> </ul>	1%	\$193,320

<sup>12</sup> The FY 2013/2014 projected annual budget assumes that the District Commencement Date is no later than July 1, 2013, and thus reflects a full twelve months of assessment revenue. The proportionate allocation of District funds among budget categories for the life of the District is set forth in Table 2.



majority vote of the board of directors of the MED owners association.		
<b>Total</b>	<b>100%</b>	<b>\$19,332,000</b>

*Surpluses*

Any Surpluses (defined in this Plan as "any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, i.e., excluding the City Contribution toward debt service") shall be applied as outlined in the "Surpluses" section of this Plan.

*Formation Costs*

In year 1 of the MED, up to \$685,000 to cover costs incurred in forming the District (*Formation Costs*) may be allocated. Formation Costs eligible for recovery through assessments include actual costs incurred by the MED steering committee, the San Francisco Tourism Improvement District, San Francisco Travel Association, and by the City and County of San Francisco arising out of or of or related to the formation process. Such reimbursable Formation Costs include, for example, costs arising out of or related to (a) the costs of preparation of the management district plan and engineer's report or other expert reports required by state law or to be included with the management district plan (b) the costs of circulating and submitting the petition to the Board of Supervisors seeking establishment of the District, (c) the costs of printing, advertising and giving of published, posted or mailed notices, (d) the costs of engineering, consulting, legal or other professional services provided in support of formation of the District, including, for example, project management of the formation process, contract negotiation and drafting, and the provision of legal advice and representation with respect to formation of the District, (e) costs of any ballot proceedings required by law for approval of a new assessment, (f) set up of the MED assessment billing and collection systems by the City and County of San Francisco, including reimbursement of actual costs by the City Treasurer and Tax Collector, and (g) related consultant and attorney fees, consistent with Section 1511(d) of the San Francisco Business and Tax Regulations Code. The basis for determining the amount of Formation Costs payable by the MED assessment shall be actual costs incurred. Legal fees and related costs incurred in connection with the validation of debt issuance and of the related establishment of MED and levy of assessments, including related legal proceedings, shall be paid for by District revenues and shall not be considered "Formation Costs."

**TABLE 2**

Proportionate allocation of District funds among budget categories over the life of the MED

<b>Year</b>	<b>Fiscal Year</b>	<b>Expansion/ Development/ Allocation</b>	<b>Incentive Fund Allocation</b>	<b>Convention Sales/Mktg Fund Allocation</b>	<b>Cap Reserve Fund Allocation</b>	<b>Admin/Cont/ Reserve Allocation</b>	<b>Total</b>
1	2013/14	87.5%	9%	0%	1%	2.5%	100%
2	2014/15	87.5%	9%	0%	1%	2.5%	100%
3	2015/16	87.5%	9%	0%	1%	2.5%	100%
4	2016/17	87.5%	9%	0%	1%	2.5%	100%
5	2017/18	86.5%	9%	1%	1%	2.5%	100%
6	2018/19	86.5%	9%	1%	1%	2.5%	100%
7	2019/20	86.5%	9%	1%	1%	2.5%	100%
8	2020/21	86.5%	9%	1%	1%	2.5%	100%
9	2021/22	86.5%	9%	1%	1%	2.5%	100%
10	2022/23	82.5%	8%	1%	6%	2.5%	100%
11	2023/24	82.5%	8%	1%	6%	2.5%	100%
12	2024/25	82.5%	8%	1%	6%	2.5%	100%
13	2025/26	82.5%	8%	1%	6%	2.5%	100%
14	2026/27	82.5%	8%	1%	6%	2.5%	100%
15	2027/28	82.5%	8%	1%	6%	2.5%	100%
16	2028/29	82.5%	8%	1%	6%	2.5%	100%
17	2029/30	82.5%	8%	1%	6%	2.5%	100%
18	2030/31	82.5%	8%	1%	6%	2.5%	100%
19	2031/32	82.5%	8%	1%	6%	2.5%	100%
20	2032/33	82.5%	8%	1%	6%	2.5%	100%
21	2033/34	82.5%	8%	1%	6%	2.5%	100%
22	2034/35	82.5%	8%	1%	6%	2.5%	100%
23	2035/36	82.5%	8%	1%	6%	2.5%	100%
24	2036/37	82.5%	8%	1%	6%	2.5%	100%
25	2037/38	82.5%	8%	1%	6%	2.5%	100%

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Year	Fiscal Year	Expansion/ Development/ Allocation	Incentive Fund Allocation	Convention Sales/Mktg Fund Allocation	Cap Reserve Fund Allocation	Admin/Cont/ Reserve Allocation	Total
26	2038/39	82.5%	8%	1%	6%	2.5%	100%
27	2039/40	82.5%	8%	1%	6%	2.5%	100%
28	2040/41	82.5%	8%	1%	6%	2.5%	100%
29	2041/42	82.5%	8%	1%	6%	2.5%	100%
30	2042/43	82.5%	8%	1%	6%	2.5%	100%
31	2043/44	82.5%	8%	1%	6%	2.5%	100%
32	2044/45	82.5%	8%	1%	6%	2.5%	100%

## **Assessment and Assessment Methodology**

### Assessment Method - Gross Revenue from Tourist Rooms

Tourist hotels within the District will pay assessments on the basis of the estimated benefit to those hotels. Further, the assessments imposed will provide benefits to tourist hotels within the District that are not provided to businesses that do not pay the assessment, and will not exceed the reasonable costs of conferring those benefits. Those benefits, which will accrue from the portion of planned expansion of the Moscone Center paid for with the funds raised by the assessments and related MED activities and improvements, include increased RevPAR (revenue per available hotel room) in the hotels within the District, resulting from increases in such hotels' average daily room rates and occupancy rates arising from increased convention activity, and increased sales and marketing activity for the convention center designed to increase revenue to hotels that pay the assessment.

The assessment will be paid by tourist hotels within the District based on gross revenue from tourist rooms in those hotels, based on the following formula. During the life of the District, the benefits that will accrue to each assessed business within each zone will correlate directly to the rate of assessments in that zone.

#### Zone 1:

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment through December 31, 2013, the assessment shall be 0.50% of gross revenue from tourist rooms.
- With respect to gross revenue from tourist rooms generated beginning January 1, 2014, until the termination of the District, the assessment shall be 1.25% of gross revenue from tourist rooms.

#### Zone 2:

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment until the termination of the District, the assessment shall be .3125% of gross revenue from tourist rooms.

For purposes of calculating the MED assessment, "gross revenue from tourist rooms" means: the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom whatsoever. Gross revenue from tourist rooms will include only the following charges, regardless of how such charges are characterized:

- a) Charges for a guest room (including non-refundable deposits) regardless of whether the guest uses the room;
- b) Charges for additional guests to occupy the room;
- c) Charges for guaranteeing the availability of a room (sometimes referred to as guaranteed "no-show" charges), regardless of whether the guest uses the room (excluding event attrition fees and event cancellation fees paid by event organizers)

For purposes of this plan, "tourist room" and "guest room" are used interchangeably.

#### Exemptions

The following charges and revenues shall be exempt from payment of the assessments:

- a) Charges for guest rooms occupied by permanent residents, defined as: "Any occupant as of a given date who has or shall have occupied, or has or shall have the right of occupancy, of any guest room in a hotel for at least 30 consecutive days next preceding such date;"
- b) Revenue from the lodging of airline crews, *i.e.*, lodging provided to airline cockpit and/or cabin crews pursuant to an agreement between a hotel and an airline, which is in furtherance of or to facilitate such crews' performance of their jobs for the airline, including layovers between flights; or
- c) The City's Transient Occupancy Tax collected on the room rent and remitted to the City;
- d) Revenue from the San Francisco Tourism Improvement District assessment established in 2008, including any renewals or extensions thereof;
- e) Charges for guest rooms located in youth hostels that are owned and operated exclusively by and for non-profit entities;
- f) Charges for guest rooms that are subject to the room rate exemption for the San Francisco Transient Occupancy Tax under Article 7, section 506(c) of the San Francisco Business & Tax Regulations Code, as amended from time to time; and
- g) Charges for guest rooms located in non-profit, purely private social clubs that make guest rooms available only for the use of their members. The term "purely private social clubs" means non-profit, private membership clubs, whose primary purpose is social, which are owned by a limited membership, and which do not advertise or promote the use of their facilities by the

public. Further, entities that allow guest rooms to be occupied by non-members, including via reciprocal arrangements with other clubs or organizations or upon referral of a member, shall not constitute "purely private social clubs" as defined herein.

The assessment formula will remain the same throughout the duration of the District. Annual revenues generated from assessments will fluctuate over the life of the District based on actual gross revenues from tourist hotel rooms, subject to the maximum assessment set forth in the Management District Plan. Any annual budget surplus or deficit will be rolled into the following year's MED budget.

#### Time and Manner of Collecting Assessments

The MED assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, as it may be amended from time to time, will be collected and enforced by the Office of the Treasurer and Tax Collector of the City (the *Treasurer and Tax Collector*). The hotel businesses assessed shall be billed and/or shall file assessment payment forms, and submit assessment payments on a monthly basis to the Treasurer and Tax Collector, based on gross revenue collected for tourist rooms each month. The Treasurer and Tax Collector shall transfer the assessment payments on a monthly basis to the SFTIDMC, a non-profit corporation that is designated as the Owners Association for the District. The SFTIDMC will manage and administer the MED pursuant to a management contract with the City, as approved by the Board of Supervisors. The management contract will also include provisions identifying and defining procedures for collection and enforcement of the assessment, including, for example, hotel and recordkeeping requirements, audits, assessment of penalties and interest, claims, and refunds.

#### Number of Years Assessment will be Levied

As indicated elsewhere in this plan, the capital improvements to the Moscone Center will be financed, in part, by either bonds, financing lease (including certificates of participation), or other similar obligations of the City, to be paid by revenues from the MED and the City. The amount of debt service to retire the MED portion of the indebtedness shall not exceed the amount of revenue estimated to be raised from the assessment. For that reason, and because some of the assessment funds are allocated to expenses other than servicing such debt, the assessment will be levied for 32 years beginning with the Commencement Date. For example, if the Commencement Date is July 1, 2013, the assessment will be levied through June 30, 2045.

#### Total Maximum Amount of Annual Assessment Revenue



No more than a total maximum of \$5,766,814,000 in assessment funds will be collected during the 32-year term of the MED. The maximum allowable assessment to be levied annually for the duration of the MED is set forth below in Table 2. Each year's maximum annual assessment reflects a potential 10% increase over the previous year. **It should be noted that these are maximum annual collections allowed under this plan; actual annual collections may be significantly less depending on market conditions.**

### **Financing for Moscone Expansion Improvements**

Designated assessment funds will be used to pay financing costs, including those associated with the issuance and payment of principal and interest on bonds, financing lease (including certificates of participation), or other similar obligations of the City to pay for the development costs associated with the Moscone Expansion Project, including planning, design, engineering, entitlement, project management and related development services, as well as construction of Moscone Expansion capital improvements.

TABLE 3  
Maximum Amount of Annual Assessment Revenue

Year	Fiscal Year	Maximum Collections
1	2013/14	\$19,332,000
2	2014/15	\$29,597,500
3	2015/16	\$32,557,000
4	2016/17	\$35,812,500
5	2017/18	\$40,388,500
6	2018/19	\$45,528,500
7	2019/20	\$50,188,000
8	2020/21	\$55,207,000
9	2021/22	\$60,727,500
10	2022/23	\$67,356,500
11	2023/24	\$74,648,000
12	2024/25	\$82,112,500
13	2025/26	\$90,324,000
14	2026/27	\$99,356,500
15	2027/28	\$109,293,000
16	2028/29	\$120,222,500
17	2029/30	\$132,244,000
18	2030/31	\$145,468,000
19	2031/32	\$160,015,000
20	2032/33	\$176,017,000
21	2033/34	\$193,619,000
22	2034/35	\$212,981,000
23	2035/36	\$234,279,500
24	2036/37	\$257,707,500
25	2037/38	\$283,478,500
26	2038/39	\$311,826,500
27	2039/40	\$343,009,000
28	2040/41	\$377,310,000
29	2041/42	\$415,041,000
30	2042/43	\$456,545,500
31	2043/44	\$502,200,500
32	2044/45	\$552,420,500
		\$5,766,814,000

## **Implementation Timeline**

### *Formation*

Formation of the District requires submission to the San Francisco Board of Supervisors of written petitions signed by the owners of tourist hotels in the District that will pay more than 30% of the assessments proposed to be levied. After submission of those petitions, the San Francisco Board of Supervisors may approve a Resolution of Intention to form the District. If this Resolution of Intention is approved by the Board of Supervisors, the City's Department of Elections will mail out assessment ballots to all tourist hotels that would be subject to assessment in the proposed District. During the special ballot election period, tourist hotels within the District will be entitled to vote based on a weighted-voting formula. If tourist hotels representing at least 50% of the total estimated assessments proposed to be levied on all tourist hotels in the district cast ballots, and at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, the Board of Supervisors will hold a vote on whether to establish the District and levy the assessments.

The "Weight" calculated for the petition vote and ballot election is determined by the assessment each tourist hotel will pay into the district compared to the total assessments estimated to be collected in year one. Year one maximum assessment collection estimates are based on the 12 months of projected collections at assessment formula of 1.25% and 0.3125% for tourist hotels located in Zones 1 and 2 respectively, calculated on the assessable gross room revenue from tourist rooms of calendar year 2011 as reported by hotels. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2011 assessable gross room revenue from tourist rooms in relation to its portion of the total MED assessment in year one. If a hotel changed ownership after the hotel's 2011 assessable gross income was reported to the City, the "weight," for purposes of this Plan, shall be calculated based on the 2011 assessable gross income from tourist rooms as reported to the City by the hotel prior to the ownership change. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

### *Duration*

The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the "*Commencement Date*"). The term of the District is 32 years after the Commencement Date.

### *Disestablishment*

If there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the District, the District may be disestablished under any of the following circumstances:

(1) If the Board of Supervisors finds that there has been a misappropriation of funds, malfeasance, or a violation of law in connection with management of the District;

(2) During the operation of the District, there shall be a 30-day period each year in which assesseses may request disestablishment of the District. The first such period shall begin one year after the date of establishment of the District and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the District. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of businesses in the District who pay 50 percent or more of the assessments levied, the Board of Supervisors shall pass a resolution of intention to disestablish the District. The Board of Supervisors shall notice a hearing on disestablishment; or

(3) A supermajority of eight or more members of the Board of Supervisors may initiate disestablishment proceedings for any reason.

All outstanding indebtedness must be paid prior to disestablishment of the District.

*Formation Schedule*

<b>Task</b>	<b>Estimated Date of Completion</b>
Final approval of Management District Plan by MED Advisory Committee	September 2012
Distribute petitions endorsing plan to affected MED hotel business owners/operators	September 2012
Submit minimum 30% weighted petitions endorsing Plan and proposed assessments to the Board of Supervisors (BOS)	October 2012
Introduce Resolution of Intention to Form the MED, with final Management District Plan and supporting documents, to BOS	October 2012
BOS Committee hearings	November 2012
BOS vote on Resolution of Intention at public hearing	November 2012

Department of Elections mails ballots, 45 Day Ballot Election Period Initiated	November 2012
BOS Committee hearing/meeting and final public hearing at BOS, on Resolution to Establish District and levy assessments; ballots due and counted; District established and assessments levied.	January - February 2013
Management contract with City executed	June 2013
MED Assessment becomes effective	The later of July 1, 2013, or no more than 30 days after a final judgment of validation
First MED Assessment payment transferred to SFTIDMC	Not later than 45 days after the filing deadline following the effective date, above.
MED services initiated	Not later than 45 days after the filing deadline following the effective date, above.

## **Governance of the District**

The District will be managed by the San Francisco Tourism Improvement District Management Corporation, a 501c(6) non-profit corporation (SFTIDMC), the same organization that manages the San Francisco Tourism Improvement District. The SFTIDMC has been in operation since 2009 and has established policies and procedures to effectively manage the funds and business affairs of the SFTID. Significant cost savings will be realized by not establishing a new organization.

The SFTIDMC is responsible for the recent renovation of the existing convention center, which was accomplished on time and on budget. The renovation process included input from San Francisco's major convention customers – the Center's users – with oversight by the assessed businesses in the TID. Because Moscone Convention Center is booked to 70% of capacity, the SFTID worked with Center management, City agencies and private contractors to ensure that work did not displace previously booked business while fitting into previously unsold periods.

Under the terms of California's Property and Business Improvement District Law of 1994, as amended, the SFTIDMC is designated as the "owner's association" for the District, meaning that it will enter into a contract with the City, and will have the authority to manage the District and ensure that the improvements and activities described in this plan are carried out. The SFTIDMC has entered into an agreement with the San Francisco Travel Association (*SFTA*) to provide administrative services in support of TID operations. It is anticipated that SFTIDMC will enter into a similar agreement with SFTA for the new District.

The SFTIDMC is governed by a volunteer, 11-member Board of Directors. The majority of seats on the Board are reserved for representatives of the San Francisco hotel industry. Also, a majority of Board members shall be present or former directors of SFTA. Specifically, the structure of the SFTIDMC Board of Directors is as follows:

- Six seats are reserved for appointees representing tourist hotels;
- One seat is reserved for the Chair of San Francisco Travel Association;
- One seat is reserved for a representative of the Moscone Convention Center;
- and
- Three seats are reserved for at-large members of the tourism business community of San Francisco.

Meetings of the SFTIDMC are open to the public. Notice is posted on [www.sftid.com](http://www.sftid.com) and at the San Francisco Public Library, Main Branch.

## **Proposed City Financing of Moscone Convention Center Expansion**

The City recognizes the significance of the convention industry to the economic health of the City. To that end, and in recognition of the critical component that the Moscone Convention Center plays with respect to sustaining growth in this area, in addition to the proposed establishment of the MED, the City, subject to approval of the Board of Supervisors, will authorize the execution and delivery of City indebtedness, the proceeds of which will be used to pay a portion of the costs for the expansion of the Moscone Convention Center, estimated at \$500 million. The City, subject to approval of the Board of Supervisors, will commit to payment of the following sums toward the Project, including debt service, as follows:

- Contribution of \$8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to cap of \$10.7 million, with a continuing contribution of no less than \$10.7 million per year for the remainder of the term of the District (the City's "*Base Contribution*").
- In addition, the City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in this plan.
- For purposes of this Project, "shortfall" means a fiscal year's debt service not covered by (a) the MED allocation to debt, plus (b) the City's \$8.2 million - \$10.7 million contribution.

City contribution will be used for payment on any bonded indebtedness, financing lease (including principal and interest on any certificates of participation executed therein), or other similar obligations of the City issued to finance related professional consulting, architectural and other professional fees and issuance costs, together with a portion of hard construction cost. The project will be built using an alternative project delivery method called Construction Manager/General Contractor (CM/GC). The MED will select the CM/GC, with input from the City, and the MED will fund the cost of the CM/GC. The City will expend construction costs by procuring, pursuant to the City's contracting rules, and paying for trade contractors. The trade contractors will be overseen by the CM/GC funded by the MED. The City is the owner of the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities financed by District and City funds.

### **Flow of Funds**

The City will collect MED revenues from hotels, withhold funds allocated to Development Activities in the Plan that are necessary to pay debt service, fund the Stabilization Fund and Sinking Fund, and fund repayment of the City's contribution toward any shortfall in debt service costs from prior years, and transfer to the MED the portion of revenue per the allocation outlined in the Management Plan.

## Surpluses

For purposes of this plan, "Surpluses" mean any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, *i.e.*, excluding the City Contribution toward debt service outlined above. Surpluses shall be applied as follows:

1. To fund a Stabilization Fund of up to \$15,000,000, to be drawn upon in any year when lower than expected MED collections cause MED's contributions toward debt service to be lower than the sum set forth in cash flow projections with respect to the debt service for the Project; then
2. To fund a Sinking Fund in an amount equal to annual debt service beyond expiration of the District term less City Contribution; then
3. To the City as repayment for the City's contribution toward any shortfall in debt service costs from prior years, *i.e.*, City contributions, if any, in excess of the City's Base Contribution as outlined above; then
4. To the MED to fund future development, expansion, renovation, and capital improvements to the Moscone Center Campus.
5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for debt service, *i.e.*, upon final maturity of the debt instruments, shall be distributed to MED or its successor in consultation with the City and the San Francisco Travel Association or its successor, for use consistent with part 4, above.

Notwithstanding the foregoing, with respect to funds allocated to the above funds 1 through 3, the City shall have the sole discretion to apply Surpluses among those three funds 1 through 3 in the order it deems in the best interests of the City.



## **Appendices**

- A. List of Assessed Businesses
- B. Smith Travel Research (STR) Monthly Hotel Review, December 2011
- C. San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011"
- D. Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis"
- E. Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study"
- F. Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Impact"

## Appendix A – List of Assessed Businesses

All tourist hotels operating in the City and County of San Francisco that generate revenue from tourist rooms shall be included in the MED and assessed throughout the term of the MED, as more specifically provided for in this plan. The following is a list of hotels known at the time of adoption of this plan, which generate revenue from tourist rooms. Because this is a business-based District, hotels that generate revenue from tourist rooms that open for business within the District in the future will also be subject to the assessment.

Hotel Name	Address	Zone
1005 LARKIN ST	1005 LARKIN ST	1
1010 POST ST	1010 POST ST	1
1233-1235 MONTGOMERY ST A	1233 MONTGOMERY ST	1
1617 POLK RENTAL	1617 POLK ST	1
217-241 COLUMBUS APTS	237 COLUMBUS AVE	1
30-36 CASTLE ST APT	30 CASTLE ST	1
481 MINNA ST INN	481 MINNA ST	1
5 NIGHT-SVC@THE DONATELLO	501 POST ST	1
556 LARKIN ST	556 LARKIN ST	1
620 JONES STREET	620 JONES ST	1
626 OFARRELL ROOMS	626 OFARRELL ST	1
647 CLAY ST APTS	647 CLAY ST	1
654 GRANT AV RENTALS	654 GRANT AVE	1
656 PACIFIC RENTALS	656 PACIFIC AVE	1
735 WASHINGTON APTS	735 WASHINGTON ST	1
752 PACIFIC AVENUE	752 PACIFIC AVE	1
754 BROADWAY APTS	754 BROADWAY ST	1
809 STOCKTON ST APARTMENT	809 STOCKTON ST	1
815 CLAY ST RENTALS	815 CLAY ST	1
868 CLAY ST BLDG	868 CLAY ST	1
912 JACKSON RENTALS	912 JACKSON ST	1
977 FOLSOM HOTEL	977 FOLSOM ST	1
AALOHA CONDOS	440 PACIFIC AVE	1
ABBY HOTEL	630 GEARY ST	1
ABIGAIL HOTEL THE	246 MCALLISTER ST	1
ACER HOTEL	280 OFARRELL ST	1
ADANTE HOTEL	610 GEARY ST	1
ADMIRAL HOTEL	608 OFARRELL ST	1
ALDRICH HOTEL	439 JONES ST	1
ALEXANDER INN	415 O'FARRELL ST	1
ALEXIS PARK SAN FRANCISCO	825 POLK ST	1
ALKAIN HOTEL	948 MISSION ST	1
AMERICA HOTEL	1075 POST ST	1

AMERICANIA HOTEL	121 7TH ST	1
AMERICAS BEST VALUE INN S	10 HALLAM ST	1
AMERICAS BEST VALUE INN-U	505 OFARRELL ST	1
AMSTERDAM HOSTEL	749 TAYLOR ST	1
ANDREW HOTEL THE	624 POST ST	1
ANSONIA HOTEL	717 SUTTER ST	1
ANSONIA-CAMBRIDGE HOTEL	711 POST ST	1
ARGONAUT HOTEL	495 JEFFERSON ST	1
ARTMAR HOTEL	433 ELLIS ST	1
AUBURN HOTEL	481 MINNA ST	1
BAKER HOTEL	1485 PINE STREET	1
BALBOA HOTEL	120 HYDE ST	1
BALDWIN HOTEL	321 GRANT AVE	1
BASQUE HOTEL	15 ROMOLO PL	1
BAY BRIDGE INN	966 HARRISON ST	1
BAYSIDE INN AT THE WHARF	1201 COLUMBUS AVE	1
BEL-AIR HOTEL	344 JONES ST	1
BERESFORD ARMS HOTEL	701 POST ST	1
BERESFORD HOTEL	635 SUTTER ST	1
BEST INN	116 TAYLOR ST	1
BEST WESTERN CIVIT CENTER	364 9TH STREET	1
BILTMORE HOTEL	735 TAYLOR ST	1
BOSTON HOTEL	140 TURK ST	1
BRISTOL HOTEL	56 MASON ST	1
BUDGET INN	1139 MARKET ST	1
CABLE CAR COURT HOTEL	1499 CALIFORNIA ST	1
CABLE CAR HOTEL	1388 CALIFORNIA ST	1
CADILLAC HOTEL	380 EDDY ST	1
CALIFORNIA HOTEL	910 924 GEARY ST	1
CAMPTON PLACE SF A TAJ HT	340 STOCKTON	1
CARLTON HOTEL	1075 SUTTER ST	1
CARRIAGE INN	140 7TH ST	1
CASA MELISSA	615 UNION ST	1
CASTLE INN	1565 BROADWAY ST	1
CASTRO HOTEL INC	705 VALLEJO ST	1
CATHEDRAL HILL HOTEL	1101 VAN NESS AVE	1
CATHIDRAL HILL HOTEL	1101 VAN NESS AV	1
CHANCELLOR HOTEL	433 POWELL ST	1
CHASE HOTEL	1278 MARKET ST	1
CHINESE GENERAL PEACE ASS	48A SPOFFORD ALY	1
CHL INTERNATIONAL ASSOC I	120 ELLIS ST	1
CIVIC CENTER INN	790 ELLIS ST	1
CLUB DONATELLO	501 POST ST	1
CLUB DONATELLO OWNERS ASS	501 POST ST	1

CLUB QUARTERS SAN FRANCISCO	424 CLAY ST	1
COLUMBUS HOTEL	354 COLUMBUS AVE	1
COLUMBUS MOTOR INN	1075 COLUMBUS AVE	1
CORNELL HOTEL	715 BUSH ST	1
COURTYARD BY MARRIOTT AT	580 BEACH ST	1
COVA HOTEL	655 ELLIS ST	1
CRESCENT SAN FRANCISCO	417 STOCKTON ST	1
CW HOTEL	917 FOLSOM ST	1
DA VINCI VILLA	2550 VAN NESS AVE	1
DAKOTA HOTEL	606 POST ST	1
DANIEL K YOST	52 SONOMA ST	1
DESMOND HOTEL	42 6TH ST	1
DONNELLY HOTEL	1272 MARKET ST	1
DRAKE HOTEL	235 EDDY ST	1
EARLE HOTEL THE	284 GOLDEN GATE AVE	1
EDDY HOTEL	640 EDDY ST	1
EDGEWORTH HOTEL LLC	770 OFARRELL ST	1
EL DORADO	1385 MISSION ST 200	1
EMBASSY U M A	610 POLK ST	1
EMPEROR NORTON	615 POST ST	1
ENCORE EXPRESS A NOB HILL	1353 BUSH ST	1
ENTEELLA HOTEL	905 COLUMBUS AVE	1
EUROPA HOTEL	310 COLUMBUS AVE	1
EUROPEAN HOSTEL	761 MINNA ST	1
EXECUSTAY CORP	0000 VARIOUS LOCATIONS	1
EXECUTIVE HOTEL MARK TWAI	345 TAYLOR ST	1
EXECUTIVE HOTEL VINTAGE	650 BUSH ST	1
FAIRMONT HERITAGE PLACE,	900 NORTH POINT STREET	1
FAIRMONT HOTEL	950 MASON ST	1
FITZGERALD HOTEL	620 POST ST	1
FLORENCE HOTEL	1351 STOCKTON ST	1
FOUR SEASONS HOTEL SF	757 MARKET ST	1
FRANCISCAN HOTEL	205 09TH ST	1
FREDERIC WALDMAN	1139 GREEN ST	1
FX STUDIOS	15A SUMNER STREET	1
GALLERIA PARK HOTEL	191 SUTTER ST	1
GATEWAY INN	438 O'FARRELL ST	1
GINA HOTEL	221 07TH ST	1
GINKGO HOTEL	3032 16TH ST	1
GLENN REYNOLDS	9 SUMNER ST	1
GLOBAL VILLAGE HOSTEL	374 5TH ST	1
GLOBETROTTERS INN	225 ELLIS ST	1
GOLDEN EAGLE	402 BROADWAY ST	1
GOLDEN GATE HALL	1412 MARKET ST	1

GOLDEN GATE HOTEL	775 BUSH ST	1
GRAND HYATT SAN FRANCISCO	345 STOCKTON ST	1
GRANT HOTEL INC	753 BUSH ST	1
GRANT PLAZA HOTEL	465 GRANT AVE	1
GREEN TORTOISE GUEST HOUS	1118 KEARNY ST	1
GROSVENOR HOUSE	899 PINE ST	1
HALCYON HOTEL LLC	649 JONES ST	1
HANDLERY HOTELS	260 OFARRELL ST	1
HARBOR COURT HOTEL	165 STEUART ST	1
HARCOURT HOTEL	1105 LARKIN ST	1
HAVELI HOTEL	37 6TH ST	1
HELEN HOTEL	166 TURK ST	1
HENRY HOTEL	106 6TH ST	1
HERBERT HOTEL	161 POWELL ST	1
HERITAGE MARINA HOTEL	2550 VAN NESS AVE	1
HILTON S F FINANCIAL DIST	750 KEARNY ST	1
HILTON S.F. FISHERMAN'S W	2620 JONES ST	1
HILTON SAN FRANCISCO	333 O'FARRELL ST	1
HOLIDAY INN EXPRESS HOTEL	550 NORTH POINT ST	1
HOLIDAY INN FISHERMAN'S W	1300 COLUMBUS AVE	1
HOLIDAY INN GOLDEN GATEWA	1500 VAN NESS AVE	1
HOLIDAY INN-CIVIC CENTER	50 8TH ST	1
HOTEL ABRI	127 ELLIS ST	1
HOTEL ADAGIO	550 GEARY ST	1
HOTEL AMERICA	1087 MARKET ST	1
HOTEL ASTORIA	510 BUSH ST	1
HOTEL BIJOU	111 MASON ST	1
HOTEL BOHEME	444 COLUMBUS AVE	1
HOTEL DALWONG	242 POWELL ST	1
HOTEL DES ARTS	447 BUSH ST	1
HOTEL DIVA	440 GEARY ST	1
HOTEL FRANK	386 GEARY ST	1
HOTEL FUSION	140 ELLIS ST	1
HOTEL GRIFFON	155 STEUART ST	1
HOTEL METROPOLIS	25 MASON ST	1
HOTEL MILANO	55 5TH ST	1
HOTEL MONACO	501 GEARY ST	1
HOTEL NIKKO SF	222 MASON ST	1
HOTEL PALOMAR	12 4TH ST	1
HOTEL PHILLIP	205 9TH ST	1
HOTEL REX	562 SUTTER ST	1
HOTEL SUTTER LARKIN	1048 LARKIN ST	1
HOTEL TRITON	342 GRANT AVE	1
HOTEL UNION SQUARE	114 POWELL ST	1

HOTEL VERTIGO	940 SUTTER ST	1
HOTEL VITALE	8 MISSION ST	1
HOTEL WHITCOMB	1231 MARKET ST	1
HUNTER HOTEL	102 6TH ST	1
HUNTINGTON HOTEL	1075 CALIFORNIA ST	1
HYATT AT FISHERMAN'S WHAR	555 NORTH POINT ST	1
HYATT REGENCY SAN FRANCIS	5 EMBARCADERO CENTER	1
HYDE REGENCY HOTEL	1531 HYDE ST	1
IL TRIANGOLO HOTEL	524 COLUMBUS AVE	1
INN AT OREILLYS	106 FERN ST	1
INN AT UNION SQUARE THE	440 POST ST	1
INN ON BROADWAY	2201 VAN NESS AVE	1
INTER CONTINENTAL SAN FRA	888 HOWARD ST	1
JONES HOTEL	515 JONES ST	1
JW MARRIOTT SF UNION SQ	500 POST ST	1
KEAN HOTEL	1018 MISSION ST	1
KENSINGTON PARK HOTEL	450 POST ST	1
KIM OY LEE	801 PACIFIC AVE	1
KING GEORGE HOTEL	334 MASON ST	1
KINIGHTS INN - DOWNTOWN	240 7TH ST	1
KRUPA HOTEL	700 JONES ST	1
LANDMARK REALTY	550 15 <sup>TH</sup> ST	1
LARKSPUR HOTEL UNION SQUA	524 SUTTER ST	1
LAYNE HOTEL	545 JONES ST	1
LE MERIDIEN SAN FRANCISCO	333 BATTERY ST	1
LIGURIA HOTEL	371 COLUMBUS AVE	1
LORRAINE HOTEL	740 BROADWAY ST	1
LUM WAI KUI & LAN WAI	673 BROADWAY ST	1
LUZ HOTEL	725 GEARY ST	1
MANDARIN ORIENTAL SF	222 SANSOME ST	1
MANNING PROPERIES	1037 1039 BROADWAY ST	1
MARILYN INN	27 DASHIELL HAMMETT ST	1
MARINE MEMORIAL ASSN	609 SUTTER ST	1
MARK HOPKINS HOTEL	999 CALIFORNIA ST	1
MART MOTEL	101 9TH ST	1
MAYFLOWER HOTEL	975 BUSH ST	1
MCSWEENEY CONSTRUCTION	1155 LEAVENWORTH ST #11	1
MERIT HOTEL	1105 POST ST	1
MIDORI HOTEL	1325 MISSION ST	1
MITHILA HOTEL	972 SUTTER ST	1
MOTEL 6	895 GEARY ST	1
MUSIC CITY HOTEL	1353 BUSH ST	1
NAZARETH HOTEL	556 JONES ST	1
NEW CENTURY MANAGEMENT LL	1580 WASHINGTON STREET, SF	1

NOB HILL HOTEL	835 HYDE ST	1
NOB HILL INN	1000 PINE ST	1
NOB HILL INN CITY PLAN ET	1000 PINE ST	1
NOB HILL MOTOR INN	1630 PACIFIC AVE	1
NORMANDIE HOTEL	251 9TH ST	1
NORTH BEACH HOTEL	935 KEARNY ST	1
OAKTREE HOTEL	45 6TH ST	1
OAKWOOD HOTEL	44 5TH ST	1
OBRERO HOTEL	1208 STOCKTON ST	1
OMNI SAN FRANCISCO HOTEL	500 CALIFORNIA ST	1
ORANGE VILLAGE HOTEL	411 OFARRELL ST	1
ORCHARD GARDEN HOTEL	466 BUSH ST	1
ORCHARD HOTEL	665 BUSH ST	1
ORLANDO HOTEL	995 HOWARD ST	1
PACIFIC TRADEWINDS HOSTEL	680 SACRAMENTO ST	1
PAGE HOTEL	161 LEAVENWORTH ST	1
PALACE HOTEL	2 NEW MONTGOMERY ST	1
PALO ALTO HOTEL	1685 SACRAMENTO	1
PARC 55 HOTEL	55 CYRIL MAGNIN	1
PARK HOTEL LLC	325 SUTTER ST	1
PETITE AUBERGE	863 BUSH ST	1
PHOENIX INN	601 EDDY ST	1
PICKWICK HOTEL	85 5TH ST	1
PIEDMONT HOTEL	1449 POWELL ST	1
PONTIAC HOTEL	138 6TH ST	1
POST HOTEL	589 POST ST	1
POTTER HOTEL	1288 MISSION ST	1
POWELL HOTEL	28 CYRIL MAGNIN ST	1
POWELL PLACE CITY/SHARE	730 POWELL ST	1
PRESCOTT HOTEL	545 POST ST	1
QUALITY INN SAN FRANCISCO	2775 VAN NESS AVE	1
RADISSON AT FISHERMAN'S W	250 BEACH	1
RAM'S HOTEL	80 9TH ST 27	1
RAPHAEL HOUSE	1065 SUTTER ST	1
RED COACH MOTOR LODGE	700 EDDY ST	1
REGENCY HOTEL	1214 POLK ST 201 MG	1
REININGA CORPORATION	900 N POINT ST	1
RENOIR HOTEL	45 MCALLISTER ST	1
REST STOP	1137 GREEN ST	1
RHC/POWELL PLACE AT NOB H	730 POWELL PLACE ST	1
RITZ CARLTON SAN FRANCISC	600 STOCKTON ST	1
RIVIERA HOTEL	420 JONES ST	1
ROYAL INN	130 EDDY ST	1
ROYAL PACIFIC MOTEL	661 BROADWAY	1

SAM WONG HOTEL	615 BROADWAY ST		1
SAN FRAN. SECOND HOME	1831 LARKIN ST	4	1
SAN FRANCISCO MARRIOTT	55 4TH ST		1
SAN FRANCISCO MARRIOTT UN	480 SUTTER ST		1
SAN FRANCISCO SUITES	710 POWELL ST		1
SAN REMO HOTEL THE	2237 MASON ST		1
SERRANO HOTEL	405 TAYLOR ST		1
SESTRI HOTEL	1411 STOCKTON ST		1
SF DOWNTOWN COURTYARD MAR	299 2ND ST		1
SF MARRIOT FISHERMAN'S WH	1250 COLUMBUS AVE		1
SF PROP OWNERS ASSOC INC	750 SUTTER ST		1
SHAHIL HOTEL	664 LARKIN ST		1
SHARON HOTEL	226 6TH ST		1
SHEEHAN HOTEL	620 SUTTER ST		1
SHELDON HOTEL	629 POST ST		1
SHERATON FISHERMANS WHARF	2500 MASON ST		1
SHIRLEY HOTEL	1544 POLK ST		1
SIR FRANCIS DRAKE HOTEL	450 POWELL ST		1
SOLANKI VIRENDRASINH	41 6TH ST		1
SONNY HOTEL	579 OFARRELL ST		1
SONOMA INN	1485 BUSH ST		1
SOUTH BEACH MARINA APTS	2 TOWNSEND ST		1
SPAULDING HOTEL LLC	240 OFARRELL ST		1
ST CLARE HOTEL	1334 VAN NESS AVE		1
ST CLOUD HOTEL	170 6TH ST		1
ST MORITZ HOTEL	190 OFARRELL ST		1
ST REGIS HOTEL SF	657 MISSION ST	200	1
STANFORD HOTEL	250 KEARNY ST		1
STANLEY HOTEL	1544 CALIFORNIA ST		1
STEINHART HOTEL	952 SUTTER ST		1
STRATFORD HOTEL	242 POWELL ST		1
SUITES AT FISHERMANS WHAR	2655 HYDE ST		1
SUNNYSIDE HOTEL	135 6TH ST		1
SUNSET HOTEL	161 SIXTH ST	#100	1
SUTTER/LARKIN HOTEL	1048 LARKIN ST		1
SVC@FISHERMAN'S WHARF	2655 HYDE ST		1
SVC@THE DONATELLO	501 POST ST		1
SWEDEN HOUSE HOTEL	570 O'FARRELL ST		1
SWEDEN HOUSE HOTEL	570 O'FARRELL ST		1
SWEETWATER AT SAN FRANCIS	845 PINE ST		1
SYCAMORE HOTEL	2446 VAN NESS AVE		1
SYNERGY CORPORATE HOUSING	12657 ALCOSTA BLVD	550	1
TAYLOR HOTEL	615 TAYLOR ST		1
THE ALLEN HOTEL LLC	411 EDDY ST		1



THE CLIFT HOTEL	495 GEARY ST	1
THE DONATELLO HOTEL	501 POST ST	1
THE FAIRMONT S F - RENTAL	950 MASON ST	1
THE GAYLORD SUITES	620 JONES ST	1
THE GOOD HOTEL	112 7TH ST	1
THE HOTEL ADAGIO	550 GEARY ST	1
THE HOTEL CALIFORNIA	580 GEARY ST	1
THE HOTEL MARIA	517 BROADWAY	1
THE MAXWELL HOTEL-RENTAL	386 GEARY ST	1
THE MONARCH HOTEL	1015 GEARY ST	1
THE MOSSER HOTEL	54 4TH ST	1
THE OPAL SAN FRANCISCO	1050 VAN NESS AVE	1
THE REGENCY HOTEL	587 EDDY ST	1
THE RITZ-CARLTON CLUB	690 MARKET ST	1
THE STANFORD CT A REN HOT	905 CALIFORNIA ST	1
THE SUITES AT FISHERMAN'S	2655 HYDE ST	1
THE TOUCHSTONE HOTEL	480 GEARY ST	1
THE VILLA FLORENCE	225 POWELL ST	1
THE WESTIN SF MARKET ST	50 3RD ST	1
TUSCAN INN	425 NORTH POINT ST	1
UNION SQ BACKPACKERS HOST	70 DERBY ST	1
UNION SQUARE PLAZA HOTEL	432 GEARY ST	1
UNIVERSITY CLUB	800 POWELL ST	1
UTAH HOTEL	504 4TH ST	1
VAGABOND INN	385 9TH ST	1
VAN NESS MOTEL	2850 VAN NESS AVE	1
VANTAGGIO SUITES	835 TURK STREET	1
VANTAGGIO SUITES COSMO	761 POST ST	1
VANTASSIO SUITES UNION SQ	580 O'FARRELL ST	1
VILLA SOMA	1550-54 HOWARD ST	1
VRI*ETY NOB HILL INN	1000 PINE ST	1
VVV RENTAL LLC	333 FULTON ST	1
W HOTEL SAN FRANCISCO	181 THIRD ST	1
WALAND SUREKHAVEN C.	152 6TH ST	1
WARFIELD HOTEL	118 TAYLOR ST	1
WARWICK REGIS HOTEL	490 GEARY ST	1
WASHINGTON SQUARE INN	1660 STOCKTON ST	1
WATERFRONT MANAGEMENT LLC	884-886 NORTH POINT ST	1
WESTIN ST FRANCIS THE	335 POWELL ST	1
WESTON HOTEL	335 LEAVENWORTH ST	1
WHARF MOTEL THE	2601 MASON ST	1
WHITE SWAN INN	845 BUSH ST	1
WILLIAM PEN HOTEL	160 EDDY ST	1
WINSOR HOTEL	20 6TH ST	1

WINTON HOTEL	445 OFARRELL ST	1
WORLDMARK SAN FRANCISCO	590 BUSH ST	1
WORLDMARK THE CLUB	590 BUSH ST	1
WVR SAN FRANCISCO	750 SUTTER ST	1
WYNDHAM VACATION RESORTS	750 SUTTER ST	1
WYNDHAM VACATION RESORTS	750 SUTTER ST	1
YOUTH HOSTEL CENTREAL	116 TURK ST	1
YUG HOTEL	2072 MISSION ST	1
1007 DE HARO RENTALS	1007 DE HARO ST	2
109 CORNWALL ST	109 CORNWALL ST	2
1257 9TH AVE APARTMENTS	1257 9TH AVE	2
182-184 CARL STREET	182 CARL ST	2
210 5TH AVE APTS	210 5TH AVE	2
2263-2269 SACRAMENTO HOTE	2263 SACRAMENTO ST	2
24 HENRY ST	24 HENRY ST	2
3143 FILLMORE ST APT	3143 FILLMORE ST	2
3987 19TH ST	3987 19TH ST	2
4425 CABRILLO ST	4425 CABRILLO ST	2
5 NIGHT-SVC@INN AT THE OP	333 FULTON ST	2
7710-7718 APT BUILDING	7710 7718 GEARY BLVD	2
ADELAIDE HOSTEL LLC	5 ISADORA DUNCAN LANE	2
ALBION HOTEL	3143 16TH ST	2
AMAZON MOTEL	5060 MISSION ST	2
AMERICAS BEST VLE-GOLDEN	2322 LOMBARD ST	2
AMIT HOTEL	2060 MISSION ST	2
AMY ARCHER	863 45TH AVE	2
ANGELS OF ARMS IND LIVING	1150 PALOU ST	G 2
ARCHBISHOPS MANSION	1000 FULTON	2
ASCOT HOTEL	1657 MARKET ST	2
AT THE PRESIDIO TRAVELODGE	2755 LOMBARD ST	2
BABY BEAR'S HOUSE	1424 PAGE ST	2
BARNETT LATRICE	785 SAN JOSE AVE	2
BEACH MOTEL	4211 JUDAH ST	2
BECK'S MOTOR LODGE	2222 MARKET ST	2
BELVEDERE HOUSE	598 BELVEDERE ST	2
BEST INN	2707 LOMBARD ST	2
BEST WESTERN HOTEL TOMO	1800 SUTTER ST	2
BETH MAZIE & JEREL GLASSM	3773 22ND ST	2
BHART HOTEL	866 VALENCIA ST	2
BOOLA'S BED AND BREADKAST	1150 HAIGHT ST	2
BRIDGE MOTEL	2524 LOMBARD ST	2
BROWNSTONE PROPERTIES	917 CENTRAL AVE	2
BRUCE BOARD & CARE HOME	12 BYRON CT	2
BUENA VISTA MOTOR INN	1599 LOMBARD ST	2

CARL HOTEL	198 CARL ST	2
CASA BUENA VISTA RENTAL	783 BUENA VISTA W	2
CASA LOMA HOTEL	610 FILLMORE ST	2
CASTILLO INN	48 HENRY ST	2
CATTLEMEN HOTEL	3900 3RD ST	2
CHATEAU TIVOLI	1057 STEINER ST	2
CHATEAU VACATION RENTALS	570 OAK PARK DR	2
CHELSEA MOTOR INN	2095 LOMBARD ST	2
CHIPPENDALE HOTEL	492 GROVE ST	2
CIVIC CENTRAL HOTEL	20 12TH ST	2
COVENTRY MOTOR INN	1901 LOMBARD ST	2
COW HOLLOW MOTOR INN	2190 LOMBARD ST	2
CROWN HOTEL LLC	528 VALENCIA ST	2
CRYSTAL HOTEL	2766 MISSION ST	2
CURTIS HOTEL	559 VALENCIA ST	2
DAYS INN	465 GROVE ST	2
DAYS INN LOMBARD	2358 LOMBARD ST	2
DAYS INN-SLOAT BLVD	2600 SLOAT BLVD	2
DELBEX HOTEL	2126 MISSION ST	2
DOLORES PLACE	3842 25TH ST	2
DUNCAN HOUSE	173 DUNCAN ST	2
ECONO LODGE	2505 LOMBARD ST	2
ECONOMY INN	2 WEST CLAY ST	2
EDWARD II HOTEL	3155 SCOTT ST	2
EDWARDIAN HOTEL	1668 MARKET ST	2
EL CAPITAN HOTEL	2361 MISSION ST	2
ELEMENTS HOTEL	2524 MISSION ST	2
ELITE HOTEL	1001 CLEMENT ST	2
EULA HOTEL	3061 16TH ST	2
FRANCISCO BAY MOTEL	1501 LOMBARD ST	2
GEARY PARKWAY MOTEL	4750 GEARY BLVD	2
GOLDEN GATE VISTA GUEST A	1625 SHRADER ST	2
GRAYWOOD HOTEL	3308 MISSION ST	2
GREAT HIGHWAY MOTOR INN	1234 GREAT HWY	2
GREENWICH INN	3201 STEINER ST	2
GRIFFITH & HARRIS UNIV GU	763 COLE ST	2
HAYES VALLEY INN	417 GOUGH ST	2
HERB 'N INN THE	525 ASHBURY ST	2
HIDDEN COTTAGE BED/BREAKF	1186 NOE ST	2
HOLLAND HOTEL	1 RICHARDSON AVE	2
HOME BY THE PARK	706 15TH AVE	2
HOTEL CAPRI	2015 GREENWICH ST	2
HOTEL DEL SOL	3100 WEBSTER ST	2
HOTEL DRISCO	2901 PACIFIC AVE	2

HOTEL KABUKI	1625 POST ST	2
HOTEL MAJESTIC	1500 SUTTER ST	2
HOTEL MIRABELLE LLC	1906 MISSION ST	2
HOTEL SUNRISE	447 VALENCIA ST	2
HOTEL TROPICANA THE	663 VALENCIA ST	2
HOTEL VICTORIANA	1023-25 HAIGHT ST	2
INN AT THE OPERA	333 FULTON ST	2
INN GROVE THE	890 GROVE ST	2
INN ON CASTRO	321 CASTRO ST	2
INN SAN FRANCISCO	943 S VAN NESS AVE	2
JACKSON COURT CITY SHARES	2198 JACKSON ST	2
JERRY HOTEL	3032 16TH ST	2
JLARAM HOTEL LLC	868 VALENCIA ST	2
JULIAN HOUSE HOTEL	179 JULIAN AVE	2
KENNEDY HOTEL	4544 3RD ST	2
KRISHNA HOTEL	2032 MISSION ST	2
LA LUNA INN	2555 LOMBARD ST	2
LAUREL INN	444 PRESIDIO AVE	2
LISA WIST	618 BUCHANAN ST A	2
LOEWE RENTAL COMPANY	2527 42ND AVE, SAN FRANCISCO CA	2
LOMBARD MOTOR INN	1475 LOMBARD ST	2
LOMBARD PLAZA MOTEL	2026 LOMBARD ST	2
LUXSF	30 RICHLAND AVE	2
MARINA INN	3110 OCTAVIA ST	2
MARINA MOTEL	2576 LOMBARD ST	2
METRO HOTEL THE	319 DIVISADERO ST	2
MISSION SERRA HOTEL	5630 MISSION ST	2
MOFFATT HOUSE RESERVATION	1401 7TH AVE	2
MONTE CRISTO THE	600 PRESIDIO	2
MY ROSEGARDEN GUEST ROOMS	75 20TH AVE	2
NOE PLACE LIKE HOME	1187A NOE ST	2
NOE VALLEY SWEET SUITE	1386 NOE ST	2
NORMA HOTEL	2697 MISSION ST	2
OAK HOTEL	171 FELL ST	2
OASIS INN UMA	900 FRANKLIN ST	2
OCEAN PARK MOTEL	2690 46TH AVE	2
OCEANVIEW MOTEL	4340 JUDAH ST	2
PACIFIC HEIGHTS INN	1555 UNION ST	2
PAMELA MCGARRY	2383 GREENWICH ST	2
PARKER HOUSE THE	520 CHURCH ST	2
PERRAMONT HOTEL	2162 MARKET ST	2
PETER STALDER VAC'T RET'L	4343 19TH ST	2
PINWHEEL PROPERTIES	2634 23RD AVE, SAN FRANCISCO	2
POLINA MYASKOVSKY	1562 11TH AVE	2

POTRERO HILL HOUSE	1110 RHODE ISLAND ST	2
PRESIDIO BED & BREAKFAST	14 LIBERTY ST 104	2
PRESIDIO INN	2361 LOMBARD ST	2
PRITA HOTEL	2284 MISSION ST	2
QUEEN ANNE HOTEL	1590 SUTTER ST	2
RACHEL DONOVAN	141 DUNCAN ST	2
RADAH HOTEL	2042 MISSION ST	2
RAMADA LTD - GOLDEN GATE	1940 LOMBARD ST	2
RED VICTORIAN BED ETC	1665 HAIGHT ST	2
REDWOOD INN	1530 LOMBARD ST	2
ROBERTS AT THE BEACH MTL	2828 SLOAT BLVD	2
RODEWAY INN	860 EDDY ST	2
RUBY ROSE HOTEL	730 22ND ST	2
SAMAYOA EDWARD R & GEORGE	864 TREAT AVE	2
SEAL ROCK INN MOTEL	545 POINT LOBOS AVE	2
SEASIDE INN	1750 LOMBARD ST	2
SERAPINNSF	1409 SUTTER ST	2
SF GUESTHOUSE	3120 GEARY BLVD	2
SF HOLIDAY RENTALS	3 PORTER ST	2
SF MOTOR INN	1750 LOMBARD ST	2
SIMONE DEVRIES & CURTIS S	3226 25TH ST A	2
SLEEP	135 GOUGH ST	2
STANYAN PARK HOTEL LLC	750 STANYAN ST	2
STUDIO ON SIXTH	1387 6TH AVE	2
SUPER 8 MOTEL	2440 LOMBARD ST	2
SURF MOTEL	2265 LOMBARD ST	2
SVC@INN AT THE OPERA	333 FULTON ST	2
THE ELDER LIVING TRUST	1009 1/2 CASTRO ST	2
THE IVY HOTEL	539 OCTAVIA ST	2
THE LOURDESS INN	80 JULIAN AVE	2
THE PARSONAGE	198 HAIGHT ST	2
THE SENTIENT SF	179 JULIAN AVE	2
THE UNION STREET INN	2229 UNION ST	2
THE VALENCIANO HOMES	935 ULLOA ST	2
THE VILLA-SAN FRANCISCO V	379 COLLINGWOOD ST	2
THE WILLOWS INN	710 14TH ST	2
THOMAS CARLISLE	930 BAKER ST	2
TOWN HOUSE MOTEL	1650 LOMBARD ST	2
TRAVELODGE BY THE BAY THE	1450 LOMBARD ST	2
TRAVELODGE CENTRAL	1707 MARKET ST	2
TRAVELODGE GOLDEN GATE	2230 LOMBARD ST	2
TWIN PEAKS HOTEL	2160 MARKET ST	2
TWYMANS GUEST HOUSE	1420 6TH AVE	2
UNION HOTEL	2030 MISSION ST	2

USA HOSTEL SAN FRANCISCO	711 POST ST	2
USA HOSTELS	630 GEARY ST	2
WESTMAN HOTEL	2056 MISSION ST	2
WHITT	1359 4TH AVE	2

**APPENDIX B**

**Resolution of Formation  
(section 1.1(q) of Agreement)**

1 [Resolution to Establish - Moscone Expansion Business Improvement District]

2  
3 **Resolution of formation to establish a business-based business improvement district**  
4 **to be known as the "Moscone Expansion District;" levying assessments against**  
5 **defined hotel businesses located in that district for 32 years; providing for the**  
6 **determination, imposition, collection, and enforcement of the assessments; and**  
7 **making environmental findings.**

8  
9 WHEREAS, Pursuant to the Property and Business Improvement District Law of 1994  
10 (California Streets and Highways Code §§36600 *et seq.*, the "1994 Act"), as augmented and  
11 modified by Article 15 of the San Francisco Business and Tax Regulations Code (collectively  
12 with the 1994 Act, the "Business Assessment Law) the Board of Supervisors ("Board of  
13 Supervisors" or "Board) of the City and County of San Francisco ("City") adopted Resolution  
14 No. 416-12 on November 20, 2012, which Resolution was signed by the Mayor on November  
15 26, 2012, declaring the City's intention to establish a business-based business improvement  
16 district to be known as the "Moscone Expansion District" ("District" or "MED") and to levy a  
17 multi-year assessment on defined tourist hotel businesses in the District ("the Assessments"),  
18 ordering a ballot election, and setting a time and place for a public meeting and a public  
19 hearing ("Resolution of Intention," see BOS File No. 120989); and,

20 WHEREAS, The Resolution of Intention, among other things, approved the Moscone  
21 Expansion District Management District Plan (including all Appendices) dated September 25,  
22 2012 as updated November 14, 2012 (collectively, the "Management District Plan" or "Plan"),  
23 the form of Notice of Public Meeting and Public Hearing, and the form of Assessment Ballots,  
24 all of which are on file with Clerk of the Board of Supervisors in File No. 120989, and which  
25



1 are hereby declared to be a part of this Resolution as if set forth fully herein; and,

2 WHEREAS, The Moscone Expansion District Management District Plan (including all  
3 Appendices) dated September 25, 2012 as updated November 14, 2012 was again updated  
4 January 29, 2013 (collectively, the "Management District Plan" or "Plan"), which January 29,  
5 2013 update is on file with Clerk of the Board of Supervisors in File No. 130043, which is  
6 hereby declared to be a part of this Resolution as if set forth fully herein; and,

7 WHEREAS, Evidence supporting the Assessments within the proposed District was  
8 submitted to the Clerk of the Board of Supervisors as Appendices to the Management District  
9 Plan; and,

10 WHEREAS, In order to finance all or a portion of certain additions and improvements to  
11 the George R. Moscone Convention Center ("Moscone Center") within the District ("Moscone  
12 Expansion Project" or "Project"), the City will issue or execute bonds, financing leases  
13 (including certificates of participation therein) or similar obligations (collectively, "City  
14 Obligations"), and a designated portion of the Assessments will be pledged and applied to  
15 repay those City Obligations, which City Obligations are expected to be issued or executed in  
16 2017; and,

17 WHEREAS, The term of the District will be thirty-two (32) years from and after the date  
18 when the Assessments first are imposed on defined tourist hotel businesses ("tourist hotel  
19 businesses" or "hotel businesses") within the District pursuant to this Resolution; and,

20 WHEREAS, The Board of Supervisors caused notice of a public meeting and a public  
21 hearing to be issued concerning the proposed formation of the District and the proposed levy  
22 of Assessments on tourist hotel businesses located within the District for a period of thirty-two  
23 (32) years; and,

24 WHEREAS, The Board of Supervisors caused the notice of public meeting and public  
25 hearing and ballots to be mailed to the record owner(s) of each tourist hotel business

1 proposed to be assessed within the District, as required by law; and,

2 WHEREAS, Pursuant to such notice, a public meeting concerning the proposed  
3 formation of the District and the proposed levy of Assessments within such District was held  
4 by the Board of Supervisors Budget and Finance Committee on January 23, 2013 at  
5 11:00 a.m. in the Board's Legislative Chambers, Room 250, City Hall, One Dr. Carlton B.  
6 Goodlett Place, San Francisco, California; and,

7 WHEREAS, At the public meeting, the testimony of all interested persons for or against  
8 the proposed formation of the District and levy of Assessments was heard and considered,  
9 including the extent of the District, the furnishing of specified types of improvements, services  
10 and activities within the District, and the management and oversight of the District; and,

11 WHEREAS, Pursuant to such notice, a public hearing concerning the proposed  
12 formation of the District and the proposed levy of Assessments within such District was held  
13 before the Board of Supervisors on February 5, 2013, at 3:00 p.m., in the Board's Legislative  
14 Chambers, located on the Second Floor of City Hall, One Dr. Carlton B. Goodlett Place, San  
15 Francisco, California; and,

16 WHEREAS, At the public hearing, the testimony of all interested persons for or against  
17 the proposed formation of the District and levy of Assessments was heard and considered,  
18 including the extent of the District, the furnishing of specified types of improvements, services  
19 and activities within the District, and the management and oversight of the District, and a full,  
20 fair and complete hearing was held; and,

21 WHEREAS, If (1) hotel businesses representing a majority of the total estimated  
22 Assessments proposed to be levied do not vote against formation of the District and levy of  
23 Assessments (and therefore there is no majority protest pursuant to §36623(b) of the 1994  
24 Act); and, (2) hotel businesses representing at least fifty percent (50%) of the total estimated  
25 Assessments proposed to be levied on all hotel businesses in the District cast ballots; and,

1 (3) at least two-thirds (2/3) of the ballots that were cast (with each ballot weighted based on  
2 such hotel business's estimated Assessment proposed to be levied, as provided in the  
3 Management District Plan) are in favor of the formation of the District and levy of  
4 Assessments, the Board of Supervisors may vote on whether to establish the District and levy  
5 the Assessments; and,

6 WHEREAS, The Board of Supervisors received and considered all objections or  
7 protests to the proposed Assessments that were not withdrawn; and,

8 WHEREAS, When the public hearing was closed, the City's Director of the Department  
9 of Elections in conjunction with the City's Treasurer and Tax Collector tabulated the  
10 assessment ballots submitted and not withdrawn, in support of or in opposition to the  
11 proposed formation of the District and proposed Assessments, and provided the results to the  
12 Board of Supervisors through the Clerk of the Board, as follows: (1) hotel businesses  
13 representing a majority of the total estimated assessments proposed to be levied did not vote  
14 against formation of the District and levy of Assessments (and therefore there is no majority  
15 protest pursuant to §36623(b) of the 1994 Act); and, (2) hotel businesses representing at least  
16 fifty percent (50%) of the total estimated Assessments proposed to be levied on all hotel  
17 businesses in the District cast ballots; and (3) at least two-thirds (2/3) of the ballots that were  
18 cast (weighted as set forth above) voted in favor of the formation of the District and levy of  
19 Assessments; and,

20 WHEREAS, upon the adoption of this Resolution, all conditions, things and acts  
21 required by law to exist, to happen and to be performed precedent to and as a condition of the  
22 formation of the District and the levy of the Assessments will exist, have happened and have  
23 been performed in due time, form and manner in accordance with applicable law, and the City  
24 shall be authorized pursuant to its Charter, the Business Assessment Law and other  
25 applicable law to determine, collect and enforce the Assessments; now therefore be it

1 RESOLVED, that the Board of Supervisors declares as follows:

2 Section 1. FINDING REGARDING RECITALS. The Board of Supervisors hereby  
3 finds and determines that the foregoing recitals are true and correct.

4 Section 2. FINDING OF NO MAJORITY PROTEST. The Board of Supervisors  
5 hereby finds and determines pursuant to §36623(b) of the 1994 Act, that a majority protest  
6 does not exist with respect to the formation of the District and levy of the Assessments. All  
7 objections or protests, both written and oral, are hereby duly overruled.

8 Section 3. FINDING OF BENEFITS. The Board of Supervisors hereby finds and  
9 determines that: (A) the hotel businesses within the District that will be subject to the  
10 Assessments are specially benefitted by the improvements, services and activities to be  
11 funded by the Assessments as detailed in the Management District Plan; other businesses  
12 within the District are not specially benefitted in such manner; and (C) the Moscone  
13 Expansion Project is an "improvement" within the meaning of §36610 of the 1994 Act.

14 Section 4. FINDING OF TWO-THIRDS APPROVAL BY ELECTORATE. The Board  
15 of Supervisors hereby finds and determines that (A) hotel businesses representing at least  
16 fifty percent (50%) of the total estimated Assessments proposed to be levied on all hotel  
17 businesses in the District cast ballots, and (B) at least two-thirds (2/3) of the ballots that were  
18 cast (weighted as set forth above) voted in favor of the formation of the District and levy of  
19 Assessments. The Board of Supervisors hereby further finds and determines that such  
20 election, including the weighted voting set forth herein, satisfies the requirements of Articles  
21 XIII A and XIII C of the California Constitution to the extent applicable.

22 Section 5. ESTABLISHMENT OF DISTRICT. Pursuant to the Business Assessment  
23 Law, the Board of Supervisors hereby establishes a business improvement district designated  
24 as the "Moscone Expansion District." The Assessments will be levied on defined businesses  
25 within the District, rather than on property within the District.

1           Section 6.   MANAGEMENT DISTRICT PLAN. The Board of Supervisors hereby  
2 ratifies, approves and confirms its prior approval of the Management District Plan.

3           Section 7.   BOUNDARIES AND ZONES; ASSESSED BUSINESSES.

4           A. Exterior Boundaries. The exterior boundaries of the District, and the zones within  
5 the District ("Zones"), are as set forth in the map contained in the Management District Plan.  
6 The District includes all hotel businesses generating revenue from tourist rooms that operate  
7 in the District during the term of the District, including tourist hotel businesses that first open  
8 for business after the adoption of this Resolution and operate during that term.

9           B. Zones. The District is divided into two Zones -- Zone 1 and Zone 2.

10           1. Zone 1. Zone 1 includes all tourist hotel businesses with addresses on or east of  
11 Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th Street from  
12 South Van Ness to the Bay, including all tourist hotel businesses east of Van Ness Avenue as  
13 if it continued north to the Bay, and north of 16th Street as if it continued east to the Bay.

14           2. Zone 2 includes all tourist hotel businesses with addresses west of Van Ness  
15 Avenue and South Van Ness Avenue, and all tourist hotel businesses south of 16th Street.

16           3. Reference is hereby made to the detailed map and the description and list of hotel  
17 businesses in the Management District Plan known at the time of adoption of the Plan, as to  
18 which hotel businesses currently are in which zone.

19           Failure to include a hotel business in the list of such businesses that is part of the  
20 Management District Plan shall not exempt the business from Assessment under Section 9 or  
21 from any other right or duty under this Resolution and the Management District Plan, if the  
22 hotel business is located within the District and generates revenue from tourist rooms. If after  
23 the passage of this Resolution the City identifies a hotel business that is located within the  
24 District and generates revenue from tourist rooms, but is not included in the list of hotel  
25

1 businesses that is part of the Management District Plan, the City Tax Collector shall assign  
2 such business to Zone 1 or Zone 2, based on the location of the hotel.

3 Section 8. TERM OF THE DISTRICT. The term of the District will be thirty-two (32)  
4 years from and after the Commencement Date. The "Commencement Date" will be the date  
5 as of which the Assessments first are imposed on tourist hotel businesses, which will be the  
6 later of (1) July 1, 2013, or (2) the first day of the first calendar quarter after a final judgment is  
7 entered by a court validating the City Obligations and the related establishment of the District  
8 and levy of the Assessments.

9 Section 9. ASSESSMENTS AND ASSESSMENT METHODOLOGY. Assessments  
10 will be imposed and collected in each fiscal year to pay for the improvements, services and  
11 activities to be provided within the District.

12 A. The Assessments will be paid by defined tourist hotel businesses within the District  
13 based on gross revenue from tourist rooms in those hotels (determined in accordance with the  
14 Management District Plan). Zone 1 hotel businesses will pay a higher rate of assessment  
15 than Zone 2 hotel businesses because the benefits from the improvements, services and  
16 activities to be provided within the District are expected to be greater for Zone 1 hotel  
17 businesses, which are nearer and more readily accessible to Moscone Center and its  
18 surrounding area via the City's transportation infrastructure.

19 1. ~~Zone 1 Assessment Formula:~~

- 20 • With respect to gross revenue from tourist rooms generated during the period  
21 beginning on the Commencement Date and continuing through December 31,  
22 2013, the Zone 1 assessment rate shall be 0.50% of gross revenue from tourist  
23 rooms.

- 1           • With respect to gross revenue from tourist rooms generated beginning  
2           January 1, 2014, until the scheduled expiration of the term of the District, the  
3           Zone 1 assessment rate shall be 1.25% of gross revenue from tourist rooms.

4           2. Zone 2 Assessment Formula:

- 5           • With respect to gross revenue from tourist rooms generated during the period  
6           beginning on the Commencement Date and continuing through the scheduled  
7           expiration of the term of the District, the Zone 2 assessment rate shall be  
8           0.3125% of gross revenue from tourist rooms.

9           B. The maximum Assessments proposed to be collected for the first fiscal year of the  
10          District ending June 30, 2014, is \$19,332,000. The total amount of the Assessments imposed  
11          and collected each fiscal year thereafter may increase or decrease according to increases or  
12          decreases in the total actual gross revenue from tourist rooms for all hotel businesses within  
13          the District in such year. As set forth in the Management District Plan, the total maximum  
14          Assessments for each year of the District for years two (2) through thirty-two (32) reflects a  
15          potential increase of up to 10% over the previous year. The proposed assessment (that is,  
16          the total maximum amount of the Assessments that could be collected during the scheduled  
17          term of the District) is \$5,766,814,000.

18          C. The method and basis of determining, imposing, collecting and enforcing collection  
19          of the Assessments shall be as set forth in the Management District Plan.

20                 1. The hotel businesses assessed by the City within the MED will be billed quarterly  
21                 and/or will complete and submit a quarterly assessment payment form provided by the City.  
22                 The Assessment payments will be submitted by hotel businesses on a quarterly basis to the  
23                 City Treasurer and Tax Collector or his or her designee, or as otherwise designated by the  
24                 Board of Supervisors, based on the gross revenue collected for tourist rooms each quarter.  
25

1           2. All delinquent payments of Assessments shall be subject to interest and penalties.  
2           The City Treasurer and Tax Collector will enforce imposition of interest and penalties and  
3           collection of delinquent Assessments pursuant to the Business Assessment Law and Article 6  
4           of the City Business and Tax Regulations Code, as it may be amended from time to time.

5           3. The Assessments collected will be distributed no less than four (4) times per year to  
6           the owners' association (as defined in the 1994 Act) which administers and implements the  
7           improvements, services and activities within the District pursuant to a management contract to  
8           be entered into between the City and the owners' association.

9           Section 10. ISSUANCE OF CITY OBLIGATIONS. The Board of Supervisors hereby  
10          determines and declares that the City will issue or execute City Obligations in an aggregate  
11          principal amount of not to exceed \$507,880,000 to finance a portion of the costs of the  
12          Moscone Expansion Project. The Board intends that debt service on the City Obligations,  
13          although a payment obligation of the City, will be paid or reimbursed in specified amounts  
14          from the Assessments. To that end, the Board of Supervisors hereby further determines and  
15          declares that the City will issue and purchase obligations payable from the Assessments in  
16          such form and substance as the City shall determine.

17          Subject to the budgetary and fiscal provisions of the City's Charter, the City will  
18          contribute the following amounts towards payment of the City Obligations in accordance with  
19          the Management District Plan:

20                A. \$8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year  
21                2028 up to a maximum of \$10.7 million, with a continuing contribution of \$10.7 million per  
22                fiscal year for the remainder of the term of the District (the "City's Base Contribution").

23                B. To the extent that the sum in any fiscal year of (1) Assessment revenues allocated  
24                to Development Activities in the Management District Plan, plus (2) the City's Base  
25                Contribution, is less than debt service payable in such fiscal year on the City Obligations (a



1 "Shortfall"), such Shortfalls will be paid by the City subject to reimbursement from future  
2 Assessments as provided below.

3 Section 11. APPLICATION OF ASSESSMENT REVENUES.

4 A. For each fiscal year prior to the issuance of the City Obligations, the City shall  
5 collect Assessment revenues from hotel businesses within the District and apply such  
6 amounts pursuant to the Management District Plan.

7 B. Upon issuance of the City Obligations, in each fiscal year the City shall: (1) collect  
8 Assessment revenues from hotel businesses within the District; (2) withhold and apply that  
9 portion of those revenues allocated to Development Activities pursuant to the Management  
10 District Plan necessary to pay the District's portion of debt service for the City Obligations;  
11 (3) utilize any Surplus Revenues (as defined below) to fund the Stabilization Fund and Sinking  
12 Fund and repay the City's contribution toward any Shortfall, and fund future development  
13 expansion, renovation, and capital improvements; (4) and transfer to the SFTIDMC the portion  
14 of revenue per the allocation outlined in the Management Plan.

15 "Surplus Revenues" means any excess Assessment revenue allocated to Development  
16 Activities in the Management District Plan that are not needed to fund the District's portion of  
17 the debt service. Surpluses shall be applied as follows, as provided in the Management  
18 District Plan:

19 1. To fund a Stabilization Fund to be held by the City in an amount not to exceed  
20 \$15,000,000. The Stabilization Fund may be drawn upon by the City in any fiscal year to  
21 cover a Shortfall. Such Stabilization Fund shall be replenished as needed throughout the  
22 term of the District.

23 2. To fund a Sinking Fund to be held by the City in an amount equal to the aggregate  
24 of annual debt service on the City Obligations, less the City's Base Contribution, for all fiscal  
25 years after the scheduled expiration of the term of the District.

1           3. To reimburse the City for Shortfalls as provided in Section 10.B., above.

2           4. To the owners' association which administers and implements the improvements,  
3 services and activities within the District to fund future development, expansion, renovation,  
4 and capital improvements to the Moscone Center.

5           5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for  
6 debt service, *i.e.*, upon final maturity of the debt instruments, shall be allocated as set forth in  
7 the Management District Plan.

8           As provided in the Management District Plan, the City shall have the sole discretion to  
9 apply Surpluses among Funds No. 1 through No. 3, above, in the order it deems in the best  
10 interests of the City.

11           Section 12. As set forth in the Management District Plan, the City will own the  
12 Moscone Expansion Project and all other additions and improvements to the Moscone Center  
13 financed by City funds and Assessment revenues.

14           Section 13. USE OF ASSESSMENT REVENUES FOR IMPROVEMENTS,  
15 SERVICES AND ACTIVITIES.

16           A. The following proposed improvements, services and activities within the District are  
17 hereby approved:

18           1. Planning, design, engineering, entitlement, construction, project management and  
19 related services for the Moscone Expansion Project, including payment of debt service on the  
20 City Obligations.

21           2. Funding of a Moscone Convention Center Incentive Fund to attract significant  
22 meetings, tradeshow and conventions to the City by providing an offset against Moscone  
23 Center rental costs.

1           3. Funding of a Moscone Convention Center Sales & Marketing Fund for increased  
2 sales and marketing of convention business, with a focus on generating increased revenues  
3 for hotel businesses that pay the Assessments.

4           4. Funding of capital improvements and renovations to the Moscone Center, including  
5 a capital reserve fund to cover future upgrades and capital improvements.

6           5. Funding the formation, operation and administration of the District, and to establish  
7 and maintain a contingency reserve.

8           6. Funding for development and implementation of future phases of expansion,  
9 renovations or capital improvements, if there are funds available in excess of those needed  
10 for the Moscone Expansion Project.

11           B. The above improvements, services and activities to be provided in the District will  
12 be funded by the levy of the Assessments. Revenue from the levy of Assessments within the  
13 District shall not be used to provide improvements, services or activities outside the District or  
14 for any purpose other than the purposes specified in this Resolution and the Resolution of  
15 Intention, including the Management District Plan.

16           Section 14. DISTRICT MANAGEMENT AND OVERSIGHT.

17           A. San Francisco Tourism Improvement District Management Corporation.

18           1. The improvements, services and activities within the District will be administered  
19 and implemented by the San Francisco Tourism Improvement District Management  
20 Corporation ("SFTIDMC"), a 501c(6) non-profit corporation, pursuant to a management  
21 agreement with the City to be approved by the Board of Supervisors ("Management  
22 Agreement"). The Business Assessment Law provides that such business owners'  
23 associations may administer and implement the improvements, services and activities within  
24 the District.

1           2. The Management Agreement will require that SFTIDMC shall hold Assessment  
2 revenues it receives from the City in trust for the City, to be applied to pay costs of the  
3 improvements, services and activities within the District authorized by the Management  
4 District Plan.

5           3. The Management Agreement will provide as follows: (a) SFTIDMC shall deliver, at  
6 no expense to the City, a balance sheet and the related statement of income and cash flows  
7 with respect to the MED for each fiscal year ("financial statements"), all in reasonable detail  
8 acceptable to City; and (b) an annual independent audit report by a Certified Public  
9 Accountant ("CPA") of all such MED funds; (c) the financial statements and CPA audit may be  
10 funded from Assessment revenues as part of the administration costs with respect to the  
11 MED; and, (d) at all times the Board of Supervisors shall reserve full rights of accounting of  
12 such District funds.

13           4. The Management Agreement may provide such further management and financial  
14 reporting requirements with respect to the MED as the SFTIDMC and the City shall agree.

15           B. OEWD and DPW Coordination and Oversight.

16           1. The Office of Economic and Workforce Development ("OEWD") shall be the City  
17 agency responsible for overseeing the Management Agreement between the City and the  
18 SFTIDMC for the purposes of administering and implementing the MED. OEWD will also be  
19 the City Agency responsible for coordinating the entitlement and environmental review  
20 process for the Moscone Expansion Project, and will oversee expenditures related to the  
21 entitlement and environmental review process.

22           2. The Department of Public Works ("DPW") has direct fiscal oversight and primary  
23 responsibility for overseeing the expenditure of MED funds for construction and support  
24 services. In addition, DPW will provide oversight of MED funds spent on development and  
25

1 renovation activities of the Moscone Center. All Requests for Proposals for Project design  
2 and construction that are issued by the SFTIDMC will be reviewed by DPW.

3 3. The City and SFTIDMC will enter into a separate Memorandum of Understanding  
4 that will outline specific roles and responsibilities for City and SFTIDMC regarding  
5 management of the Moscone Expansion Project.

6 Section 15. AMENDMENTS. The tourist hotel businesses in the District established  
7 by this Resolution shall be subject to any subsequent amendments to the Business  
8 Assessment Law and Article 6 of the City Business and Tax Regulations Code.

9 Section 16. RECORDATION OF NOTICE AND DIAGRAM. The County Clerk is  
10 hereby authorized and directed to record a notice and an assessment diagram pursuant to  
11 §36627 of the 1994 Act, following adoption of this Resolution.

12 Section 17. LEVY OF ASSESSMENTS. The adoption of this Resolution and  
13 recordation of the notice and assessment diagram pursuant to §36627 of the 1994 Act  
14 constitutes the levy of the Assessments in each of the thirty-two (32) years identified in the  
15 Management District Plan.

16 Section 18. ENVIRONMENTAL FINDINGS. The Planning Department has  
17 determined that the actions contemplated in this Resolution to establish the Moscone  
18 Expansion District and levy multi-year Assessments are in compliance with the California  
19 Environmental Quality Act (California Public Resources Code §§21000 *et seq.*). Said  
20 determination is on file with Clerk of the Board of Supervisors in File No. 130043, which is  
21 hereby declared to be a part of this Resolution as if set forth fully herein.

22 Section 19. CONFLICTS. To the extent of any conflict between the Management  
23 District Plan or the Resolution of Intention and this Resolution, the provisions of this  
24 Resolution shall control.

1           Section 20. RATIFICATION OF PRIOR ACTIONS. All actions authorized and  
2 approved by this Resolution but heretofore taken are hereby ratified, approved and confirmed  
3 by the Board.

4           Section 21. GENERAL AUTHORITY. The appropriate officers of the City and their  
5 duly authorized deputies, designees and agents are hereby authorized and directed, jointly  
6 and severally, in consultation with the City Attorney, to take such actions and to execute and  
7 deliver such certificates, agreements, requests or other documents as they may deem  
8 necessary or desirable to accomplish the purposes of this Resolution, including but not limited  
9 to the determination, imposition, collection and enforcement of the Assessments.

10           Section 22. PARTIAL INVALIDITY. Any provision of this Resolution found to be  
11 prohibited by law shall be ineffective only to the extent of such prohibition, and shall not  
12 invalidate the remainder of this Resolution.



**City and County of San Francisco**  
**Tails**  
**Resolution**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 130043

**Date Passed:** February 05, 2013

Resolution of formation to establish a business-based business improvement district to be known as the "Moscone Expansion District;" levying assessments against defined hotel businesses located in that district for 32 years; providing for the determination, imposition, collection, and enforcement of the assessments; and making environmental findings.

February 05, 2013 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Chu, Cohen, Farrell, Kim, Mar, Wiener and Yee

File No. 130043

I hereby certify that the foregoing  
Resolution was ADOPTED on 2/5/2013 by  
the Board of Supervisors of the City and  
County of San Francisco.

Angela Calvillo  
Clerk of the Board

  
Mayor

2/11/13  
Date Approved

**APPENDIX C**

**Other Agreements with City  
(section 8.5 of Agreement)**



# Moscone Expansion District Management District Plan

*Formed Under California Streets and Highways Code Sections 36600 et seq.  
"Property and Business Improvement District Law of 1994," Augmented by Article  
15 of the San Francisco Business and Tax Regulations Code*

Submitted to

The Moscone Expansion District Advisory Committee

The Hotel Business Owners and Operators of the  
Proposed Moscone Expansion District

The San Francisco Board of Supervisors

Amended as of January 1, 2014

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## **Moscone Expansion District**

### **Introduction and Background**

In 2008, the San Francisco hotel community and the Board of Supervisors approved the San Francisco Tourism Improvement District (*TID*), which authorized a small assessment on tourist hotel room revenue in order to fund promotion of the City and County of San Francisco (*City*) as a meeting and tourism destination. The *TID* assessment also raised funds for the renovation of the Moscone Convention Center, and for exploration of its potential expansion.

In the years since, increased sales, marketing and promotion have helped transform San Francisco's hotel room market into one of the healthiest in the country as measured by increases in year-over-year average daily room rates (*ADR*) among the top 25 destinations<sup>1</sup>.

In addition, we are proud to report that a public/private partnership, consisting of the *TID*, industry stakeholders, and City agencies, has successfully completed a \$56 million renovation of the Moscone Convention Center, a major generator of hotel room demand, on time and on budget. The portion of the *TID* assessment allocated to renovation of the Moscone Convention Center is set to expire at the end of 2013.

The *TID* has also begun to address the need to expand the Moscone Convention Center. In a city in which convention attendees and exhibitors comprise nearly 30% of overnight hotel guests,<sup>2</sup> a healthy meetings and tradeshow market is vital to maintaining occupancy and room rates. Because large conventions generally make destination decisions 5 to 15 years in advance, convention room-blocks are the base upon which hotels layer mid- and short-term business, essentially locking in a foundation of business a decade or more in advance.

However, the existing three-building configuration of Moscone Center is effectively filled to capacity; it is occupied an average of 70% of any given year, essentially full when factoring in holidays and move-in/move-out days. Therefore, it is impossible to significantly grow the San Francisco convention market without providing additional meeting and exhibit space. Further, major customers have told us that in addition to needing more space, they need more contiguous space than the existing facilities can offer.

The Moscone Expansion District (*MED* or the *District*) provides the mechanism for this effort. If approved by the hotel community and the Board of Supervisors, this assessment will help fund the design, engineering, planning, entitlements, and

---

<sup>1</sup>Smith Travel Research (STR) Monthly Hotel Review, December 2011 (refers to percent change in Average Daily Rate (ADR), Revenue Per Available Room (RevPAR) and Rooms Revenue between the calendar year 2011 vs. 2010.

<sup>2</sup>San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" [Page 4, "Percent Group Meeting", 2011]

construction of the proposed expansion of Moscone Convention Center. The improvements contemplated are estimated to cost up to \$500 million.

*Project Description*

The Moscone Center Expansion Capital project (the *Project*) is managed through a public/private partnership between the City and the hotels participating in MED. The MED will partner with the City in financing the Project, which currently includes reconfiguring the North and South exhibit halls to create up to 550,000 gross square feet (gsf) of contiguous exhibit space (including supporting "pre-function" space), a new 35,000 – 75,000 gsf ballroom, up to 200,000 gsf of meeting space, and up to 100,000 gsf of loading/service space. In addition to adding space to the current convention facilities, the proposed expansion will include improvements to landscaping, urban design, and streetscape within and adjacent to the Moscone Convention Center campus. The MED will finance many of the soft costs related to the Project including, for example, architectural and engineering design, construction management/general contractor, project management, consulting fees, legal fees and debt service. The MED will also finance a portion of the general construction costs, which will also be financed with City funds.

If, over the life of the District, excess funds are raised within the maximum assessment collection allowed in the Management District Plan for the life of the district, but beyond what is required for the Project, including required debt service to pay any bond, financing lease (including certificates of participation) or similar obligations to the City, the board of directors of the "owners association" governing the District may, in consultation with the City, allocate those funds toward financing additional development, expansion, renovation, or capital improvements to the Moscone Center Campus. The City owns the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities and improvements financed by District and City funds.

The MED will partially fund the repayment of bonded indebtedness, financing lease (including principal and interest on any certificates of participation executed therein), or other similar obligations (the "Bonds"), together with any related professional consulting, architectural and other professional fees and issuance costs required for the construction of the Moscone Expansion. The MED will also provide funding for convention business attraction efforts including (a) a Convention Incentive Fund, to be used to help attract important meetings to San Francisco by offsetting convention center rental, a practice used by many other cities that compete with San Francisco for major convention business, (b) increased, targeted sales and marketing of convention business, (c) a capital reserve fund for future improvements and upgrades to Moscone Center, and (d) funds for costs incurred in the formation and for the administration of the District.

### *Project Oversight*

The Department of Public Works (*DPW*) has direct fiscal oversight on the expenditure of public funds. DPW has the primary responsibility for overseeing the expenditure of funds related to construction and support services. The Office of Economic and Workforce Development (*OEWD*) will oversee expenditures related to pre-development costs, such as environmental review and entitlements.

In addition, DPW will provide oversight of MED funds spent on development and renovation activities within the MED budget, since they are being used for a City-owned building. All RFPs with respect to design and construction activities issued by the MED for the project will be reviewed by DPW.

The City and the MED will enter into a Memorandum of Understanding that will outline specific roles and responsibilities for the management of the Moscone Expansion Project.

Together, these efforts will help maintain and grow San Francisco's hotel room market well into the future. Without them, the City faces the continued loss of large conventions that have outgrown the current, non-contiguous Center; additional losses of groups that will outgrow it in the coming years; and losses from smaller groups that could book one building in the Center, but cannot currently find space due to lack of capacity.

TABLE 1

Executive Summary of Moscone Expansion District

FEATURE	SUMMARY EXPLANATION
Name of District	Moscone Expansion District ("MED" or the "District")
Purpose of the District	<p>To expand the George S. Moscone Convention Center in San Francisco, California. The existing convention center is increasingly too small and provides insufficient contiguous space for certain convention customers. An expansion of the facility, including an increase in contiguous space, will help attract and retain more and larger conventions to the Moscone Center, providing benefits to hotels within the District by generating additional revenue from increased room nights, rates, and related hotel guest spending.</p> <p>In furtherance of providing benefits to hotels within the District, assessment funds will also be used for a Convention Incentive Fund, to help attract significant meetings to San Francisco; a Moscone Center Sales and Marketing Fund, to promote the convention center to meeting, convention and event planners; a Capital Improvements and Renovations Fund, to cover future upgrades and improvements of Moscone Center; and for administration of the District, including funds for an operating contingency and for reimbursement of District formation costs. Assessment funds, if available, will also be used to fund additional development, expansion, renovation, and capital improvements to the Moscone Center Campus.</p>
	<p>Benefits from the planned expansion will accrue to tourist hotels within the District boundaries. Zone 1 hotels will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels is expected to be greater. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City's transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 via "compression" <i>i.e.</i>, studies show that increased convention activity generates higher demand for the limited supply of hotel rooms in Zone 1, which in turns increases demand</p>

FEATURE	SUMMARY EXPLANATION
---------	---------------------

	for hotel rooms in Zone 2, increasing both occupancy and room rates within Zone 2.
--	--

Assessed Businesses and Boundaries of the District	The District shall include all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas:
--	--

Zone 1: Tourist hotels with addresses:

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 16<sup>th</sup> Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16<sup>th</sup> Street as if it continued east to the Bay.

Zone 2: Tourist hotels with addresses:

- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16<sup>th</sup> Street.

The boundaries of Zones 1 and 2 of the MED are identical to the boundaries of Zones 1 and 2 of the TID.

A map of the District and a list of existing tourist hotels within the District are set forth in the Management District Plan. Because this is a business-based District, tourist hotels that open for business within the District in the future will also be subject to the assessment.

Improvements and Activities, including categories of expenditures	<ul style="list-style-type: none"> <li>• Planning, design, engineering, entitlement, construction, project management and related services for expansion of the Moscone Convention Center, including related payments for any bond, financing lease (including certificates of participation) or similar obligations of the City.</li> <li>• Funding of a Moscone Convention Center Incentive Fund, which will be used to attract significant meetings, tradeshow and conventions to San Francisco via offset of rental costs.</li> </ul>
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FEATURE	SUMMARY EXPLANATION
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- Funding of a Moscone Convention Center Sales & Marketing Fund to provide increased funding for sales and marketing of convention business, with a focus on generating increased revenues for hotels that pay the assessment.
- Funding of capital improvements and renovations, including a capital reserve fund to cover future upgrades and improvements to the Moscone Convention Center.
- Allocation of funds to pay for District formation, operation and administration, and to establish and maintain a contingency reserve.
- In consultation with City, funding of expenses for development and implementation of future phases of expansion, renovations or capital improvements if there are funds available in excess of those needed for the Project.

Assessments and  
Assessment  
Methodology

Tourist hotels within the District will pay assessments based on the following formula. During the life of the District, the benefits that will accrue to each assessed business within each zone will correlate directly to the rate of assessments in that zone.

**Zone 1:**

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment through December 31, 2013, the assessment shall be 0.50% of gross revenue from tourist rooms.
- With respect to gross revenue from tourist rooms generated beginning January 1, 2014 until the termination of the District, the assessment in Zone 1 shall be 1.25% of gross revenue from tourist rooms.

**Zone 2:**

- With respect to gross revenue from tourist rooms



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generated during the period beginning with commencement of the assessment until the termination of the District, the assessment shall be 0.3125% of gross revenue from tourist rooms.

Annual revenues generated from assessments will fluctuate over the life of the District based on actual gross revenues from tourist rooms, subject to the maximum assessment set forth in the Management District Plan.

The assessment formula is designed to levy assessments on the basis of the estimated benefits that will accrue to the tourist hotels within the District.

“Gross revenues from tourist rooms” is defined in the Management District Plan.

It is anticipated that the District will enter into an agreement with the San Francisco Tax Collector’s Office for collection of the assessment and for certain enforcement functions.

Maximum Collections	No more than a total maximum of \$5,766,814,000 in assessment funds will be collected during the 32-year term of the MED. The maximum allowable assessment to be levied annually for the duration of the MED is set forth in the Management District Plan. Each year’s maximum annual assessment reflects a potential 10% increase over the previous year. <b>It should be noted that these are maximum annual collections allowed under this plan; actual annual collections may be significantly less, depending on market conditions.</b>
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Financing Activities	It is anticipated that in connection with financing of all or a portion of the District’s improvements and activities, the City will issue bonds, financing lease (including certificates of participation) or similar obligations, and that District funds will be used in furtherance of repayment of those obligations. It is expected that the Bonds will be issued in 2017 to fund expansion-related activities.
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Duration of District	The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the
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**FEATURE****SUMMARY EXPLANATION**

first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the *Commencement Date*). The term of the district is 32 years after the Commencement Date.

**Formation**

Formation of the District requires submission to the San Francisco Board of Supervisors of written petitions signed by the owners of tourist hotels in the District that will pay more than 30% of the assessments proposed to be levied. After submission of those petitions, the San Francisco Board of Supervisors may approve a resolution of intention to form the District. If this Resolution of Intention is approved by the Board of Supervisors, the City's Department of Elections will mail out assessment ballots to all tourist hotels that would be subject to assessment in the proposed District. During the special ballot election period tourist hotels within the District will be entitled to vote based on a weighted-voting formula. If tourist hotels representing at least 50% of the total estimated assessments proposed to be levied on all tourist hotels in the District cast ballots, and at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, the Board of Supervisors will vote on whether to establish the District and levy the assessments.

The "Weight" calculated for the petition vote and ballot election is determined by the assessment each tourist hotel will pay into the district compared to the total assessments estimated to be collected in year one. Year one maximum assessment collection estimates are based on 12 months of projected collections at the assessment formula of 1.25% and 0.3125% for tourist hotels located in Zones 1 and 2 respectively, calculated on the assessable gross room revenue from tourist rooms of calendar year 2011 as reported by hotels. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2011 assessable gross room revenue from tourist rooms in relation to its portion of the total MED assessment in year one. If a hotel changed ownership after the hotel's 2011 assessable gross income was reported to the City, the "weight," for purposes of this Plan,

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shall be calculated based on the 2011 assessable gross income from tourist rooms as reported to the City by the hotel prior to the ownership change. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

Management of the District

The District will be managed by the non-profit San Francisco Tourism Improvement District Management Corporation ("*SFTIDMC*"), the same organization that manages the San Francisco Tourism Improvement District.

City Contribution to Costs of Expansion

The City & County of San Francisco, subject to approval of the Board of Supervisors, will commit the following towards the repayment of Bonds issued in connection with the \$500 million Project:

- Contribution of \$8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to cap of \$10.7 million, with a continuing contribution of no less than \$10.7 million per year for the remainder of the term of the District (the City's "*Base Contribution*").
- In addition, the City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in this plan.
- For purposes of this Project, "shortfall" means a fiscal year's debt service not covered by (a) the MED allocation to debt, plus (b) the City's \$8.2 million - \$10.7 million contribution.

City contributions will partially fund the repayment on any bonded indebtedness or financing lease (including principal and interest on any certificates of participation) issued to finance related professional consulting, architectural and other professional fees and issuance costs, or similar obligations issued or incurred in connection with the expansion, together with a portion of the hard construction cost. The project will be built using an alternative project delivery method called Construction Manager/General Contractor (CM/GC). The MED will select

FEATURE	SUMMARY EXPLANATION
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the CM/GC, with input from the City, and the MED will fund the cost of the CM/GC. The City will expend construction costs by procuring, pursuant to the City's contracting rules, and paying for the trade contractors. The trade contractors will be overseen by the CM/GC funded by the MED. The City is the owner of the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities financed by District and City funds.

Flow of Funds

The City will collect MED revenues from hotels, withhold funds from those revenues allocated to Development Activities in the Plan necessary to pay debt service, fund the Stabilization Fund and Sinking Fund, and fund repayment of the City's contribution toward shortfall in debt service costs from prior years, and transfer to the MED the portion of revenue per the allocation outlined in the Management Plan.

Surpluses

For purposes of this plan, "Surpluses" mean any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, *i.e.*, excluding the City Contribution toward debt service outlined above. Surpluses shall be applied as follows:

1. To fund a Stabilization Fund of up to \$15,000,000, to be drawn upon in any year when lower than expected MED collections cause MED's contributions toward debt service to be lower than the sum set forth in cash flow projections with respect to the debt service for the Project; then
2. To fund a Sinking Fund in an amount equal to annual debt service beyond expiration of the District term less City Contribution; then
3. To the City as repayment for the City's contribution toward shortfall in debt service costs from prior years, *i.e.*, City contributions, if any, in excess of the City's Base Contribution as outlined above; then
4. To the MED to fund future development, expansion, renovation, and capital improvements to the Moscone Center Campus.

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5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for debt service, i.e., upon final maturity of the debt instruments, shall be distributed to MED or its successor, in consultation with the City and the San Francisco Travel Association or its successor, for use consistent with part 4, above.

Notwithstanding the foregoing, with respect to funds allocated to the above funds 1 through 3, the City shall have the sole discretion to apply Surpluses among those three funds in the order it deems in the best interests of the City.

**Name of District**

The District shall be known as the Moscone Expansion District (“MED” or the “District”).

**Purpose of the District**

The District will be formed in order to expand the George S. Moscone Convention Center in San Francisco, California to provide funding to attract significant meetings, tradeshow and conventions, and provide for significant future improvements and upgrades.

*Why Expand Moscone Convention Center?*

Moscone Convention Center is a primary driver of hotel room demand in San Francisco. However, Moscone Center is the smallest among 13 convention centers that are most competitive with it, particularly in terms of saleable exhibit space.<sup>3</sup> Among this same set, convention centers in at least two cities, Los Angeles and San Diego, have completed expansion or are in the process of expanding, while at least one, Las Vegas, is putting substantial capital into renovating the public spaces in and around its convention center.

Meeting planners regularly report record attendance when holding events in the City, compounding the need for additional space. San Francisco ranks particularly favorably among international convention attendees due to the large amount of direct air service. In addition, San Francisco’s position as a gateway to Asia bodes well for technology and medical meetings in particular, which attract growing numbers of Asian attendees<sup>4</sup>.

However, if Moscone Center is not expanded, San Francisco stands to lose a number of current conventions that will outgrow the existing center, won’t win back meetings that have already left due to size constraints, and will lose small meetings that currently cannot be accommodated in one or two of the existing three-building campus due to lack of available dates.

In addition, meeting planners have reported that the current lack of contiguous space is a serious detriment to their ability to book Moscone Center and San Francisco.

In fact, San Francisco has already lost meetings representing \$2,057,000,000 in direct spending as a result of space issues, for meetings with dates between 2010 and 2019. These events instead booked convention centers in Chicago, Las Vegas, San Diego and other cities, taking with them delegate spending, tax revenue and other economic impact.<sup>5</sup>

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<sup>3</sup> Jones Lang LaSalle Hotels, “Moscone Convention Center Expansion Cost Benefit Analysis” [Page 29]

<sup>4</sup> Jones Lang LaSalle Hotels, “Moscone Convention Center Expansion Cost Benefit Analysis” [Page 35]

<sup>5</sup> Jones Lang LaSalle Hotels “Moscone Convention Center Expansion Cost Benefit Analysis” [page 23]

### *Benefits from Moscone Center Expansion*

The planned expansion of the Moscone Center will be financed via a partnership between the tourist hotel community and the City. The tourist hotel community will pay its share of expansion-related costs out of District assessments. The City will pay its share of expansion-related costs out of general fund revenues or other funds and sources. The District and City will each pledge revenues to pay principal, interest and related financing costs on payments of any bond, financing lease (including certificates of participation), or other similar obligations of the City that will be issued to facilitate the expansion. Based on this shared-cost scenario, the tourist hotels within the District will derive economic benefits from the portion of the expansion paid for with District assessments. The City will derive economic benefits in return for its financial commitment. The benefits that are unique to the hotels, and the other benefits, are described below.

### *Benefits to Hotels that Pay the Assessment*

Expansion of Moscone Center will generate benefits for tourist hotels within the District that will pay the assessment, which will not accrue to those not charged. Industry studies demonstrate that expansions of convention centers in markets competitive with San Francisco generate growth in hotel "RevPAR" (revenue per available hotel room). Consistent with that finding on a national basis, past expansions of Moscone Center have led to higher real RevPAR growth for San Francisco hotels. Studies indicate that increased convention attendance arising from this new, proposed expansion of Moscone Center, combined with the incentive fund and targeted sales and marketing expenditures designed to maximize lodging performance, will generate increased hotel demand, with a positive impact on RevPAR via higher hotel occupancy rates and average daily room rates.<sup>6</sup> Assessed businesses, therefore, receive the benefit of higher yields, derived through the practice of maximizing revenue based on predictable demand. Studies also indicate that in addition to increased occupancy and room rates, hotels in the District will also derive increased revenues from their ancillary facilities, such as hotel restaurants, bars, meeting space and spas.<sup>7</sup> Further, hotel values are likely to be directly enhanced or increase by the completion of the Moscone Convention Center proposed expansions.<sup>8</sup>

Zone 1 hotels will pay a higher assessment than Zone 2 hotels because it is expected that Zone 1 hotels will achieve a greater positive impact on RevPar. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City's transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 directly, and via "compression," *i.e.*, when groups using Moscone Center fill tourist hotel rooms in Zone 1 (increasing their occupancy and average daily rate),

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<sup>6</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§5.2]

<sup>7</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§5.2]

<sup>8</sup> Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Impact" [§1.3]

the data show that other bookings, such as transient commercial, group tour, and leisure visitor business, are pushed into tourist hotels in Zone 2 (increasing occupancy and average daily rate at those hotels). In sum, hotels in Zone 1 are expected to receive approximately three times RevPAR benefit, and four times profit per available room, as compared to hotels in Zone 2.<sup>9</sup> This differential, which also manifests in a different rate of increase in hotel values between the two zones, provides the basis for structuring two levels of assessment.

#### *Other Economic Benefits*

In return for the City's financial contribution to the expansion of Moscone Center, it is expected that increased convention activity will generate increased economic activity in the City. In 2011, activity from meetings, conventions and trade shows accounted for \$1.8 billion in spending in the City<sup>10</sup>. Expert projections, based on studies of expansions in competitive markets and on past expansions of Moscone Center, indicate that expansion of Moscone Center will generate additional economic activity in the form of increased spending for local businesses and increased tax revenue for the City.<sup>11</sup>

#### *A Record of Success: The San Francisco Tourism Improvement District*

The expansion will be managed by an experienced team that includes the San Francisco hotel community, the City and County of San Francisco, the managers of Moscone Convention Center, and the San Francisco Travel Association, which is responsible for marketing convention center space.

This team collaborated to create the San Francisco Tourism Improvement District in 2008, increasing funding to sell, market, and promote the City as a visitor destination. Funds were also used to renovate the Moscone Convention Center and to explore its expansion in light of competitive pressures.

The renovation, completed in May 2012, was accomplished on time and on budget. Much-needed repairs were made to both Moscone South (opened in 1981) and Moscone North (opened in 1992), neither of which had seen any significant capital improvements. New way-finding signage, energy efficient lighting and HVAC systems, upgraded bathrooms, new paint and carpet, and Center-wide wireless access have vastly modernized the complex.

The issues of size and contiguous space remain serious obstacles, however, and led the SFTID to commission two separate studies, from Economic Research Associates/AECOM in 2010, and Jones Lang LaSalle Hotels (JLLH) in 2012. For these studies, a comprehensive set of data was gathered, including:

- Competitive convention center information

<sup>9</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§1.3]

<sup>10</sup> San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" [Page 4, "Grand Total: Convention Impact", 2011]

<sup>11</sup> Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Cost Benefit Analysis" [§6.8]



- Interviews with major Moscone Convention Center users
- Analysis of Lost Business Reports generated by San Francisco Travel
- Trends in the meetings market

The ERA/AECOM study showed that, without additional exhibit space, the number of Moscone Convention Center-based meetings will decline as larger groups move to other cities with more space, and as smaller groups are unable to book space due to lack of availability. The JLLH report is studying various expansion scenarios.

An advisory committee has been formed to provide industry input from the assessed tourist hotels. It includes representatives of the San Francisco Tourism Improvement District Management Corporation (*SFTIDMC*) Board of Directors, representatives appointed by the Hotel Council of San Francisco, and representatives of City government.

In addition to funding Moscone Convention Center expansion, the District will fund a Convention Incentive Fund, which will be used to attract significant meetings, conventions and tradeshow to San Francisco. In the increasingly competitive convention market, many first tier cities (and several second and third tier cities, as well) provide convention center rental offsets in order to attract meetings with significant economic impact. San Francisco has made similar funds available in the past, and will be at a competitive disadvantage without the continuation of these funds. The District will also fund a Moscone Center Sales and Marketing Fund, for the purpose of generating increased revenue for hotels that pay the assessment by promoting the convention center to meeting, convention and event planners, and a Capital Improvements and Renovations Reserve Fund, to cover future upgrades and improvements so that the Moscone Center buildings remain competitive with convention centers in other cities and do not once again fall into disrepair. Funds will also be allocated to build and maintain a contingency reserve, for costs related to formation of the District, and for the administration of the District, such as payment to the City's Treasurer and Tax Collector for the costs of collecting, enforcing, and distributing assessments, and payment for staff and professional services needed to run the District. Lastly, funds may be used to fund future development, expansion, renovation, and capital improvements of the Moscone Center campus.

### **Assessed Businesses and Boundaries of the District**

This will be a business-based district that shall include all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas:

#### **Zone 1: Tourist hotels with addresses:**

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 16<sup>th</sup> Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16<sup>th</sup> Street as if it continued east to the Bay.

#### **Zone 2: Tourist hotels with addresses:**

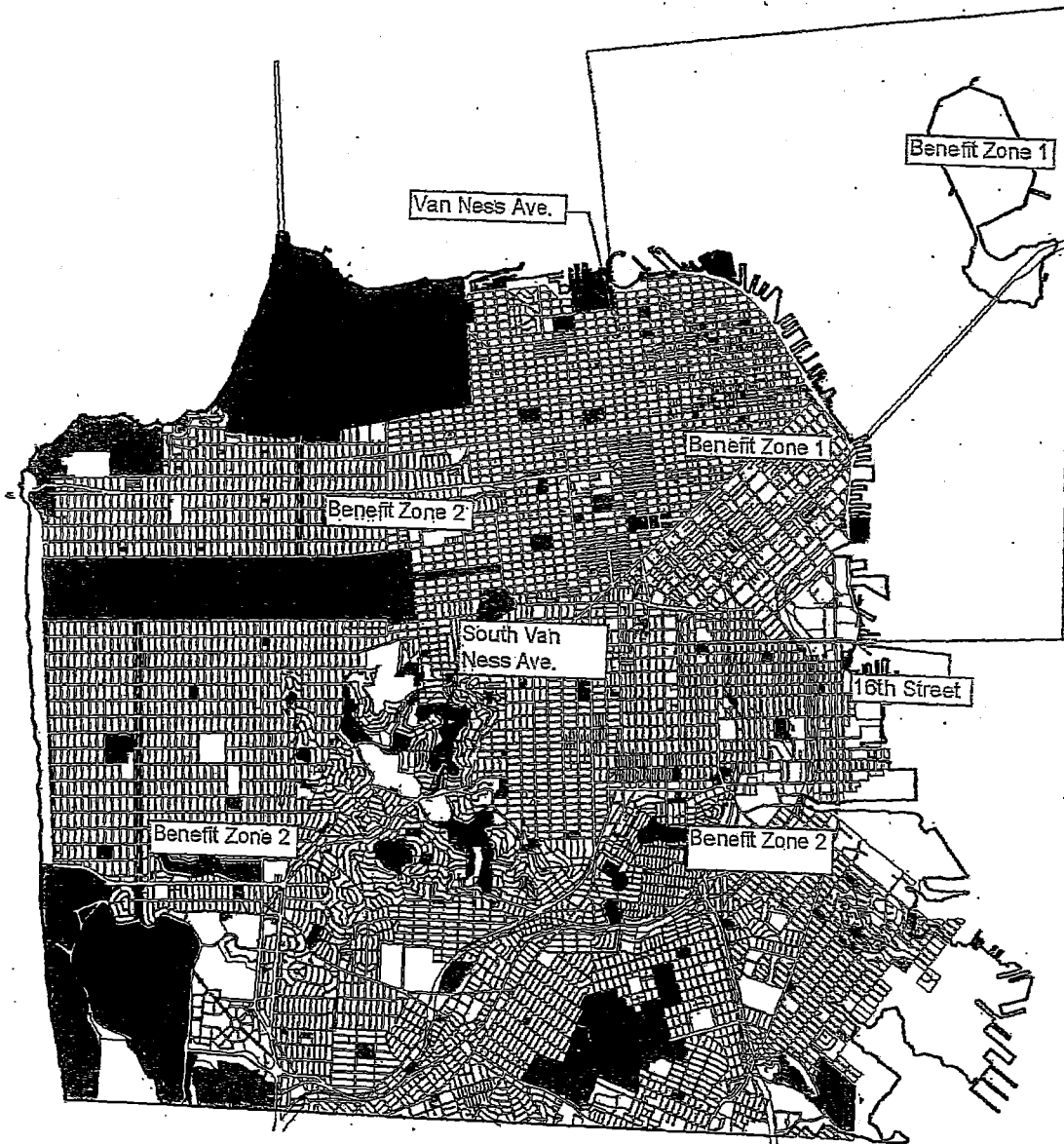
- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16<sup>th</sup> Street.

The boundaries of Zones 1 and 2 of the MED are identical to the boundaries of Zones 1 and 2 of the Tourism Improvement District.

Because they will benefit from the improvements and activities funded by the District, and because this is a business-based district, future tourist hotels that open for business within the District will also be subject to the assessment.

# Map of the District

Moscone Expansion District Map



**Proposed Annual Operating Budget, including Improvements and Activities,  
and categories of expenditures**

(The FY 2013/14 projected budget is set forth below.<sup>12</sup> Annual budgets for subsequent years will be outlined in annual reports prepared by SFTIDMC and submitted to the Board of Supervisors as required by applicable law.)

<i>Improvements and Activities</i>	<i>Percent of Budget Allocated to Types of Activities</i>	<i>Budget</i>
<p><b><u>Development Activities</u></b></p> <ul style="list-style-type: none"> <li>• Planning, design, engineering, entitlement, project management and related development services for the Project, which it is projected will include reconfiguration of existing non-contiguous space to create up to 550,000 gsf of contiguous exhibit space, and new meeting rooms, ballroom, and loading and service spaces.</li> <li>• Construction costs for of the expansion of the Moscone Convention Center as noted above.</li> <li>• Financing costs related to the Project, including those associated with the payments of any bond, financing lease (including certificates of participation), or other similar obligations of the City.</li> </ul>	87.5%	\$16,915,500
<p><b><u>Renovation Activities</u></b></p> <ul style="list-style-type: none"> <li>• Funding of a capital reserve to pay for <b>future renovations of and improvements</b> to the Moscone Convention Center complex, to include capital improvements, but not including general maintenance or general repairs.</li> <li>• Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a majority vote of the board of directors of the MED owners association.</li> </ul>	1%	\$193,320

<sup>12</sup> The FY 2013/2014 projected annual budget assumes that the District Commencement Date is no later than July 1, 2013, and thus reflects a full twelve months of assessment revenue. The proportionate allocation of District funds among budget categories for the life of the District is set forth in Table 2.



majority vote of the board of directors of the MED owners association.		
<b>Total</b>	<b>100%</b>	<b>\$19,332,000</b>

*Surpluses*

Any Surpluses (defined in this Plan as "any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, i.e., excluding the City Contribution toward debt service") shall be applied as outlined in the "Surpluses" section of this Plan.

*Formation Costs*

In year 1 of the MED, up to \$685,000 to cover costs incurred in forming the District (*Formation Costs*) may be allocated. Formation Costs eligible for recovery through assessments include actual costs incurred by the MED steering committee, the San Francisco Tourism Improvement District, San Francisco Travel Association, and by the City and County of San Francisco arising out of or of related to the formation process. Such reimbursable Formation Costs include, for example, costs arising out of or related to (a) the costs of preparation of the management district plan and engineer's report or other expert reports required by state law or to be included with the management district plan (b) the costs of circulating and submitting the petition to the Board of Supervisors seeking establishment of the District, (c) the costs of printing, advertising and giving of published, posted or mailed notices, (d) the costs of engineering, consulting, legal or other professional services provided in support of formation of the District, including, for example, project management of the formation process, contract negotiation and drafting, and the provision of legal advice and representation with respect to formation of the District, (e) costs of any ballot proceedings required by law for approval of a new assessment, (f) set up of the MED assessment billing and collection systems by the City and County of San Francisco, including reimbursement of actual costs by the City Treasurer and Tax Collector, and (g) related consultant and attorney fees, consistent with Section 1511(d) of the San Francisco Business and Tax Regulations Code. The basis for determining the amount of Formation Costs payable by the MED assessment shall be actual costs incurred. Legal fees and related costs incurred in connection with the validation of debt issuance and of the related establishment of MED and levy of assessments, including related legal proceedings, shall be paid for by District revenues and shall not be considered "Formation Costs."

**TABLE 2**

Proportionate allocation of District funds among budget categories over the life of the MED

Year	Fiscal Year	Expansion/ Development/ Allocation	Incentive Fund Allocation	Convention Sales/Mktg Fund Allocation	Cap. Reserve Fund Allocation	Admin/Cont/ Reserve Allocation	Total
1	2013/14	87.5%	9%	0%	1%	2.5%	100%
2	2014/15	87.5%	9%	0%	1%	2.5%	100%
3	2015/16	87.5%	9%	0%	1%	2.5%	100%
4	2016/17	87.5%	9%	0%	1%	2.5%	100%
5	2017/18	86.5%	9%	1%	1%	2.5%	100%
6	2018/19	86.5%	9%	1%	1%	2.5%	100%
7	2019/20	86.5%	9%	1%	1%	2.5%	100%
8	2020/21	86.5%	9%	1%	1%	2.5%	100%
9	2021/22	86.5%	9%	1%	1%	2.5%	100%
10	2022/23	82.5%	8%	1%	6%	2.5%	100%
11	2023/24	82.5%	8%	1%	6%	2.5%	100%
12	2024/25	82.5%	8%	1%	6%	2.5%	100%
13	2025/26	82.5%	8%	1%	6%	2.5%	100%
14	2026/27	82.5%	8%	1%	6%	2.5%	100%
15	2027/28	82.5%	8%	1%	6%	2.5%	100%
16	2028/29	82.5%	8%	1%	6%	2.5%	100%
17	2029/30	82.5%	8%	1%	6%	2.5%	100%
18	2030/31	82.5%	8%	1%	6%	2.5%	100%
19	2031/32	82.5%	8%	1%	6%	2.5%	100%
20	2032/33	82.5%	8%	1%	6%	2.5%	100%
21	2033/34	82.5%	8%	1%	6%	2.5%	100%
22	2034/35	82.5%	8%	1%	6%	2.5%	100%
23	2035/36	82.5%	8%	1%	6%	2.5%	100%
24	2036/37	82.5%	8%	1%	6%	2.5%	100%
25	2037/38	82.5%	8%	1%	6%	2.5%	100%

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Year	Fiscal Year	Expansion/ Development/ Allocation	Incentive Fund Allocation	Convention Sales/Mktg Fund Allocation	Cap Reserve Fund Allocation	Admin/Cont/ Reserve Allocation	Total
26	2038/39	82.5%	8%	1%	6%	2.5%	100%
27	2039/40	82.5%	8%	1%	6%	2.5%	100%
28	2040/41	82.5%	8%	1%	6%	2.5%	100%
29	2041/42	82.5%	8%	1%	6%	2.5%	100%
30	2042/43	82.5%	8%	1%	6%	2.5%	100%
31	2043/44	82.5%	8%	1%	6%	2.5%	100%
32	2044/45	82.5%	8%	1%	6%	2.5%	100%

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## **Assessment and Assessment Methodology**

### **Assessment Method - Gross Revenue from Tourist Rooms**

Tourist hotels within the District will pay assessments on the basis of the estimated benefit to those hotels. Further, the assessments imposed will provide benefits to tourist hotels within the District that are not provided to businesses that do not pay the assessment, and will not exceed the reasonable costs of conferring those benefits. Those benefits, which will accrue from the portion of planned expansion of the Moscone Center paid for with the funds raised by the assessments and related MED activities and improvements, include increased RevPAR (revenue per available hotel room) in the hotels within the District, resulting from increases in such hotels' average daily room rates and occupancy rates arising from increased convention activity, and increased sales and marketing activity for the convention center designed to increase revenue to hotels that pay the assessment.

The assessment will be paid by tourist hotels within the District based on gross revenue from tourist rooms in those hotels, based on the following formula. During the life of the District, the benefits that will accrue to each assessed business within each zone will correlate directly to the rate of assessments in that zone.

#### **Zone 1:**

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment through December 31, 2013, the assessment shall be 0.50% of gross revenue from tourist rooms.
- With respect to gross revenue from tourist rooms generated beginning January 1, 2014, until the termination of the District, the assessment shall be 1.25% of gross revenue from tourist rooms.

#### **Zone 2:**

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment until the termination of the District, the assessment shall be .3125% of gross revenue from tourist rooms.

For purposes of calculating the MED assessment, "gross revenue from tourist rooms" means: the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom whatsoever. Gross revenue from tourist rooms will include only the following charges, regardless of how such charges are characterized:

- a) Charges for a guest room (including non-refundable deposits) regardless of whether the guest uses the room;
- b) Charges for additional guests to occupy the room;
- c) Charges for guaranteeing the availability of a room (sometimes referred to as guaranteed "no-show" charges), regardless of whether the guest uses the room (excluding event attrition fees and event cancellation fees paid by event organizers)

For purposes of this plan, "tourist room" and "guest room" are used interchangeably.

#### Exemptions

The following charges and revenues shall be exempt from payment of the assessments:

- a) Charges for guest rooms occupied by permanent residents, defined as: "Any occupant as of a given date who has or shall have occupied, or has or shall have the right of occupancy, of any guest room in a hotel for at least 30 consecutive days next preceding such date;"
- b) Revenue from the lodging of airline crews, *i.e.*, lodging provided to airline cockpit and/or cabin crews pursuant to an agreement between a hotel and an airline, which is in furtherance of or to facilitate such crews' performance of their jobs for the airline, including layovers between flights; or
- c) The City's Transient Occupancy Tax collected on the room rent and remitted to the City;
- d) Revenue from the San Francisco Tourism Improvement District assessment established in 2008, including any renewals or extensions thereof;
- e) Charges for guest rooms located in youth hostels that are owned and operated exclusively by and for non-profit entities;
- f) Charges for guest rooms that are subject to the room rate exemption for the San Francisco Transient Occupancy Tax under Article 7, section 506(c) of the San Francisco Business & Tax Regulations Code, as amended from time to time; and
- g) Charges for guest rooms located in non-profit, purely private social clubs that make guest rooms available only for the use of their members. The term "purely private social clubs" means non-profit, private membership clubs, whose primary purpose is social, which are owned by a limited membership, and which do not advertise or promote the use of their facilities by the

public. Further, entities that allow guest rooms to be occupied by non-members, including via reciprocal arrangements with other clubs or organizations or upon referral of a member, shall not constitute "purely private social clubs" as defined herein.

The assessment formula will remain the same throughout the duration of the District. Annual revenues generated from assessments will fluctuate over the life of the District based on actual gross revenues from tourist hotel rooms, subject to the maximum assessment set forth in the Management District Plan. Any annual budget surplus or deficit will be rolled into the following year's MED budget.

#### Time and Manner of Collecting Assessments

The MED assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, as it may be amended from time to time, will be collected and enforced by the Office of the Treasurer and Tax Collector of the City (the *Treasurer and Tax Collector*). The hotel businesses assessed shall be billed and/or shall file assessment payment forms, and submit assessment payments on a monthly basis to the Treasurer and Tax Collector, based on gross revenue collected for tourist rooms each month. The Treasurer and Tax Collector shall transfer the assessment payments on a monthly basis to the SFTIDMC, a non-profit corporation that is designated as the Owners Association for the District. The SFTIDMC will manage and administer the MED pursuant to a management contract with the City, as approved by the Board of Supervisors. The management contract will also include provisions identifying and defining procedures for collection and enforcement of the assessment, including, for example, hotel and recordkeeping requirements, audits, assessment of penalties and interest, claims, and refunds.

#### Number of Years Assessment will be Levied

As indicated elsewhere in this plan, the capital improvements to the Moscone Center will be financed, in part, by either bonds, financing lease (including certificates of participation), or other similar obligations of the City, to be paid by revenues from the MED and the City. The amount of debt service to retire the MED portion of the indebtedness shall not exceed the amount of revenue estimated to be raised from the assessment. For that reason, and because some of the assessment funds are allocated to expenses other than servicing such debt, the assessment will be levied for 32 years beginning with the Commencement Date. For example, if the Commencement Date is July 1, 2013, the assessment will be levied through June 30, 2045.

#### Total Maximum Amount of Annual Assessment Revenue

No more than a total maximum of \$5,766,814,000 in assessment funds will be collected during the 32-year term of the MED. The maximum allowable assessment to be levied annually for the duration of the MED is set forth below in Table 2. Each year's maximum annual assessment reflects a potential 10% increase over the previous year. **It should be noted that these are maximum annual collections allowed under this plan; actual annual collections may be significantly less depending on market conditions.**

### **Financing for Moscone Expansion Improvements**

Designated assessment funds will be used to pay financing costs, including those associated with the issuance and payment of principal and interest on bonds, financing lease (including certificates of participation), or other similar obligations of the City to pay for the development costs associated with the Moscone Expansion Project, including planning, design, engineering, entitlement, project management and related development services, as well as construction of Moscone Expansion capital improvements.

TABLE 3  
Maximum Amount of Annual Assessment Revenue

Year	Fiscal Year	Maximum Collections
1	2013/14	\$19,332,000
2	2014/15	\$29,597,500
3	2015/16	\$32,557,000
4	2016/17	\$35,812,500
5	2017/18	\$40,388,500
6	2018/19	\$45,528,500
7	2019/20	\$50,188,000
8	2020/21	\$55,207,000
9	2021/22	\$60,727,500
10	2022/23	\$67,356,500
11	2023/24	\$74,648,000
12	2024/25	\$82,112,500
13	2025/26	\$90,324,000
14	2026/27	\$99,356,500
15	2027/28	\$109,293,000
16	2028/29	\$120,222,500
17	2029/30	\$132,244,000
18	2030/31	\$145,468,000
19	2031/32	\$160,015,000
20	2032/33	\$176,017,000
21	2033/34	\$193,619,000
22	2034/35	\$212,981,000
23	2035/36	\$234,279,500
24	2036/37	\$257,707,500
25	2037/38	\$283,478,500
26	2038/39	\$311,826,500
27	2039/40	\$343,009,000
28	2040/41	\$377,310,000
29	2041/42	\$415,041,000
30	2042/43	\$456,545,500
31	2043/44	\$502,200,500
32	2044/45	\$552,420,500
		\$5,766,814,000

## **Implementation Timeline**

### *Formation*

Formation of the District requires submission to the San Francisco Board of Supervisors of written petitions signed by the owners of tourist hotels in the District that will pay more than 30% of the assessments proposed to be levied. After submission of those petitions, the San Francisco Board of Supervisors may approve a Resolution of Intention to form the District. If this Resolution of Intention is approved by the Board of Supervisors, the City's Department of Elections will mail out assessment ballots to all tourist hotels that would be subject to assessment in the proposed District. During the special ballot election period, tourist hotels within the District will be entitled to vote based on a weighted-voting formula. If tourist hotels representing at least 50% of the total estimated assessments proposed to be levied on all tourist hotels in the district cast ballots, and at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, the Board of Supervisors will hold a vote on whether to establish the District and levy the assessments.

The "Weight" calculated for the petition vote and ballot election is determined by the assessment each tourist hotel will pay into the district compared to the total assessments estimated to be collected in year one. Year one maximum assessment collection estimates are based on the 12 months of projected collections at assessment formula of 1.25% and 0.3125% for tourist hotels located in Zones 1 and 2 respectively, calculated on the assessable gross room revenue from tourist rooms of calendar year 2011 as reported by hotels. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2011 assessable gross room revenue from tourist rooms in relation to its portion of the total MED assessment in year one. If a hotel changed ownership after the hotel's 2011 assessable gross income was reported to the City, the "weight," for purposes of this Plan, shall be calculated based on the 2011 assessable gross income from tourist rooms as reported to the City by the hotel prior to the ownership change. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

### *Duration*

The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the "*Commencement Date*"). The term of the District is 32 years after the Commencement Date.

### *Disestablishment*

If there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the District, the District may be disestablished under any of the following circumstances:

(1) If the Board of Supervisors finds that there has been a misappropriation of funds, malfeasance, or a violation of law in connection with management of the District;

(2) During the operation of the District, there shall be a 30-day period each year in which assesses may request disestablishment of the District. The first such period shall begin one year after the date of establishment of the District and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the District. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of businesses in the District who pay 50 percent or more of the assessments levied, the Board of Supervisors shall pass a resolution of intention to disestablish the District. The Board of Supervisors shall notice a hearing on disestablishment; or

(3) A supermajority of eight or more members of the Board of Supervisors may initiate disestablishment proceedings for any reason.

All outstanding indebtedness must be paid prior to disestablishment of the District.

*Formation Schedule*

<b>Task</b>	<b>Estimated Date of Completion</b>
Final approval of Management District Plan by MED Advisory Committee	September 2012
Distribute petitions endorsing plan to affected MED hotel business owners/operators	September 2012
Submit minimum 30% weighted petitions endorsing Plan and proposed assessments to the Board of Supervisors (BOS)	October 2012
Introduce Resolution of Intention to Form the MED, with final Management District Plan and supporting documents, to BOS	October 2012
BOS Committee hearings	November 2012
BOS vote on Resolution of Intention at public hearing	November 2012

Department of Elections mails ballots, 45 Day Ballot Election Period Initiated	November 2012
BOS Committee hearing/meeting and final public hearing at BOS, on Resolution to Establish District and levy assessments; ballots due and counted; District established and assessments levied.	January - February 2013
Management contract with City executed	June 2013
MED Assessment becomes effective	The later of July 1, 2013, or no more than 30 days after a final judgment of validation
First MED Assessment payment transferred to SFTIDMC	Not later than 45 days after the filing deadline following the effective date, above.
MED services initiated	Not later than 45 days after the filing deadline following the effective date, above.



## **Governance of the District.**

The District will be managed by the San Francisco Tourism Improvement District Management Corporation, a 501c(6) non-profit corporation (SFTIDMC), the same organization that manages the San Francisco Tourism Improvement District. The SFTIDMC has been in operation since 2009 and has established policies and procedures to effectively manage the funds and business affairs of the SFTID. Significant cost savings will be realized by not establishing a new organization.

The SFTIDMC is responsible for the recent renovation of the existing convention center, which was accomplished on time and on budget. The renovation process included input from San Francisco's major convention customers – the Center's users – with oversight by the assessed businesses in the TID. Because Moscone Convention Center is booked to 70% of capacity, the SFTID worked with Center management, City agencies and private contractors to ensure that work did not displace previously booked business while fitting into previously unsold periods.

Under the terms of California's Property and Business Improvement District Law of 1994, as amended, the SFTIDMC is designated as the "owner's association" for the District, meaning that it will enter into a contract with the City, and will have the authority to manage the District and ensure that the improvements and activities described in this plan are carried out. The SFTIDMC has entered into an agreement with the San Francisco Travel Association (SFTA) to provide administrative services in support of TID operations. It is anticipated that SFTIDMC will enter into a similar agreement with SFTA for the new District.

The SFTIDMC is governed by a volunteer, 11-member Board of Directors. The majority of seats on the Board are reserved for representatives of the San Francisco hotel industry. Also, a majority of Board members shall be present or former directors of SFTA. Specifically, the structure of the SFTIDMC Board of Directors is as follows:

- Six seats are reserved for appointees representing tourist hotels;
- One seat is reserved for the Chair of San Francisco Travel Association;
- One seat is reserved for a representative of the Moscone Convention Center; and
- Three seats are reserved for at-large members of the tourism business community of San Francisco.

Meetings of the SFTIDMC are open to the public. Notice is posted on [www.sftid.com](http://www.sftid.com) and at the San Francisco Public Library, Main Branch.

## **Proposed City Financing of Moscone Convention Center Expansion**

The City recognizes the significance of the convention industry to the economic health of the City. To that end, and in recognition of the critical component that the Moscone Convention Center plays with respect to sustaining growth in this area, in addition to the proposed establishment of the MED, the City, subject to approval of the Board of Supervisors, will authorize the execution and delivery of City indebtedness, the proceeds of which will be used to pay a portion of the costs for the expansion of the Moscone Convention Center, estimated at \$500 million. The City, subject to approval of the Board of Supervisors, will commit to payment of the following sums toward the Project, including debt service, as follows:

- Contribution of \$8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to cap of \$10.7 million, with a continuing contribution of no less than \$10.7 million per year for the remainder of the term of the District (the City's "*Base Contribution*").
- In addition, the City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in this plan.
- For purposes of this Project, "shortfall" means a fiscal year's debt service not covered by (a) the MED allocation to debt, plus (b) the City's \$8.2 million - \$10.7 million contribution.

City contribution will be used for payment on any bonded indebtedness, financing lease (including principal and interest on any certificates of participation executed therein), or other similar obligations of the City issued to finance related professional consulting, architectural and other professional fees and issuance costs, together with a portion of hard construction cost. The project will be built using an alternative project delivery method called Construction Manager/General Contractor (CM/GC). The MED will select the CM/GC, with input from the City, and the MED will fund the cost of the CM/GC. The City will expend construction costs by procuring, pursuant to the City's contracting rules, and paying for trade contractors. The trade contractors will be overseen by the CM/GC funded by the MED. The City is the owner of the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities financed by District and City funds.

### **Flow of Funds**

The City will collect MED revenues from hotels, withhold funds allocated to Development Activities in the Plan that are necessary to pay debt service, fund the Stabilization Fund and Sinking Fund, and fund repayment of the City's contribution toward any shortfall in debt service costs from prior years, and transfer to the MED the portion of revenue per the allocation outlined in the Management Plan.

## Surpluses

For purposes of this plan, "Surpluses" mean any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, *i.e.*, excluding the City Contribution toward debt service outlined above. Surpluses shall be applied as follows:

1. To fund a Stabilization Fund of up to \$15,000,000, to be drawn upon in any year when lower than expected MED collections cause MED's contributions toward debt service to be lower than the sum set forth in cash flow projections with respect to the debt service for the Project; then
2. To fund a Sinking Fund in an amount equal to annual debt service beyond expiration of the District term less City Contribution; then
3. To the City as repayment for the City's contribution toward any shortfall in debt service costs from prior years, *i.e.*, City contributions, if any, in excess of the City's Base Contribution as outlined above; then
4. To the MED to fund future development, expansion, renovation, and capital improvements to the Moscone Center Campus.
5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for debt service, *i.e.*, upon final maturity of the debt instruments, shall be distributed to MED or its successor in consultation with the City and the San Francisco Travel Association or its successor, for use consistent with part 4, above.

Notwithstanding the foregoing, with respect to funds allocated to the above funds 1 through 3, the City shall have the sole discretion to apply Surpluses among those three funds 1 through 3 in the order it deems in the best interests of the City.

## **Appendices**

- A. List of Assessed Businesses
- B. Smith Travel Research (STR) Monthly Hotel Review, December 2011
- C. San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011"
- D. Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis"
- E. Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study"
- F. Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Impact"

## Appendix A – List of Assessed Businesses

All tourist hotels operating in the City and County of San Francisco that generate revenue from tourist rooms shall be included in the MED and assessed throughout the term of the MED, as more specifically provided for in this plan. The following is a list of hotels known at the time of adoption of this plan, which generate revenue from tourist rooms. Because this is a business-based District, hotels that generate revenue from tourist rooms that open for business within the District in the future will also be subject to the assessment.

Hotel Name	Address	Zone
1005 LARKIN ST	1005 LARKIN ST	1
1010 POST ST	1010 POST ST	1
1233-1235 MONTGOMERY ST A	1233 MONTGOMERY ST	1
1617 POLK RENTAL	1617 POLK ST	1
217-241 COLUMBUS APTS	237 COLUMBUS AVE	1
30-36 CASTLE ST APT	30 CASTLE ST	1
481 MINNA ST INN	481 MINNA ST	1
5 NIGHT-SVC@THE DONATELLO	501 POST ST	1
556 LARKIN ST	556 LARKIN ST	1
620 JONES STREET	620 JONES ST	1
626 OFARRELL ROOMS	626 OFARRELL ST	1
647 CLAY ST APTS	647 CLAY ST	1
654 GRANT AV RENTALS	654 GRANT AVE	1
656 PACIFIC RENTALS	656 PACIFIC AVE	1
735 WASHINGTON APTS	735 WASHINGTON ST	1
752 PACIFIC AVENUE	752 PACIFIC AVE	1
754 BROADWAY APTS	754 BROADWAY ST	1
809 STOCKTON ST APARTMENT	809 STOCKTON ST	1
815 CLAY ST RENTALS	815 CLAY ST	1
868 CLAY ST BLDG	868 CLAY ST	1
912 JACKSON RENTALS	912 JACKSON ST	1
977 FOLSOM HOTEL	977 FOLSOM ST	1
AALOHA CONDOS	440 PACIFIC AVE	1
ABBY HOTEL	630 GEARY ST	1
ABIGAIL HOTEL THE	246 MCALLISTER ST	1
ACER HOTEL	280 OFARRELL ST	1
ADANTE HOTEL	610 GEARY ST	1
ADMIRAL HOTEL	608 OFARRELL ST	1
ALDRICH HOTEL	439 JONES ST	1
ALEXANDER INN	415 O'FARRELL ST	1
ALEXIS PARK SAN FRANCISCO	825 POLK ST	1
ALKAIN HOTEL	948 MISSION ST	1
AMERICA HOTEL	1075 POST ST	1

AMERICANIA HOTEL	121 7TH ST	1
AMERICAS BEST VALUE INN S	10 HALLAM ST	1
AMERICAS BEST VALUE INN-U	505 OFARRELL ST	1
AMSTERDAM HOSTEL	749 TAYLOR ST	1
ANDREW HOTEL THE	624 POST ST	1
ANSONIA HOTEL	717 SUTTER ST	1
ANSONIA-CAMBRIDGE HOTEL	711 POST ST	1
ARGONAUT HOTEL	495 JEFFERSON ST	1
ARTMAR HOTEL	433 ELLIS ST	1
AUBURN HOTEL	481 MINNA ST	1
BAKER HOTEL	1485 PINE STREET	1
BALBOA HOTEL	120 HYDE ST	1
BALDWIN HOTEL	321 GRANT AVE	1
BASQUE HOTEL	15 ROMOLO PL	1
BAY BRIDGE INN	966 HARRISON ST	1
BAYSIDE INN AT THE WHARF	1201 COLUMBUS AVE	1
BEL-AIR HOTEL	344 JONES ST	1
BERESFORD ARMS HOTEL	701 POST ST	1
BERESFORD HOTEL	635 SUTTER ST	1
BEST INN	116 TAYLOR ST	1
BEST WESTERN CIVIT CENTER	364 9TH STREET	1
BILTMORE HOTEL	735 TAYLOR ST	1
BOSTON HOTEL	140 TURK ST	1
BRISTOL HOTEL	56 MASON ST	1
BUDGET INN	1139 MARKET ST	1
CABLE CAR COURT HOTEL	1499 CALIFORNIA ST	1
CABLE CAR HOTEL	1388 CALIFORNIA ST	1
CADILLAC HOTEL	380 EDDY ST	1
CALIFORNIA HOTEL	910 924 GEARY ST	1
CAMPTON PLACE SF A TAJ HT	340 STOCKTON	1
CARLTON HOTEL	1075 SUTTER ST	1
CARRIAGE INN	140 7TH ST	1
CASA MELISSA	615 UNION ST	1
CASTLE INN	1565 BROADWAY ST	1
CASTRO HOTEL INC	705 VALLEJO ST	1
CATHEDRAL HILL HOTEL	1101 VAN NESS AVE	1
CATHIDRAL HILL HOTEL	1101 VAN NESS AV	1
CHANCELLOR HOTEL	433 POWELL ST	1
CHASE HOTEL	1278 MARKET ST	1
CHINESE GENERAL PEACE ASS	48A SPOFFORD ALY	1
CHL INTERNATIONAL ASSOC I	120 ELLIS ST	1
CIVIC CENTER INN	790 ELLIS ST	1
CLUB DONATELLO	501 POST ST	1
CLUB DONATELLO OWNERS ASS	501 POST ST	1

CLUB QUARTERS SAN FRANCISCO	424 CLAY ST	1
COLUMBUS HOTEL	354 COLUMBUS AVE	1
COLUMBUS MOTOR INN	1075 COLUMBUS AVE	1
CORNELL HOTEL	715 BUSH ST	1
COURTYARD BY MARRIOTT AT	580 BEACH ST	1
COVA HOTEL	655 ELLIS ST	1
CRESCENT SAN FRANCISCO	417 STOCKTON ST	1
CW HOTEL	917 FOLSOM ST	1
DA VINCI VILLA	2550 VAN NESS AVE	1
DAKOTA HOTEL	606 POST ST	1
DANIEL K YOST	52 SONOMA ST	1
DESMOND HOTEL	42 6TH ST	1
DONNELLY HOTEL	1272 MARKET ST	1
DRAKE HOTEL	235 EDDY ST	1
EARLE HOTEL THE	284 GOLDEN GATE AVE	1
EDDY HOTEL	640 EDDY ST	1
EDGEWORTH HOTEL LLC	770 OFARRELL ST	1
EL DORADO	1385 MISSION ST 200	1
EMBASSY U M A	610 POLK ST	1
EMPEROR NORTON	615 POST ST	1
ENCORE EXPRESS A NOB HILL	1353 BUSH ST	1
ENTEELLA HOTEL	905 COLUMBUS AVE	1
EUROPA HOTEL	310 COLUMBUS AVE	1
EUROPEAN HOSTEL	761 MINNA ST	1
EXECUSTAY CORP	0000 VARIOUS LOCATIONS	1
EXECUTIVE HOTEL MARK TWAI	345 TAYLOR ST	1
EXECUTIVE HOTEL VINTAGE	650 BUSH ST	1
FAIRMONT HERITAGE PLACE,	900 NORTH POINT STREET	1
FAIRMONT HOTEL	950 MASON ST	1
FITZGERALD HOTEL	620 POST ST	1
FLORENCE HOTEL	1351 STOCKTON ST	1
FOUR SEASONS HOTEL SF	757 MARKET ST	1
FRANCISCAN HOTEL	205 09TH ST	1
FREDERIC WALDMAN	1139 GREEN ST	1
FX STUDIOS	15A SUMNER STREET	1
GALLERIA PARK HOTEL	191 SUTTER ST	1
GATEWAY INN	438 O'FARRELL ST.	1
GINA HOTEL	221 07TH ST	1
GINKGO HOTEL	3032 16TH ST	1
GLENN REYNOLDS	9 SUMNER ST.	1
GLOBAL VILLAGE HOSTEL	374 5TH ST	1
GLOBETROTTERS INN	225 ELLIS ST	1
GOLDEN EAGLE	402 BROADWAY ST	1
GOLDEN GATE HALL	1412 MARKET ST	1

GOLDEN GATE HOTEL	775 BUSH ST	1
GRAND HYATT SAN FRANCISCO	345 STOCKTON ST	1
GRANT HOTEL INC	753 BUSH ST	1
GRANT PLAZA HOTEL	465 GRANT AVE	1
GREEN TORTOISE GUEST HOUS	1118 KEARNY ST	1
GROSVENOR HOUSE	899 PINE ST	1
HALCYON HOTEL LLC	649 JONES ST	1
HANDLERY HOTELS	260 OFARRELL ST	1
HARBOR COURT HOTEL	165 STEUART ST	1
HARCOURT HOTEL	1105 LARKIN ST	1
HAVELI HOTEL	37 6TH ST	1
HELEN HOTEL	166 TURK ST	1
HENRY HOTEL	106 6TH ST	1
HERBERT HOTEL	161 POWELL ST	1
HERITAGE MARINA HOTEL	2550 VAN NESS AVE	1
HILTON S F FINANCIAL DIST	750 KEARNY ST	1
HILTON S.F. FISHERMAN'S W	2620 JONES ST	1
HILTON SAN FRANCISCO	333 O'FARRELL ST	1
HOLIDAY INN EXPRESS HOTEL	550 NORTH POINT ST	1
HOLIDAY INN FISHERMAN'S W	1300 COLUMBUS AVE	1
HOLIDAY INN GOLDEN GATEWA	1500 VAN NESS AVE	1
HOLIDAY INN-CIVIC CENTER	50 8TH ST	1
HOTEL ABRI	127 ELLIS ST	1
HOTEL ADAGIO	550 GEARY ST	1
HOTEL AMERICA	1087 MARKET ST	1
HOTEL ASTORIA	510 BUSH ST	1
HOTEL BIJOU	111 MASON ST	1
HOTEL BOHEME	444 COLUMBUS AVE	1
HOTEL DALWONG	242 POWELL ST	1
HOTEL DES ARTS	447 BUSH ST	1
HOTEL DIVA	440 GEARY ST	1
HOTEL FRANK	386 GEARY ST	1
HOTEL FUSION	140 ELLIS ST	1
HOTEL GRIFFON	155 STEUART ST	1
HOTEL METROPOLIS	25 MASON ST	1
HOTEL MILANO	55 5TH ST	1
HOTEL MONACO	501 GEARY ST	1
HOTEL NIKKO SF	222 MASON ST	1
HOTEL PALOMAR	12 4TH ST	1
HOTEL PHILLIP	205 9TH ST	1
HOTEL REX	562 SUTTER ST	1
HOTEL SUTTER LARKIN	1048 LARKIN ST	1
HOTEL TRITON	342 GRANT AVE	1
HOTEL UNION SQUARE	114 POWELL ST	1



HOTEL VERTIGO	940 SUTTER ST	1
HOTEL VITALE	8 MISSION ST	1
HOTEL WHITCOMB	1231 MARKET ST	1
HUNTER HOTEL	102 6TH ST	1
HUNTINGTON HOTEL	1075 CALIFORNIA ST	1
HYATT AT FISHERMAN'S WHAR	555 NORTH POINT ST	1
HYATT REGENCY SAN FRANCIS	5 EMBARCADERO CENTER	1
HYDE REGENCY HOTEL	1531 HYDE ST	1
IL TRIANGOLO HOTEL	524 COLUMBUS AVE	1
INN AT OREILLYS	106 FERN ST	1
INN AT UNION SQUARE THE	440 POST ST	1
INN ON BROADWAY	2201 VAN NESS AVE	1
INTER CONTINENTAL SAN FRA	888 HOWARD ST	1
JONES HOTEL	515 JONES ST	1
JW MARRIOTT SF UNION SQ	500 POST ST	1
KEAN HOTEL	1018 MISSION ST	1
KENSINGTON PARK HOTEL	450 POST ST	1
KIM OY LEE	801 PACIFIC AVE	1
KING GEORGE HOTEL	334 MASON ST	1
KINIGHTS INN - DOWNTOWN	240 7TH ST	1
KRUPA HOTEL	700 JONES ST	1
LANDMARK REALTY	550 15 <sup>TH</sup> ST	1
LARKSPUR HOTEL UNION SQUA	524 SUTTER ST	1
LAYNE HOTEL	545 JONES ST	1
LE MERIDIEN SAN FRANCISCO	333 BATTERY ST	1
LIGURIA HOTEL	371 COLUMBUS AVE	1
LORRAINE HOTEL	740 BROADWAY ST	1
LUM WAI KUI & LAN WAI	673 BROADWAY ST	1
LUZ HOTEL	725 GEARY ST	1
MANDARIN ORIENTAL SF	222 SANSOME ST	1
MANNING PROPERIES	1037 1039 BROADWAY ST	1
MARILYN INN	27 DASHIELL HAMMETT ST	1
MARINE MEMORIAL ASSN	609 SUTTER ST	1
MARK HOPKINS HOTEL	999 CALIFORNIA ST	1
MART MOTEL	101 9TH ST	1
MAYFLOWER HOTEL	975 BUSH ST	1
MCSWEENEY CONSTRUCTION	1155 LEAVENWORTH ST #11	1
MERIT HOTEL	1105 POST ST	1
MIDORI HOTEL	1325 MISSION ST	1
MITHILA HOTEL	972 SUTTER ST	1
MOTEL 6	895 GEARY ST	1
MUSIC CITY HOTEL	1353 BUSH ST	1
NAZARETH HOTEL	556 JONES ST	1
NEW CENTURY MANAGEMENT LL	1580 WASHINGTON STREET, SF	1

NOB HILL HOTEL	835 HYDE ST	1
NOB HILL INN	1000 PINE ST	1
NOB HILL INN CITY PLAN ET	1000 PINE ST	1
NOB HILL MOTOR INN	1630 PACIFIC AVE	1
NORMANDIE HOTEL	251 9TH ST	1
NORTH BEACH HOTEL	935 KEARNY ST	1
OAKTREE HOTEL	45 6TH ST	1
OAKWOOD HOTEL	44 5TH ST	1
OBRERO HOTEL	1208 STOCKTON ST	1
OMNI SAN FRANCISCO HOTEL	500 CALIFORNIA ST	1
ORANGE VILLAGE HOTEL	411 OFARRELL ST	1
ORCHARD GARDEN HOTEL	466 BUSH ST	1
ORCHARD HOTEL	665 BUSH ST	1
ORLANDO HOTEL	995 HOWARD ST	1
PACIFIC TRADEWINDS HOSTEL	680 SACRAMENTO ST	1
PAGE HOTEL	161 LEAVENWORTH ST	1
PALACE HOTEL	2 NEW MONTGOMERY ST	1
PALO ALTO HOTEL	1685 SACRAMENTO	1
PARC 55 HOTEL	55 CYRIL MAGNIN	1
PARK HOTEL LLC	325 SUTTER ST	1
PETITE AUBERGE	863 BUSH ST	1
PHOENIX INN	601 EDDY ST	1
PICKWICK HOTEL	85 5TH ST	1
PIEDMONT HOTEL	1449 POWELL ST	1
PONTIAC HOTEL	138 6TH ST	1
POST HOTEL	589 POST ST	1
POTTER HOTEL	1288 MISSION ST	1
POWELL HOTEL	28 CYRIL MAGNIN ST	1
POWELL PLACE CITY/SHARE	730 POWELL ST	1
PRESCOTT HOTEL	545 POST ST	1
QUALITY INN SAN FRANCISCO	2775 VAN NESS AVE	1
RADISSON AT FISHERMAN'S W	250 BEACH	1
RAM'S HOTEL	80 9TH ST	27
RAPHAEL HOUSE	1065 SUTTER ST	1
RED COACH MOTOR LODGE	700 EDDY ST	1
REGENCY HOTEL	1214 POLK ST	201 MG
REININGA CORPORATION	900 N POINT ST	1
RENOIR HOTEL	45 MCALLISTER ST	1
REST STOP	1137 GREEN ST	1
RHC/POWELL PLACE AT NOB H	730 POWELL PLACE ST	1
RITZ CARLTON SAN FRANCISC	600 STOCKTON ST	1
RIVIERA HOTEL	420 JONES ST	1
ROYAL INN	130 EDDY ST	1
ROYAL PACIFIC MOTEL	661 BROADWAY	1

SAM WONG HOTEL	615 BROADWAY ST		1
SAN FRAN. SECOND HOME	1831 LARKIN ST	4	1
SAN FRANCISCO MARRIOTT	55 4TH ST		1
SAN FRANCISCO MARRIOTT UN	480 SUTTER ST		1
SAN FRANCISCO SUITES	710 POWELL ST		1
SAN REMO HOTEL THE	2237 MASON ST		1
SERRANO HOTEL	405 TAYLOR ST		1
SESTRI HOTEL	1411 STOCKTON ST		1
SF DOWNTOWN COURTYARD MAR	299 2ND ST		1
SF MARRIOT FISHERMAN'S WH	1250 COLUMBUS AVE		1
SF PROP OWNERS ASSOC INC	750 SUTTER ST		1
SHAHIL HOTEL	664 LARKIN ST		1
SHARON HOTEL	226 6TH ST		1
SHEEHAN HOTEL	620 SUTTER ST		1
SHELDON HOTEL	629 POST ST		1
SHERATON FISHERMANS WHARF	2500 MASON ST		1
SHIRLEY HOTEL	1544 POLK ST		1
SIR FRANCIS DRAKE HOTEL	450 POWELL ST		1
SOLANKI VIRENDRASINH	41 6TH ST		1
SONNY HOTEL	579 OFARRELL ST		1
SONOMA INN	1485 BUSH ST		1
SOUTH BEACH MARINA APTS	2 TOWNSEND ST		1
SPAULDING HOTEL LLC	240 OFARRELL ST		1
ST CLARE HOTEL	1334 VAN NESS AVE		1
ST CLOUD HOTEL	170 6TH ST		1
ST MORITZ HOTEL	190 OFARRELL ST		1
ST REGIS HOTEL SF.	657 MISSION ST	200	1
STANFORD HOTEL	250 KEARNY ST		1
STANLEY HOTEL	1544 CALIFORNIA ST		1
STEINHART HOTEL	952 SUTTER ST		1
STRATFORD HOTEL	242 POWELL ST		1
SUITES AT FISHERMANS WHAR	2655 HYDE ST		1
SUNNYSIDE HOTEL	135 6TH ST		1
SUNSET HOTEL	161 SIXTH ST	#100	1
SUTTER/LARKIN HOTEL	1048 LARKIN ST		1
SVC@FISHERMAN'S WHARF	2655 HYDE ST		1
SVC@THE DONATELLO	501 POST ST		1
SWEDEN HOUSE HOTEL	570 O'FARRELL ST		1
SWEDEN HOUSE HOTEL	570 O'FARRELL ST		1
SWEETWATER AT SAN FRANCIS	845 PINE ST		1
SYCAMORE HOTEL	2446 VAN NESS AVE		1
SYNERGY CORPORATE HOUSING	12657 ALCOSTA BLVD	550	1
TAYLOR HOTEL	615 TAYLOR ST		1
THE ALLEN HOTEL LLC	411 EDDY ST		1

THE CLIFT HOTEL	495 GEARY ST	1
THE DONATELLO HOTEL	501 POST ST	1
THE FAIRMONT'S F - RENTAL	950 MASON ST	1
THE GAYLORD SUITES	620 JONES ST	1
THE GOOD HOTEL	112 7TH ST	1
THE HOTEL ADAGIO	550 GEARY ST	1
THE HOTEL CALIFORNIA	580 GEARY ST	1
THE HOTEL MARIA	517 BROADWAY	1
THE MAXWELL HOTEL-RENTAL	386 GEARY ST	1
THE MONARCH HOTEL	1015 GEARY ST	1
THE MOSSER HOTEL	54 4TH ST	1
THE OPAL SAN FRANCISCO	1050 VAN NESS AVE	1
THE REGENCY HOTEL	587 EDDY ST	1
THE RITZ-CARLTON CLUB	690 MARKET ST	1
THE STANFORD CT A REN HOT	905 CALIFORNIA ST	1
THE SUITES AT FISHERMAN'S	2655 HYDE ST	1
THE TOUCHSTONE HOTEL	480 GEARY ST	1
THE VILLA FLORENCE	225 POWELL ST	1
THE WESTIN SF MARKET ST	50 3RD ST	1
TUSCAN INN	425 NORTH POINT ST	1
UNION SQ BACKPACKERS HOST	70 DERBY ST	1
UNION SQUARE PLAZA HOTEL	432 GEARY ST	1
UNIVERSITY CLUB	800 POWELL ST	1
UTAH HOTEL	504 4TH ST	1
VAGABOND INN	385 9TH ST	1
VAN NESS MOTEL	2850 VAN NESS AVE	1
VANTAGGIO SUITES	835 TURK STREET	1
VANTAGGIO SUITES COSMO	761 POST ST	1
VANTASSIO SUITES UNION SQ	580 O'FARRELL ST	1
VILLA SOMA	1550-54 HOWARD ST	1
VRI*ETY NOB HILL INN	1000 PINE ST	1
VVV RENTAL LLC	333 FULTON ST	1
W HOTEL SAN FRANCISCO	181 THIRD ST	1
WALAND SUREHAVEN C.	152 6TH ST	1
WARFIELD HOTEL	118 TAYLOR ST	1
WARWICK REGIS HOTEL	490 GEARY ST	1
WASHINGTON SQUARE INN	1660 STOCKTON ST	1
WATERFRONT MANAGEMENT LLC	884-886 NORTH POINT ST	1
WESTIN ST FRANCIS THE	335.POWELL ST	1
WESTON HOTEL	335 LEAVENWORTH ST	1
WHARF MOTEL THE	2601 MASON ST	1
WHITE SWAN INN	845 BUSH ST	1
WILLIAM PEN HOTEL	160 EDDY ST	1
WINSOR HOTEL	20 6TH ST	1

WINTON HOTEL	445 OFARRELL ST	1
WORLDMARK SAN FRANCISCO	590 BUSH ST	1
WORLDMARK THE CLUB	590 BUSH ST	1
WVR SAN FRANCISCO	750 SUTTER ST	1
WYNDHAM VACATION RESORTS	750 SUTTER ST	1
WYNDHAM VACATION RESORTS	750 SUTTER ST	1
YOUTH HOSTEL CENTREAL	116 TURK ST	1
YUG HOTEL	2072 MISSION ST	1
1007 DE HARO RENTALS	1007 DE HARO ST	2
109 CORNWALL ST	109 CORNWALL ST	2
1257 9TH AVE APARTMENTS	1257 9TH AVE	2
182-184 CARL STREET	182 CARL ST	2
210 5TH AVE APTS	210 5TH AVE	2
2263-2269 SACRAMENTO HOTE	2263 SACRAMENTO ST	2
24 HENRY ST	24 HENRY ST	2
3143 FILLMORE ST APT	3143 FILLMORE ST	2
3987 19TH ST	3987 19TH ST	2
4425 CABRILLO ST	4425 CABRILLO ST	2
5 NIGHT-SVC@INN AT THE OP	333 FULTON ST	2
7710-7718 APT BUILDING	7710 7718 GEARY BLVD	2
ADELAIDE HOSTEL LLC	5 ISADORA DUNCAN LANE	2
ALBION HOTEL	3143 16TH ST	2
AMAZON MOTEL	5060 MISSION ST	2
AMERICAS BEST VLE-GOLDEN	2322 LOMBARD ST	2
AMIT HOTEL	2060 MISSION ST	2
AMY ARCHER	863 45TH AVE	2
ANGELS OF ARMS IND LIVING	1150 PALOU ST G	2
ARCHIBISHOPS MANSION	1000 FULTON	2
ASCOT HOTEL	1657 MARKET ST	2
AT THE PRESIDIO TRAVELODG	2755 LOMBARD ST	2
BABY BEAR'S HOUSE	1424 PAGE ST	2
BARNETT LATRICE	785 SAN JOSE AVE	2
BEACH MOTEL	4211 JUDAH ST	2
BECK'S MOTOR LODGE	2222 MARKET ST	2
BELVEDERE HOUSE	598 BELVEDERE ST	2
BEST INN	2707 LOMBARD ST	2
BEST WESTERN HOTEL TOMO	1800 SUTTER ST	2
BETH MAZIE & JEREL GLASSM	3773 22ND ST	2
BHART HOTEL	866 VALENCIA ST	2
BOOLA'S BED AND BREADKAST	1150 HAIGHT ST	2
BRIDGE MOTEL	2524 LOMBARD ST	2
BROWNSTONE PROPERTIES	917 CENTRAL AVE	2
BRUCE BOARD & CARE HOME	12 BYRON CT	2
BUENA VISTA MOTOR INN	1599 LOMBARD ST	2

CARL HOTEL	198 CARL ST	2
CASA BUENA VISTA RENTAL	783 BUENA VISTA W	2
CASA LOMA HOTEL	610 FILLMORE ST	2
CASTILLO INN	48 HENRY ST	2
CATTLEMEN HOTEL	3900 3RD ST	2
CHATEAU TIVOLI	1057 STEINER ST	2
CHATEAU VACATION RENTALS	570 OAK PARK DR	2
CHELSEA MOTOR INN	2095 LOMBARD ST	2
CHIPPENDALE HOTEL	492 GROVE ST	2
CIVIC CENTRAL HOTEL	20 12TH ST	2
COVENTRY MOTOR INN	1901 LOMBARD ST	2
COW HOLLOW MOTOR INN	2190 LOMBARD ST	2
CROWN HOTEL LLC	528 VALENCIA ST	2
CRYSTAL HOTEL	2766 MISSION ST	2
CURTIS HOTEL	559 VALENCIA ST	2
DAYS INN	465 GROVE ST	2
DAYS INN LOMBARD	2358 LOMBARD ST	2
DAYS INN-SLOAT BLVD	2600 SLOAT BLVD	2
DELBEX HOTEL	2126 MISSION ST	2
DOLORES PLACE	3842 25TH ST	2
DUNCAN HOUSE	173 DUNCAN ST	2
ECONO LODGE	2505 LOMBARD ST	2
ECONOMY INN	2 WEST CLAY ST	2
EDWARD II HOTEL	3155 SCOTT ST	2
EDWARDIAN HOTEL	1668 MARKET ST	2
EL CAPITAN HOTEL	2361 MISSION ST	2
ELEMENTS HOTEL	2524 MISSION ST	2
ELITE HOTEL	1001 CLEMENT ST	2
EULA HOTEL	3061 16TH ST	2
FRANCISCO BAY MOTEL	1501 LOMBARD ST	2
GEARY PARKWAY MOTEL	4750 GEARY BLVD	2
GOLDEN GATE VISTA GUEST A	1625 SHRADER ST	2
GRAYWOOD HOTEL	3308 MISSION ST	2
GREAT HIGHWAY MOTOR INN	1234 GREAT HWY	2
GREENWICH INN	3201 STEINER ST	2
GRIFFITH & HARRIS UNIV GU	763 COLE ST	2
HAYES VALLEY INN	417 GOUGH ST	2
HERB 'N INN THE	525 ASHBURY ST	2
HIDDEN COTTAGE BED/BREAKF	1186 NOE ST	2
HOLLAND HOTEL	1 RICHARDSON AVE	2
HOME BY THE PARK	706 15TH AVE	2
HOTEL CAPRI	2015 GREENWICH ST	2
HOTEL DEL SOL	3100 WEBSTER ST	2
HOTEL DRISCO	2901 PACIFIC AVE	2

HOTEL KABUKI	1625 POST ST	2
HOTEL MAJESTIC	1500 SUTTER ST	2
HOTEL MIRABELLE LLC	1906 MISSION ST	2
HOTEL SUNRISE	447 VALENCIA ST	2
HOTEL TROPICANA THE	663 VALENCIA ST	2
HOTEL VICTORIANA	1023-25 HAIGHT ST	2
INN AT THE OPERA	333 FULTON ST	2
INN GROVE THE	890 GROVE ST	2
INN ON CASTRO	321 CASTRO ST	2
INN SAN FRANCISCO	943 S VAN NESS AVE	2
JACKSON COURT CITY SHARES	2198 JACKSON ST	2
JERRY HOTEL	3032 16TH ST	2
JLARAM HOTEL LLC	868 VALENCIA ST	2
JULIAN HOUSE HOTEL	179 JULIAN AVE	2
KENNEDY HOTEL	4544 3RD ST	2
KRISHNA HOTEL	2032 MISSION ST	2
LA LUNA INN	2555 LOMBARD ST	2
LAUREL INN	444 PRESIDIO AVE	2
LISA WIST	618 BUCHANAN ST A	2
LOEWE RENTAL COMPANY	2527 42ND AVE, SAN FRANCISCO CA	2
LOMBARD MOTOR INN	1475 LOMBARD ST	2
LOMBARD PLAZA MOTEL	2026 LOMBARD ST	2
LUXSF	30 RICHLAND AVE	2
MARINA INN	3110 OCTAVIA ST	2
MARINA MOTEL	2576 LOMBARD ST	2
METRO HOTEL THE	319 DIVISADERO ST	2
MISSION SERRA HOTEL	5630 MISSION ST	2
MOFFATT HOUSE RESERVATION	1401 7TH AVE	2
MONTE CRISTO THE	600 PRESIDIO	2
MY ROSEGARDEN GUEST ROOMS	75 20TH AVE	2
NOE PLACE LIKE HOME	1187A NOE ST	2
NOE VALLEY SWEET SUITE	1386 NOE ST	2
NORMA HOTEL	2697 MISSION ST	2
OAK HOTEL	171 FELL ST	2
OASIS INN UMA	900 FRANKLIN ST	2
OCEAN PARK MOTEL	2690 46TH AVE	2
OCEANVIEW MOTEL	4340 JUDAH ST	2
PACIFIC HEIGHTS INN	1555 UNION ST	2
PAMELA MCGARRY	2383 GREENWICH ST	2
PARKER HOUSE THE	520 CHURCH ST	2
PERRAMONT HOTEL	2162 MARKET ST	2
PETER STALDER VAC'T RET'L	4343 19TH ST	2
PINWHEEL PROPERTIES	2634 23RD AVE, SAN FRANCISCO	2
POLINA MYASKOVSKY	1562 11TH AVE	2

POTRERO HILL HOUSE	1110 RHODE ISLAND ST	2
PRESIDIO BED & BREAKFAST	14 LIBERTY ST 104	2
PRESIDIO INN	2361 LOMBARD ST	2
PRITA HOTEL	2284 MISSION ST	2
QUEEN ANNE HOTEL	1590 SUTTER ST	2
RACHEL DONOVAN	141 DUNCAN ST	2
RADAH HOTEL	2042 MISSION ST	2
RAMADA LTD - GOLDEN GATE	1940 LOMBARD ST	2
RED VICTORIAN BED ETC	1665 HAIGHT ST	2
REDWOOD INN	1530 LOMBARD ST	2
ROBERTS AT THE BEACH MTL	2828 SLOAT BLVD	2
RODEWAY INN	860 EDDY ST	2
RUBY ROSE HOTEL	730 22ND ST	2
SAMAYOA EDWARD R & GEORGE	864 TREAT AVE	2
SEAL ROCK INN MOTEL	545 POINT LOBOS AVE	2
SEASIDE INN	1750 LOMBARD ST	2
SERAPINNSF	1409 SUTTER ST	2
SF GUESTHOUSE	3120 GEARY BLVD	2
SF HOLIDAY RENTALS	3 PORTER ST	2
SF MOTOR INN	1750 LOMBARD ST	2
SIMONE DEVRIES & CURTIS S	3226 25TH ST A	2
SLEEP	135 GOUGH ST	2
STANYAN PARK HOTEL LLC	750 STANYAN ST	2
STUDIO ON SIXTH	1387 6TH AVE	2
SUPER 8 MOTEL	2440 LOMBARD ST	2
SURF MOTEL	2265 LOMBARD ST	2
SVC@INN AT THE OPERA	333 FULTON ST	2
THE ELDER LIVING TRUST	1009 1/2 CASTRO ST	2
THE IVY HOTEL	539 OCTAVIA ST	2
THE LOURDESS INN	80 JULIAN AVE	2
THE PARSONAGE	198 HAIGHT ST	2
THE SENTIENT SE	179 JULIAN AVE	2
THE UNION STREET INN	2229 UNION ST	2
THE VALENCIANO HOMES	935 ULLOA ST	2
THE VILLA-SAN FRANCISCO V	379 COLLINGWOOD ST	2
THE WILLOWS INN	710 14TH ST	2
THOMAS CARLISLE	930 BAKER ST	2
TOWN HOUSE MOTEL	1650 LOMBARD ST	2
TRAVELODGE BY THE BAY THE	1450 LOMBARD ST	2
TRAVELODGE CENTRAL	1707 MARKET ST	2
TRAVELODGE GOLDEN GATE	2230 LOMBARD ST	2
TWIN PEAKS HOTEL	2160 MARKET ST	2
TWYMANS GUEST HOUSE	1420 6TH AVE	2
UNION HOTEL	2030 MISSION ST	2



USA HOSTEL SAN FRANCISCO	711 POST ST	2
USA HOSTELS	630 GEARY ST	2
WESTMAN HOTEL	2056 MISSION ST	2
WHITT	1359 4TH AVE	2

# Moscone Expansion District Management District Plan

*Formed Under California Streets and Highways Code Sections 36600 et seq.  
"Property and Business Improvement District Law of 1994," Augmented by Article  
15 of the San Francisco Business and Tax Regulations Code*

Submitted to

The Moscone Expansion District Advisory Committee

The Hotel Business Owners and Operators of the  
Proposed Moscone Expansion District

The San Francisco Board of Supervisors

Updated Amended as of January 1, 2013 2014

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Expansion Impact

## **Moscone Expansion District**

### **Introduction and Background**

In 2008, the San Francisco hotel community and the Board of Supervisors approved the San Francisco Tourism Improvement District (*TID*), which authorized a small assessment on tourist hotel room revenue in order to fund promotion of the City and County of San Francisco (*City*) as a meeting and tourism destination. The TID assessment also raised funds for the renovation of the Moscone Convention Center, and for exploration of its potential expansion.

In the years since, increased sales, marketing and promotion have helped transform San Francisco's hotel room market into one of the healthiest in the country as measured by increases in year-over-year average daily room rates (*ADR*) among the top 25 destinations<sup>1</sup>.

In addition, we are proud to report that a public/private partnership, consisting of the TID, industry stakeholders, and City agencies, has successfully completed a \$56 million renovation of the Moscone Convention Center, a major generator of hotel room demand, on time and on budget. The portion of the TID assessment allocated to renovation of the Moscone Convention Center is set to expire at the end of 2013.

The TID has also begun to address the need to expand the Moscone Convention Center. In a city in which convention attendees and exhibitors comprise nearly 30% of overnight hotel guests,<sup>2</sup> a healthy meetings and tradeshow market is vital to maintaining occupancy and room rates. Because large conventions generally make destination decisions 5 to 15 years in advance, convention room-blocks are the base upon which hotels layer mid- and short-term business, essentially locking in a foundation of business a decade or more in advance.

However, the existing three-building configuration of Moscone Center is effectively filled to capacity; it is occupied an average of 70% of any given year, essentially full when factoring in holidays and move-in/move-out days. Therefore, it is impossible to significantly grow the San Francisco convention market without providing additional meeting and exhibit space. Further, major customers have told us that in addition to needing more space, they need more contiguous space than the existing facilities can offer.

The Moscone Expansion District (*MED* or the *District*) provides the mechanism for this effort. If approved by the hotel community and the Board of Supervisors, this assessment will help fund the design, engineering, planning, entitlements, and

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<sup>1</sup>Smith Travel Research (STR) Monthly Hotel Review, December 2011 (refers to percent change in Average Daily Rate (ADR), Revenue Per Available Room (RevPAR) and Rooms Revenue between the calendar year 2011 vs. 2010.

<sup>2</sup>San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" [Page 4, "Percent Group Meeting", 2011]

construction of the proposed expansion of Moscone Convention Center. The improvements contemplated are estimated to cost up to \$500 million.

*Project Description*

The Moscone Center Expansion Capital project (the *Project*) is managed through a public/private partnership between the City and the hotels participating in MED. The MED will partner with the City in financing the Project, which currently includes reconfiguring the North and South exhibit halls to create up to 550,000 gross square feet (gsf) of contiguous exhibit space (including supporting "pre-function" space), a new 35,000 - 75,000 gsf ballroom, up to 200,000 gsf of meeting space, and up to 100,000 gsf of loading/service space. In addition to adding space to the current convention facilities, the proposed expansion will include improvements to landscaping, urban design, and streetscape within and adjacent to the Moscone Convention Center campus. The MED will finance many of the soft costs related to the Project including, for example, architectural and engineering design, construction management/general contractor, project management, consulting fees, legal fees and debt service. The MED will also finance a portion of the general construction costs, which will also be financed with City funds.

If, over the life of the District, excess funds are raised within the maximum assessment collection allowed in the Management District Plan for the life of the district, but beyond what is required for the Project, including required debt service to pay any bond, financing lease (including certificates of participation) or similar obligations to the City, the board of directors of the "owners association" governing the District may, in consultation with the City, allocate those funds toward financing additional development, expansion, renovation, or capital improvements to the Moscone Center Campus. The City owns the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities and improvements financed by District and City funds.

The MED will partially fund the repayment of bonded indebtedness, financing lease (including principal and interest on any certificates of participation executed therein), or other similar obligations (the "Bonds"), together with any related professional consulting, architectural and other professional fees and issuance costs required for the construction of the Moscone Expansion. The MED will also provide funding for convention business attraction efforts including (a) a Convention Incentive Fund, to be used to help attract important meetings to San Francisco by offsetting convention center rental, a practice used by many other cities that compete with San Francisco for major convention business, (b) increased, targeted sales and marketing of convention business, (c) a capital reserve fund for future improvements and upgrades to Moscone Center, and (d) funds for costs incurred in the formation and for the administration of the District.

### *Project Oversight*

The Department of Public Works (DPW) has direct fiscal oversight on the expenditure of public funds. DPW has the primary responsibility for overseeing the expenditure of funds related to construction and support services. The Office of Economic and Workforce Development (OEWD) will oversee expenditures related to pre-development costs, such as environmental review and entitlements.

In addition, DPW will provide oversight of MED funds spent on development and renovation activities within the MED budget, since they are being used for a City-owned building. All RFPs with respect to design and construction activities issued by the MED for the project will be reviewed by DPW.

The City and the MED will enter into a Memorandum of Understanding that will outline specific roles and responsibilities for the management of the Moscone Expansion Project.

Together, these efforts will help maintain and grow San Francisco's hotel room market well into the future. Without them, the City faces the continued loss of large conventions that have outgrown the current, non-contiguous Center; additional losses of groups that will outgrow it in the coming years; and losses from smaller groups that could book one building in the Center, but cannot currently find space due to lack of capacity.

TABLE 1

Executive Summary of Moscone Expansion District

FEATURE	SUMMARY EXPLANATION
Name of District	Moscone Expansion District ("MED" or the "District")
Purpose of the District	<p>To expand the George S. Moscone Convention Center in San Francisco, California. The existing convention center is increasingly too small and provides insufficient contiguous space for certain convention customers. An expansion of the facility, including an increase in contiguous space, will help attract and retain more and larger conventions to the Moscone Center, providing benefits to hotels within the District by generating additional revenue from increased room nights, rates, and related hotel guest spending.</p> <p>In furtherance of providing benefits to hotels within the District, assessment funds will also be used for a Convention Incentive Fund, to help attract significant meetings to San Francisco; a Moscone Center Sales and Marketing Fund, to promote the convention center to meeting, convention and event planners; a Capital Improvements and Renovations Fund, to cover future upgrades and improvements of Moscone Center; and for administration of the District, including funds for an operating contingency and for reimbursement of District formation costs. Assessment funds, if available, will also be used to fund additional development, expansion, renovation, and capital improvements to the Moscone Center Campus.</p> <p>Benefits from the planned expansion will accrue to tourist hotels within the District boundaries. Zone 1 hotels will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels is expected to be greater. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City's transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 via "compression" <i>i.e.</i>, studies show that increased convention activity generates higher demand for the limited supply of hotel rooms in Zone 1, which in turns increases demand</p>



FEATURE	SUMMARY/EXPLANATION
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	for hotel rooms in Zone 2, increasing both occupancy and room rates within Zone 2.
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Assessed Businesses and Boundaries of the District

The District shall include all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas:

Zone 1: Tourist hotels with addresses:

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 16<sup>th</sup> Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16<sup>th</sup> Street as if it continued east to the Bay.

Zone 2: Tourist hotels with addresses:

- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16<sup>th</sup> Street.

The boundaries of Zones 1 and 2 of the MED are identical to the boundaries of Zones 1 and 2 of the TID.

A map of the District and a list of existing tourist hotels within the District are set forth in the Management District Plan. Because this is a business-based District, tourist hotels that open for business within the District in the future will also be subject to the assessment.

Improvements and Activities, including categories of expenditures

- Planning, design, engineering, entitlement, construction, project management and related services for expansion of the Moscone Convention Center, including related payments for any bond, financing lease (including certificates of participation) or similar obligations of the City.
- Funding of a Moscone Convention Center Incentive Fund, which will be used to attract significant meetings, tradeshow and conventions to San Francisco via offset of rental costs.

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- Funding of a Moscone Convention Center Sales & Marketing Fund to provide increased funding for sales and marketing of convention business, with a focus on generating increased revenues for hotels that pay the assessment.
- Funding of capital improvements and renovations, including a capital reserve fund to cover future upgrades and improvements to the Moscone Convention Center.
- Allocation of funds to pay for District formation, operation and administration, and to establish and maintain a contingency reserve.
- In consultation with City, funding of expenses for development and implementation of future phases of expansion, renovations or capital improvements if there are funds available in excess of those needed for the Project.

Assessments and  
Assessment  
Methodology

Tourist hotels within the District will pay assessments based on the following formula. During the life of the District, the benefits that will accrue to each assessed business within each zone will correlate directly to the rate of assessments in that zone.

Zone 1:

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment through December 31, 2013, the assessment shall be 0.50% of gross revenue from tourist rooms.
- With respect to gross revenue from tourist rooms generated beginning January 1, 2014 until the termination of the District, the assessment in Zone 1 shall be 1.25% of gross revenue from tourist rooms.

Zone 2:

- With respect to gross revenue from tourist rooms

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generated during the period beginning with commencement of the assessment until the termination of the District, the assessment shall be 0.3125% of gross revenue from tourist rooms.

Annual revenues generated from assessments will fluctuate over the life of the District based on actual gross revenues from tourist rooms, subject to the maximum assessment set forth in the Management District Plan.

The assessment formula is designed to levy assessments on the basis of the estimated benefits that will accrue to the tourist hotels within the District.

“Gross revenues from tourist rooms” is defined in the Management District Plan.

It is anticipated that the District will enter into an agreement with the San Francisco Tax Collector’s Office for collection of the assessment and for certain enforcement functions.

Maximum Collections	No more than a total maximum of \$5,766,814,000 in assessment funds will be collected during the 32-year term of the MED. The maximum allowable assessment to be levied annually for the duration of the MED is set forth in the Management District Plan. Each year’s maximum annual assessment reflects a potential 10% increase over the previous year. <b>It should be noted that these are maximum annual collections <i>allowed</i> under this plan; actual annual collections may be significantly less, depending on market conditions.</b>
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Financing Activities	It is anticipated that in connection with financing of all or a portion of the District’s improvements and activities, the City will issue bonds, financing lease (including certificates of participation) or similar obligations, and that District funds will be used in furtherance of repayment of those obligations. It is expected that the Bonds will be issued in 2017 to fund expansion-related activities.
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Duration of District	The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the
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first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the *Commencement Date*). The term of the district is 32 years after the Commencement Date.

Formation

Formation of the District requires submission to the San Francisco Board of Supervisors of written petitions signed by the owners of tourist hotels in the District that will pay more than 30% of the assessments proposed to be levied. After submission of those petitions, the San Francisco Board of Supervisors may approve a resolution of intention to form the District. If this Resolution of Intention is approved by the Board of Supervisors, the City's Department of Elections will mail out assessment ballots to all tourist hotels that would be subject to assessment in the proposed District. During the special ballot election period tourist hotels within the District will be entitled to vote based on a weighted-voting formula. If tourist hotels representing at least 50% of the total estimated assessments proposed to be levied on all tourist hotels in the District cast ballots, and at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, the Board of Supervisors will vote on whether to establish the District and levy the assessments.

The "Weight" calculated for the petition vote and ballot election is determined by the assessment each tourist hotel will pay into the district compared to the total assessments estimated to be collected in year one. Year one maximum assessment collection estimates are based on 12 months of projected collections at the assessment formula of 1.25% and 0.3125% for tourist hotels located in Zones 1 and 2 respectively, calculated on the assessable gross room revenue from tourist rooms of calendar year 2011 as reported by hotels. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2011 assessable gross room revenue from tourist rooms in relation to its portion of the total MED assessment in year one. If a hotel changed ownership after the hotel's 2011 assessable gross income was reported to the City, the "weight," for purposes of this Plan,

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shall be calculated based on the 2011 assessable gross income from tourist rooms as reported to the City by the hotel prior to the ownership change. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

Management of the District

The District will be managed by the non-profit San Francisco Tourism Improvement District Management Corporation ("SFTIDMC"), the same organization that manages the San Francisco Tourism Improvement District.

City Contribution to Costs of Expansion

The City & County of San Francisco, subject to approval of the Board of Supervisors, will commit the following towards the repayment of Bonds issued in connection with the \$500 million Project:

- Contribution of \$8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to cap of \$10.7 million, with a continuing contribution of no less than \$10.7 million per year for the remainder of the term of the District (the City's "Base Contribution").
- In addition, the City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in this plan.
- For purposes of this Project, "shortfall" means a fiscal year's debt service not covered by (a) the MED allocation to debt, plus (b) the City's \$8.2 million - \$10.7 million contribution.

City contributions will partially fund the repayment on any bonded indebtedness or financing lease (including principal and interest on any certificates of participation) issued to finance related professional consulting, architectural and other professional fees and issuance costs, or similar obligations issued or incurred in connection with the expansion, together with a portion of the hard construction cost. The project will be built using an alternative project delivery method called Construction Manager/General Contractor (CM/GC). The MED will select

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the CM/GC, with input from the City, and the MED will fund the cost of the CM/GC. The City will expend construction costs by procuring, pursuant to the City's contracting rules, and paying for the trade contractors. The trade contractors will be overseen by the CM/GC funded by the MED. The City is the owner of the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities financed by District and City funds.

Flow of Funds

The City will collect MED revenues from hotels, withhold funds from those revenues allocated to Development Activities in the Plan necessary to pay debt service, fund the Stabilization Fund and Sinking Fund, and fund repayment of the City's contribution toward shortfall in debt service costs from prior years, and transfer to the MED the portion of revenue per the allocation outlined in the Management Plan.

Surpluses

For purposes of this plan, "Surpluses" mean any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, *i.e.*, excluding the City Contribution toward debt service outlined above. Surpluses shall be applied as follows:

1. To fund a Stabilization Fund of up to \$15,000,000, to be drawn upon in any year when lower than expected MED collections cause MED's contributions toward debt service to be lower than the sum set forth in cash flow projections with respect to the debt service for the Project; then
2. To fund a Sinking Fund in an amount equal to annual debt service beyond expiration of the District term less City Contribution; then
3. To the City as repayment for the City's contribution toward shortfall in debt service costs from prior years, *i.e.*, City contributions, if any, in excess of the City's Base Contribution as outlined above; then
4. To the MED to fund future development, expansion, renovation, and capital improvements to the Moscone Center Campus.

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- 5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for debt service, i.e., upon final maturity of the debt instruments, shall be distributed to MED or its successor, in consultation with the City and the San Francisco Travel Association or its successor, for use consistent with part 4, above.

Notwithstanding the foregoing, with respect to funds allocated to the above funds 1 through 3, the City shall have the sole discretion to apply Surpluses among those three funds in the order it deems in the best interests of the City.

**Name of District**

The District shall be known as the Moscone Expansion District ("MED" or the "District").

**Purpose of the District**

The District will be formed in order to expand the George S. Moscone Convention Center in San Francisco, California to provide funding to attract significant meetings, tradeshows and conventions, and provide for significant future improvements and upgrades.

*Why Expand Moscone Convention Center?*

Moscone Convention Center is a primary driver of hotel room demand in San Francisco. However, Moscone Center is the smallest among 13 convention centers that are most competitive with it, particularly in terms of saleable exhibit space.<sup>3</sup> Among this same set, convention centers in at least two cities, Los Angeles and San Diego, have completed expansion or are in the process of expanding, while at least one, Las Vegas, is putting substantial capital into renovating the public spaces in and around its convention center.

Meeting planners regularly report record attendance when holding events in the City, compounding the need for additional space. San Francisco ranks particularly favorably among international convention attendees due to the large amount of direct air service. In addition, San Francisco's position as a gateway to Asia bodes well for technology and medical meetings in particular, which attract growing numbers of Asian attendees<sup>4</sup>.

However, if Moscone Center is not expanded, San Francisco stands to lose a number of current conventions that will outgrow the existing center, won't win back meetings that have already left due to size constraints, and will lose small meetings that currently cannot be accommodated in one or two of the existing three-building campus due to lack of available dates.

In addition, meeting planners have reported that the current lack of contiguous space is a serious detriment to their ability to book Moscone Center and San Francisco.

In fact, San Francisco has already lost meetings representing \$2,057,000,000 in direct spending as a result of space issues, for meetings with dates between 2010 and 2019. These events instead booked convention centers in Chicago, Las Vegas, San Diego and other cities, taking with them delegate spending, tax revenue and other economic impact.<sup>5</sup>

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<sup>3</sup> Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis" [Page 29]

<sup>4</sup> Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis" [Page 35]

<sup>5</sup> Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Cost Benefit Analysis" [page 23]



#### *Benefits from Moscone Center Expansion*

The planned expansion of the Moscone Center will be financed via a partnership between the tourist hotel community and the City. The tourist hotel community will pay its share of expansion-related costs out of District assessments. The City will pay its share of expansion-related costs out of general fund revenues or other funds and sources. The District and City will each pledge revenues to pay principal, interest and related financing costs on payments of any bond, financing lease (including certificates of participation), or other similar obligations of the City that will be issued to facilitate the expansion. Based on this shared-cost scenario, the tourist hotels within the District will derive economic benefits from the portion of the expansion paid for with District assessments. The City will derive economic benefits in return for its financial commitment. The benefits that are unique to the hotels, and the other benefits, are described below.

#### *Benefits to Hotels that Pay the Assessment*

Expansion of Moscone Center will generate benefits for tourist hotels within the District that will pay the assessment, which will not accrue to those not charged. Industry studies demonstrate that expansions of convention centers in markets competitive with San Francisco generate growth in hotel "RevPAR" (revenue per available hotel room). Consistent with that finding on a national basis, past expansions of Moscone Center have led to higher real RevPAR growth for San Francisco hotels. Studies indicate that increased convention attendance arising from this new, proposed expansion of Moscone Center, combined with the incentive fund and targeted sales and marketing expenditures designed to maximize lodging performance, will generate increased hotel demand, with a positive impact on RevPAR via higher hotel occupancy rates and average daily room rates.<sup>6</sup> Assessed businesses, therefore, receive the benefit of higher yields, derived through the practice of maximizing revenue based on predictable demand. Studies also indicate that in addition to increased occupancy and room rates, hotels in the District will also derive increased revenues from their ancillary facilities, such as hotel restaurants, bars, meeting space and spas.<sup>7</sup> Further, hotel values are likely to be directly enhanced or increase by the completion of the Moscone Convention Center proposed expansions.<sup>8</sup>

Zone 1 hotels will pay a higher assessment than Zone 2 hotels because it is expected that Zone 1 hotels will achieve a greater positive impact on RevPar. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City's transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 directly, and via "compression," *i.e.*, when groups using Moscone Center fill tourist hotel rooms in Zone 1 (increasing their occupancy and average daily rate),

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<sup>6</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§5.2]

<sup>7</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§5.2]

<sup>8</sup> Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Impact" [§1.3]

the data show that other bookings, such as transient commercial, group tour, and leisure visitor business, are pushed into tourist hotels in Zone 2 (increasing occupancy and average daily rate at those hotels). In sum, hotels in Zone 1 are expected to receive approximately three times RevPAR benefit, and four times profit per available room, as compared to hotels in Zone 2.<sup>9</sup> This differential, which also manifests in a different rate of increase in hotel values between the two zones, provides the basis for structuring two levels of assessment.

#### *Other Economic Benefits*

In return for the City's financial contribution to the expansion of Moscone Center, it is expected that increased convention activity will generate increased economic activity in the City. In 2011, activity from meetings, conventions and trade shows accounted for \$1.8 billion in spending in the City<sup>10</sup>. Expert projections, based on studies of expansions in competitive markets and on past expansions of Moscone Center, indicate that expansion of Moscone Center will generate additional economic activity in the form of increased spending for local businesses and increased tax revenue for the City.<sup>11</sup>

#### *A Record of Success: The San Francisco Tourism Improvement District*

The expansion will be managed by an experienced team that includes the San Francisco hotel community, the City and County of San Francisco, the managers of Moscone Convention Center, and the San Francisco Travel Association, which is responsible for marketing convention center space.

This team collaborated to create the San Francisco Tourism Improvement District in 2008, increasing funding to sell, market, and promote the City as a visitor destination. Funds were also used to renovate the Moscone Convention Center and to explore its expansion in light of competitive pressures.

The renovation, completed in May 2012, was accomplished on time and on budget. Much-needed repairs were made to both Moscone South (opened in 1981) and Moscone North (opened in 1992), neither of which had seen any significant capital improvements. New way-finding signage, energy efficient lighting and HVAC systems, upgraded bathrooms, new paint and carpet, and Center-wide wireless access have vastly modernized the complex.

The issues of size and contiguous space remain serious obstacles, however, and led the SFTID to commission two separate studies, from Economic Research Associates/AECOM in 2010, and Jones Lang LaSalle Hotels (JLLH) in 2012. For these studies, a comprehensive set of data was gathered, including:

- Competitive convention center information

<sup>9</sup> Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [§1.3]

<sup>10</sup> San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" [Page 4, "Grand Total: Convention Impact", 2011]

<sup>11</sup> Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Cost Benefit Analysis" [§6.8]

- Interviews with major Moscone Convention Center users
- Analysis of Lost Business Reports generated by San Francisco Travel
- Trends in the meetings market

The ERA/AECOM study showed that, without additional exhibit space, the number of Moscone Convention Center-based meetings will decline as larger groups move to other cities with more space, and as smaller groups are unable to book space due to lack of availability. The JLLH report is studying various expansion scenarios.

An advisory committee has been formed to provide industry input from the assessed tourist hotels. It includes representatives of the San Francisco Tourism Improvement District Management Corporation (*SFTIDMC*) Board of Directors, representatives appointed by the Hotel Council of San Francisco, and representatives of City government.

In addition to funding Moscone Convention Center expansion, the District will fund a Convention Incentive Fund, which will be used to attract significant meetings, conventions and tradeshows to San Francisco. In the increasingly competitive convention market, many first tier cities (and several second and third tier cities, as well) provide convention center rental offsets in order to attract meetings with significant economic impact. San Francisco has made similar funds available in the past, and will be at a competitive disadvantage without the continuation of these funds. The District will also fund a Moscone Center Sales and Marketing Fund, for the purpose of generating increased revenue for hotels that pay the assessment by promoting the convention center to meeting, convention and event planners, and a Capital Improvements and Renovations Reserve Fund, to cover future upgrades and improvements so that the Moscone Center buildings remain competitive with convention centers in other cities and do not once again fall into disrepair. Funds will also be allocated to build and maintain a contingency reserve, for costs related to formation of the District, and for the administration of the District, such as payment to the City's Treasurer and Tax Collector for the costs of collecting, enforcing, and distributing assessments, and payment for staff and professional services needed to run the District. Lastly, funds may be used to fund future development, expansion, renovation, and capital improvements of the Moscone Center campus.

**Assessed Businesses and Boundaries of the District**

This will be a business-based district that shall include all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas:

**Zone 1: Tourist hotels with addresses:**

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 16<sup>th</sup> Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16<sup>th</sup> Street as if it continued east to the Bay.

**Zone 2: Tourist hotels with addresses:**

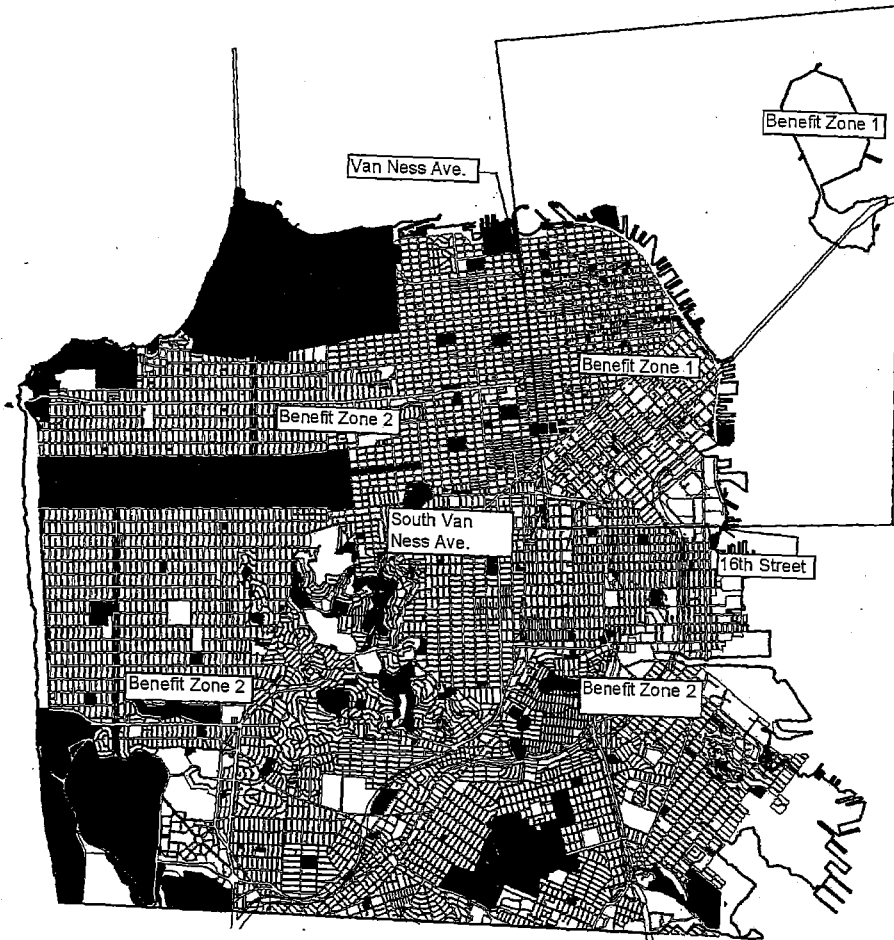
- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16<sup>th</sup> Street.

The boundaries of Zones 1 and 2 of the MED are identical to the boundaries of Zones 1 and 2 of the Tourism Improvement District.

Because they will benefit from the improvements and activities funded by the District, and because this is a business-based district, future tourist hotels that open for business within the District will also be subject to the assessment.

**Map of the District**

Moscone Expansion District Map



**Proposed Annual Operating Budget, including Improvements and Activities,  
and categories of expenditures**

(The FY 2013/14 projected budget is set forth below.<sup>12</sup> Annual budgets for subsequent years will be outlined in annual reports prepared by SFTIDMC and submitted to the Board of Supervisors as required by applicable law.)

<i>Improvements and Activities</i>	<i>Percent of Budget Allocated to Types of Activities</i>	<i>Budget</i>
<p><b><u>Development Activities</u></b></p> <ul style="list-style-type: none"> <li>• Planning, design, engineering, entitlement, project management and related development services for the Project, which it is projected will include reconfiguration of existing non-contiguous space to create up to 550,000 gsf of contiguous exhibit space, and new meeting rooms, ballroom, and loading and service spaces.</li> <li>• Construction costs for of the expansion of the Moscone Convention Center as noted above.</li> <li>• Financing costs related to the Project, including those associated with the payments of any bond, financing lease (including certificates of participation), or other similar obligations of the City.</li> </ul>	87.5%	\$16,915,500
<p><b><u>Renovation Activities</u></b></p> <ul style="list-style-type: none"> <li>• Funding of a capital reserve to pay for <b>future renovations of and improvements to</b> the Moscone Convention Center complex, to include capital improvements, but not including general maintenance or general repairs.</li> <li>• Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a majority vote of the board of directors of the MED owners association.</li> </ul>	1%	\$193,320

<sup>12</sup> The FY 2013/2014 projected annual budget assumes that the District Commencement Date is no later than July 1, 2013, and thus reflects a full twelve months of assessment revenue. The proportionate allocation of District funds among budget categories for the life of the District is set forth in Table 2.



majority vote of the board of directors of the MED owners association.		
<b>Total</b>	<b>100%</b>	<b>\$19,332,000</b>

*Surpluses*

Any Surpluses (defined in this Plan as "any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, i.e., excluding the City Contribution toward debt service") shall be applied as outlined in the "Surpluses" section of this Plan.

*Formation Costs*

In year 1 of the MED, up to \$685,000 to cover costs incurred in forming the District (*Formation Costs*) may be allocated. Formation Costs eligible for recovery through assessments include actual costs incurred by the MED steering committee, the San Francisco Tourism Improvement District, San Francisco Travel Association, and by the City and County of San Francisco arising out of or related to the formation process. Such reimbursable Formation Costs include, for example, costs arising out of or related to (a) the costs of preparation of the management district plan and engineer's report or other expert reports required by state law or to be included with the management district plan (b) the costs of circulating and submitting the petition to the Board of Supervisors seeking establishment of the District, (c) the costs of printing, advertising and giving of published, posted or mailed notices, (d) the costs of engineering, consulting, legal or other professional services provided in support of formation of the District, including, for example, project management of the formation process, contract negotiation and drafting, and the provision of legal advice and representation with respect to formation of the District, (e) costs of any ballot proceedings required by law for approval of a new assessment, (f) set up of the MED assessment billing and collection systems by the City and County of San Francisco, including reimbursement of actual costs by the City Treasurer and Tax Collector, and (g) related consultant and attorney fees, consistent with Section 1511(d) of the San Francisco Business and Tax Regulations Code. The basis for determining the amount of Formation Costs payable by the MED assessment shall be actual costs incurred. Legal fees and related costs incurred in connection with the validation of debt issuance and of the related establishment of MED and levy of assessments, including related legal proceedings, shall be paid for by District revenues and shall not be considered "Formation Costs."



**TABLE 2**

Proportionate allocation of District funds among budget categories over the life of the MED

Year	Fiscal Year	Expansion/ Development/ Allocation	Incentive Fund Allocation	Convention Sales/Mktg Fund Allocation	Cap Reserve Fund Allocation	Admin/Cont/ Reserve Allocation	Total
1	2013/14	87.5%	9%	0%	1%	2.5%	100%
2	2014/15	87.5%	9%	0%	1%	2.5%	100%
3	2015/16	87.5%	9%	0%	1%	2.5%	100%
4	2016/17	87.5%	9%	0%	1%	2.5%	100%
5	2017/18	86.5%	9%	1%	1%	2.5%	100%
6	2018/19	86.5%	9%	1%	1%	2.5%	100%
7	2019/20	86.5%	9%	1%	1%	2.5%	100%
8	2020/21	86.5%	9%	1%	1%	2.5%	100%
9	2021/22	86.5%	9%	1%	1%	2.5%	100%
10	2022/23	82.5%	8%	1%	6%	2.5%	100%
11	2023/24	82.5%	8%	1%	6%	2.5%	100%
12	2024/25	82.5%	8%	1%	6%	2.5%	100%
13	2025/26	82.5%	8%	1%	6%	2.5%	100%
14	2026/27	82.5%	8%	1%	6%	2.5%	100%
15	2027/28	82.5%	8%	1%	6%	2.5%	100%
16	2028/29	82.5%	8%	1%	6%	2.5%	100%
17	2029/30	82.5%	8%	1%	6%	2.5%	100%
18	2030/31	82.5%	8%	1%	6%	2.5%	100%
19	2031/32	82.5%	8%	1%	6%	2.5%	100%
20	2032/33	82.5%	8%	1%	6%	2.5%	100%
21	2033/34	82.5%	8%	1%	6%	2.5%	100%
22	2034/35	82.5%	8%	1%	6%	2.5%	100%
23	2035/36	82.5%	8%	1%	6%	2.5%	100%
24	2036/37	82.5%	8%	1%	6%	2.5%	100%
25	2037/38	82.5%	8%	1%	6%	2.5%	100%

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Year	Fiscal Year	Expansion/ Development/ Allocation	Incentive Fund Allocation	Convention Sales/Mktg Fund Allocation	Cap Reserve Fund Allocation	Admin/Cont/ Reserve Allocation	Total
26	2038/39	82.5%	8%	1%	6%	2.5%	100%
27	2039/40	82.5%	8%	1%	6%	2.5%	100%
28	2040/41	82.5%	8%	1%	6%	2.5%	100%
29	2041/42	82.5%	8%	1%	6%	2.5%	100%
30	2042/43	82.5%	8%	1%	6%	2.5%	100%
31	2043/44	82.5%	8%	1%	6%	2.5%	100%
32	2044/45	82.5%	8%	1%	6%	2.5%	100%

## Assessment and Assessment Methodology

### Assessment Method - Gross Revenue from Tourist Rooms

Tourist hotels within the District will pay assessments on the basis of the estimated benefit to those hotels. Further, the assessments imposed will provide benefits to tourist hotels within the District that are not provided to businesses that do not pay the assessment, and will not exceed the reasonable costs of conferring those benefits. Those benefits, which will accrue from the portion of planned expansion of the Moscone Center paid for with the funds raised by the assessments and related MED activities and improvements, include increased RevPAR (revenue per available hotel room) in the hotels within the District, resulting from increases in such hotels' average daily room rates and occupancy rates arising from increased convention activity, and increased sales and marketing activity for the convention center designed to increase revenue to hotels that pay the assessment.

The assessment will be paid by tourist hotels within the District based on gross revenue from tourist rooms in those hotels, based on the following formula. During the life of the District, the benefits that will accrue to each assessed business within each zone will correlate directly to the rate of assessments in that zone.

#### Zone 1:

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment through December 31, 2013, the assessment shall be 0.50% of gross revenue from tourist rooms.
- With respect to gross revenue from tourist rooms generated beginning January 1, 2014, until the termination of the District, the assessment shall be 1.25% of gross revenue from tourist rooms.

#### Zone 2:

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment until the termination of the District, the assessment shall be .3125% of gross revenue from tourist rooms.

For purposes of calculating the MED assessment, "gross revenue from tourist rooms" means: the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom whatsoever. Gross revenue from tourist rooms will include only the following charges, regardless of how such charges are characterized:

- a) Charges for a guest room (including non-refundable deposits) regardless of whether the guest uses the room;
- b) Charges for additional guests to occupy the room;
- c) Charges for guaranteeing the availability of a room (sometimes referred to as guaranteed "no-show" charges), regardless of whether the guest uses the room (excluding event attrition fees and event cancellation fees paid by event organizers)

For purposes of this plan, "tourist room" and "guest room" are used interchangeably.

#### Exemptions

The following charges and revenues shall be exempt from payment of the assessments:

- a) Charges for guest rooms occupied by permanent residents, defined as: "Any occupant as of a given date who has or shall have occupied, or has or shall have the right of occupancy, of any guest room in a hotel for at least 30 consecutive days next preceding such date;"
- b) Revenue from the lodging of airline crews, *i.e.*, lodging provided to airline cockpit and/or cabin crews pursuant to an agreement between a hotel and an airline, which is in furtherance of or to facilitate such crews' performance of their jobs for the airline, including layovers between flights; or
- c) The City's Transient Occupancy Tax collected on the room rent and remitted to the City;
- d) Revenue from the San Francisco Tourism Improvement District assessment established in 2008, including any renewals or extensions thereof;
- e) Charges for guest rooms located in youth hostels that are owned and operated exclusively by and for non-profit entities;
- f) Charges for guest rooms that are subject to the room rate exemption for the San Francisco Transient Occupancy Tax under Article 7, section 506(c) of the San Francisco Business & Tax Regulations Code, as amended from time to time; and
- g) Charges for guest rooms located in non-profit, purely private social clubs that make guest rooms available only for the use of their members. The term "purely private social clubs" means non-profit, private membership clubs, whose primary purpose is social, which are owned by a limited membership, and which do not advertise or promote the use of their facilities by the

public. Further, entities that allow guest rooms to be occupied by non-members, including via reciprocal arrangements with other clubs or organizations or upon referral of a member, shall not constitute "purely private social clubs" as defined herein.

The assessment formula will remain the same throughout the duration of the District. Annual revenues generated from assessments will fluctuate over the life of the District based on actual gross revenues from tourist hotel rooms, subject to the maximum assessment set forth in the Management District Plan. Any annual budget surplus or deficit will be rolled into the following year's MED budget.

#### Time and Manner of Collecting Assessments

The MED assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, as it may be amended from time to time, will be collected and enforced by the Office of the Treasurer and Tax Collector of the City (the Treasurer and Tax Collector). The hotel businesses assessed shall be billed and/or shall file assessment payment forms, and submit assessment payments on a monthly basis to the Treasurer and Tax Collector, based on gross revenue collected for tourist rooms each month. The Treasurer and Tax Collector shall transfer the assessment payments on a ~~quarterly~~ monthly basis to the SFTIDMC, a non-profit corporation that is designated as the Owners Association for the District. The SFTIDMC will manage and administer the MED pursuant to a management contract with the City, as approved by the Board of Supervisors. The management contract will also include provisions identifying and defining procedures for collection and enforcement of the assessment, including, for example, hotel and recordkeeping requirements, audits, assessment of penalties and interest, claims, and refunds.

#### Number of Years Assessment will be Levied

As indicated elsewhere in this plan, the capital improvements to the Moscone Center will be financed, in part, by either bonds, financing lease (including certificates of participation), or other similar obligations of the City, to be paid by revenues from the MED and the City. The amount of debt service to retire the MED portion of the indebtedness shall not exceed the amount of revenue estimated to be raised from the assessment. For that reason, and because some of the assessment funds are allocated to expenses other than servicing such debt, the assessment will be levied for 32 years beginning with the Commencement Date. For example, if the Commencement Date is July 1, 2013, the assessment will be levied through June 30, 2045.

#### Total Maximum Amount of Annual Assessment Revenue

No more than a total maximum of \$5,766,814,000 in assessment funds will be collected during the 32-year term of the MED. The maximum allowable assessment to be levied annually for the duration of the MED is set forth below in Table 2. Each year's maximum annual assessment reflects a potential 10% increase over the previous year. **It should be noted that these are maximum annual collections *allowed* under this plan; actual annual collections may be significantly less depending on market conditions.**

### **Financing for Moscone Expansion Improvements**

Designated assessment funds will be used to pay financing costs, including those associated with the issuance and payment of principal and interest on bonds, financing lease (including certificates of participation), or other similar obligations of the City to pay for the development costs associated with the Moscone Expansion Project, including planning, design, engineering, entitlement, project management and related development services, as well as construction of Moscone Expansion capital improvements.

TABLE 3  
Maximum Amount of Annual Assessment Revenue

Year	Fiscal Year	Maximum Collections
1	2013/14	\$19,332,000
2	2014/15	\$29,597,500
3	2015/16	\$32,557,000
4	2016/17	\$35,812,500
5	2017/18	\$40,388,500
6	2018/19	\$45,528,500
7	2019/20	\$50,188,000
8	2020/21	\$55,207,000
9	2021/22	\$60,727,500
10	2022/23	\$67,356,500
11	2023/24	\$74,648,000
12	2024/25	\$82,112,500
13	2025/26	\$90,324,000
14	2026/27	\$99,356,500
15	2027/28	\$109,293,000
16	2028/29	\$120,222,500
17	2029/30	\$132,244,000
18	2030/31	\$145,468,000
19	2031/32	\$160,015,000
20	2032/33	\$176,017,000
21	2033/34	\$193,619,000
22	2034/35	\$212,981,000
23	2035/36	\$234,279,500
24	2036/37	\$257,707,500
25	2037/38	\$283,478,500
26	2038/39	\$311,826,500
27	2039/40	\$343,009,000
28	2040/41	\$377,310,000
29	2041/42	\$415,041,000
30	2042/43	\$456,545,500
31	2043/44	\$502,200,500
32	2044/45	\$552,420,500
		\$5,766,814,000

## **Implementation Timeline**

### *Formation*

Formation of the District requires submission to the San Francisco Board of Supervisors of written petitions signed by the owners of tourist hotels in the District that will pay more than 30% of the assessments proposed to be levied. After submission of those petitions, the San Francisco Board of Supervisors may approve a Resolution of Intention to form the District. If this Resolution of Intention is approved by the Board of Supervisors, the City's Department of Elections will mail out assessment ballots to all tourist hotels that would be subject to assessment in the proposed District. During the special ballot election period, tourist hotels within the District will be entitled to vote based on a weighted-voting formula. If tourist hotels representing at least 50% of the total estimated assessments proposed to be levied on all tourist hotels in the district cast ballots, and at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, the Board of Supervisors will hold a vote on whether to establish the District and levy the assessments.

The "Weight" calculated for the petition vote and ballot election is determined by the assessment each tourist hotel will pay into the district compared to the total assessments estimated to be collected in year one. Year one maximum assessment collection estimates are based on the 12 months of projected collections at assessment formula of 1.25% and 0.3125% for tourist hotels located in Zones 1 and 2 respectively, calculated on the assessable gross room revenue from tourist rooms of calendar year 2011 as reported by hotels. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2011 assessable gross room revenue from tourist rooms in relation to its portion of the total MED assessment in year one. If a hotel changed ownership after the hotel's 2011 assessable gross income was reported to the City, the "weight," for purposes of this Plan, shall be calculated based on the 2011 assessable gross income from tourist rooms as reported to the City by the hotel prior to the ownership change. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

### *Duration*

The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the "*Commencement Date*"). The term of the District is 32 years after the Commencement Date.

### *Disestablishment*



If there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the District, the District may be disestablished under any of the following circumstances:

(1) If the Board of Supervisors finds that there has been a misappropriation of funds, malfeasance, or a violation of law in connection with management of the District;

(2) During the operation of the District, there shall be a 30-day period each year in which assesseses may request disestablishment of the District. The first such period shall begin one year after the date of establishment of the District and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the District. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of businesses in the District who pay 50 percent or more of the assessments levied, the Board of Supervisors shall pass a resolution of intention to disestablish the District. The Board of Supervisors shall notice a hearing on disestablishment; or

(3) A supermajority of eight or more members of the Board of Supervisors may initiate disestablishment proceedings for any reason.

All outstanding indebtedness must be paid prior to disestablishment of the District.

*Formation Schedule*

<b>Task</b>	<b>Estimated Date of Completion</b>
Final approval of Management District Plan by MED Advisory Committee	September 2012
Distribute petitions endorsing plan to affected MED hotel business owners/operators	September 2012
Submit minimum 30% weighted petitions endorsing Plan and proposed assessments to the Board of Supervisors (BOS)	October 2012
Introduce Resolution of Intention to Form the MED, with final Management District Plan and supporting documents, to BOS	October 2012
BOS Committee hearings	November 2012
BOS vote on Resolution of Intention at public hearing	November 2012

Department of Elections mails ballots, 45 Day Ballot Election Period Initiated	November 2012
BOS Committee hearing/meeting and final public hearing at BOS, on Resolution to Establish District and levy assessments; ballots due and counted; District established and assessments levied.	January - February 2013
Management contract with City executed	June 2013
MED Assessment becomes effective	The later of July 1, 2013, or no more than 30 days after a final judgment of validation
First Quarterly MED Assessment payment transferred to SFTIDMC	Not later than 45 days after the quarterly filing deadline following the effective date, above.
MED services initiated	Not later than 45 days after the quarterly filing deadline following the effective date, above.

## **Governance of the District**

The District will be managed by the San Francisco Tourism Improvement District Management Corporation, a 501c(6) non-profit corporation (SFTIDMC), the same organization that manages the San Francisco Tourism Improvement District. The SFTIDMC has been in operation since 2009 and has established policies and procedures to effectively manage the funds and business affairs of the SFTID. Significant cost savings will be realized by not establishing a new organization.

The SFTIDMC is responsible for the recent renovation of the existing convention center, which was accomplished on time and on budget. The renovation process included input from San Francisco's major convention customers – the Center's users – with oversight by the assessed businesses in the TID. Because Moscone Convention Center is booked to 70% of capacity, the SFTID worked with Center management, City agencies and private contractors to ensure that work did not displace previously booked business while fitting into previously unsold periods.

Under the terms of California's Property and Business Improvement District Law of 1994, as amended, the SFTIDMC is designated as the "owner's association" for the District, meaning that it will enter into a contract with the City, and will have the authority to manage the District and ensure that the improvements and activities described in this plan are carried out. The SFTIDMC has entered into an agreement with the San Francisco Travel Association (SFTA) to provide administrative services in support of TID operations. It is anticipated that SFTIDMC will enter into a similar agreement with SFTA for the new District.

The SFTIDMC is governed by a volunteer, 11-member Board of Directors. The majority of seats on the Board are reserved for representatives of the San Francisco hotel industry. Also, a majority of Board members shall be present or former directors of SFTA. Specifically, the structure of the SFTIDMC Board of Directors is as follows:

- Six seats are reserved for appointees representing tourist hotels;
- One seat is reserved for the Chair of San Francisco Travel Association;
- One seat is reserved for a representative of the Moscone Convention Center; and
- Three seats are reserved for at-large members of the tourism business community of San Francisco.

Meetings of the SFTIDMC are open to the public. Notice is posted on [www.sftid.com](http://www.sftid.com) and at the San Francisco Public Library, Main Branch.

### **Proposed City Financing of Moscone Convention Center Expansion**

The City recognizes the significance of the convention industry to the economic health of the City. To that end, and in recognition of the critical component that the Moscone Convention Center plays with respect to sustaining growth in this area, in addition to the proposed establishment of the MED, the City, subject to approval of the Board of Supervisors, will authorize the execution and delivery of City indebtedness, the proceeds of which will be used to pay a portion of the costs for the expansion of the Moscone Convention Center, estimated at \$500 million. The City, subject to approval of the Board of Supervisors, will commit to payment of the following sums toward the Project, including debt service, as follows:

- Contribution of \$8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to cap of \$10.7 million, with a continuing contribution of no less than \$10.7 million per year for the remainder of the term of the District (the City's "Base Contribution").
- In addition, the City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in this plan.
- For purposes of this Project, "shortfall" means a fiscal year's debt service not covered by (a) the MED allocation to debt, plus (b) the City's \$8.2 million - \$10.7 million contribution.

City contribution will be used for payment on any bonded indebtedness, financing lease (including principal and interest on any certificates of participation executed therein), or other similar obligations of the City issued to finance related professional consulting, architectural and other professional fees and issuance costs, together with a portion of hard construction cost. The project will be built using an alternative project delivery method called Construction Manager/General Contractor (CM/GC). The MED will select the CM/GC, with input from the City, and the MED will fund the cost of the CM/GC. The City will expend construction costs by procuring, pursuant to the City's contracting rules, and paying for trade contractors. The trade contractors will be overseen by the CM/GC funded by the MED. The City is the owner of the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities financed by District and City funds.

#### **Flow of Funds**

The City will collect MED revenues from hotels, withhold funds allocated to Development Activities in the Plan that are necessary to pay debt service, fund the Stabilization Fund and Sinking Fund, and fund repayment of the City's contribution toward any shortfall in debt service costs from prior years, and transfer to the MED the portion of revenue per the allocation outlined in the Management Plan.

## Surpluses

For purposes of this plan, "Surpluses" mean any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, *i.e.*, excluding the City Contribution toward debt service outlined above. Surpluses shall be applied as follows:

1. To fund a Stabilization Fund of up to \$15,000,000, to be drawn upon in any year when lower than expected MED collections cause MED's contributions toward debt service to be lower than the sum set forth in cash flow projections with respect to the debt service for the Project; then
2. To fund a Sinking Fund in an amount equal to annual debt service beyond expiration of the District term less City Contribution; then
3. To the City as repayment for the City's contribution toward any shortfall in debt service costs from prior years, *i.e.*, City contributions, if any, in excess of the City's Base Contribution as outlined above; then
4. To the MED to fund future development, expansion, renovation, and capital improvements to the Moscone Center Campus.
5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for debt service, *i.e.*, upon final maturity of the debt instruments, shall be distributed to MED or its successor in consultation with the City and the San Francisco Travel Association or its successor, for use consistent with part 4, above.

Notwithstanding the foregoing, with respect to funds allocated to the above funds 1 through 3, the City shall have the sole discretion to apply Surpluses among those three funds 1 through 3 in the order it deems in the best interests of the City.

## **Appendices**

- A. List of Assessed Businesses
- B. Smith Travel Research (STR) Monthly Hotel Review, December 2011
- C. San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011"
- D. Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis"
- E. Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study"
- F. Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Impact"

## Appendix A – List of Assessed Businesses

All tourist hotels operating in the City and County of San Francisco that generate revenue from tourist rooms shall be included in the MED and assessed throughout the term of the MED, as more specifically provided for in this plan. The following is a list of hotels known at the time of adoption of this plan, which generate revenue from tourist rooms. Because this is a business-based District, hotels that generate revenue from tourist rooms that open for business within the District in the future will also be subject to the assessment.

Hotel Name	Address	Zone
1005 LARKIN ST	1005 LARKIN ST	1
1010 POST ST	1010 POST ST	1
1233-1235 MONTGOMERY ST A	1233 MONTGOMERY ST	1
1617 POLK RENTAL	1617 POLK ST	1
217-241 COLUMBUS APTS	237 COLUMBUS AVE	1
30-36 CASTLE ST APT	30 CASTLE ST	1
481 MINNA ST INN	481 MINNA ST	1
5 NIGHT-SVC@THE DONATELLO	501 POST ST	1
556 LARKIN ST	556 LARKIN ST	1
620 JONES STREET	620 JONES ST	1
626 OFARRELL ROOMS	626 OFARRELL ST	1
647 CLAY ST APTS	647 CLAY ST	1
654 GRANT AV RENTALS	654 GRANT AVE	1
656 PACIFIC RENTALS	656 PACIFIC AVE	1
735 WASHINGTON APTS	735 WASHINGTON ST	1
752 PACIFIC AVENUE	752 PACIFIC AVE	1
754 BROADWAY APTS	754 BROADWAY ST	1
809 STOCKTON ST APARTMENT	809 STOCKTON ST	1
815 CLAY ST RENTALS	815 CLAY ST	1
868 CLAY ST BLDG	868 CLAY ST	1
912 JACKSON RENTALS	912 JACKSON ST	1
977 FOLSOM HOTEL	977 FOLSOM ST	1
AALOHA CONDOS	440 PACIFIC AVE	1
ABBY HOTEL	630 GEARY ST	1
ABIGAIL HOTEL THE	246 MCALLISTER ST	1
ACER HOTEL	280 OFARRELL ST	1
ADANTE HOTEL	610 GEARY ST	1
ADMIRAL HOTEL	608 OFARRELL ST	1
ALDRICH HOTEL	439 JONES ST	1
ALEXANDER INN	415 O'FARRELL ST	1
ALEXIS PARK SAN FRANCISCO	825 POLK ST	1
ALKAIN HOTEL	948 MISSION ST	1
AMERICA HOTEL	1075 POST ST	1

AMERICANIA HOTEL	121 7TH ST	1
AMERICAS BEST VALUE INN S	10 HALLAM ST	1
AMERICAS BEST VALUE INN-U	505 OFARRELL ST	1
AMSTERDAM HOSTEL	749 TAYLOR ST	1
ANDREW HOTEL THE	624 POST ST	1
ANSONIA HOTEL	717 SUTTER ST	1
ANSONIA-CAMBRIDGE HOTEL	711 POST ST	1
ARGONAUT HOTEL	495 JEFFERSON ST	1
ARTMAR HOTEL	433 ELLIS ST	1
AUBURN HOTEL	481 MINNA ST	1
BAKER HOTEL	1485 PINE STREET	1
BALBOA HOTEL	120 HYDE ST	1
BALDWIN HOTEL	321 GRANT AVE	1
BASQUE HOTEL	15 ROMOLO PL	1
BAY BRIDGE INN	966 HARRISON ST	1
BAYSIDE INN AT THE WHARF	1201 COLUMBUS AVE	1
BEL-AIR HOTEL	344 JONES ST	1
BERESFORD ARMS HOTEL	701 POST ST	1
BERESFORD HOTEL	635 SUTTER ST	1
BEST INN	116 TAYLOR ST	1
BEST WESTERN CIVIT CENTER	364 9TH STREET	1
BILTMORE HOTEL	735 TAYLOR ST	1
BOSTON HOTEL	140 TURK ST	1
BRISTOL HOTEL	56 MASON ST	1
BUDGET INN	1139 MARKET ST	1
CABLE CAR COURT HOTEL	1499 CALIFORNIA ST	1
CABLE CAR HOTEL	1388 CALIFORNIA ST	1
CADILLAC HOTEL	380 EDDY ST	1
CALIFORNIA HOTEL	910 924 GEARY ST	1
CAMPTON PLACE SF A TAJ HT	340 STOCKTON	1
CARLTON HOTEL	1075 SUTTER ST	1
CARRIAGE INN	140 7TH ST	1
CASA MELISSA	615 UNION ST	1
CASTLE INN	1565 BROADWAY ST	1
CASTRO HOTEL INC	705 VALLEJO ST	1
CATHEDRAL HILL HOTEL	1101 VAN NESS AVE	1
CATHIDRAL HILL HOTEL	1101 VAN NESS AV	1
CHANCELLOR HOTEL	433 POWELL ST	1
CHASE HOTEL	1278 MARKET ST	1
CHINESE GENERAL PEACE ASS	48A SPOFFORD ALY	1
CHL INTERNATIONAL ASSOC I	120 ELLIS ST	1
CIVIC CENTER INN	790 ELLIS ST	1
CLUB DONATELLO	501 POST ST	1
CLUB DONATELLO OWNERS ASS	501 POST ST	1



CLUB QUARTERS SAN FRANCISCO	424 CLAY ST	1
COLUMBUS HOTEL	354 COLUMBUS AVE	1
COLUMBUS MOTOR INN	1075 COLUMBUS AVE	1
CORNELL HOTEL	715 BUSH ST	1
COURTYARD BY MARRIOTT AT	580 BEACH ST	1
COVA HOTEL	655 ELLIS ST	1
CRESCENT SAN FRANCISCO	417 STOCKTON ST	1
CW HOTEL	917 FOLSOM ST	1
DA VINCI VILLA	2550 VAN NESS AVE	1
DAKOTA HOTEL	606 POST ST	1
DANIEL K YOST	52 SONOMA ST	1
DESMOND HOTEL	42 6TH ST	1
DONNELLY HOTEL	1272 MARKET ST	1
DRAKE HOTEL	235 EDDY ST	1
EARLE HOTEL THE	284 GOLDEN GATE AVE	1
EDDY HOTEL	640 EDDY ST	1
EDGEWORTH HOTEL LLC	770 OFARRELL ST	1
EL DORADO	1385 MISSION ST 200	1
EMBASSY U M A	610 POLK ST	1
EMPEROR NORTON	615 POST ST	1
ENCORE EXPRESS A NOB HILL	1353 BUSH ST	1
ENTEELLA HOTEL	905 COLUMBUS AVE	1
EUROPA HOTEL	310 COLUMBUS AVE	1
EUROPEAN HOSTEL	761 MINNA ST	1
EXECUSTAY CORP	0000 VARIOUS LOCATIONS	1
EXECUTIVE HOTEL MARK TWAI	345 TAYLOR ST	1
EXECUTIVE HOTEL VINTAGE	650 BUSH ST	1
FAIRMONT HERITAGE PLACE,	900 NORTH POINT STREET	1
FAIRMONT HOTEL	950 MASON ST	1
FITZGERALD HOTEL	620 POST ST	1
FLORENCE HOTEL	1351 STOCKTON ST	1
FOUR SEASONS HOTEL SF	757 MARKET ST	1
FRANCISCAN HOTEL	205 09TH ST	1
FREDERIC WALDMAN	1139 GREEN ST	1
FX STUDIOS	15A SUMNER STREET	1
GALLERIA PARK HOTEL	191 SUTTER ST	1
GATEWAY INN	438 O'FARRELL ST	1
GINA HOTEL	221 07TH ST	1
GINKGO HOTEL	3032 16TH ST	1
GLENN REYNOLDS	9 SUMNER ST	1
GLOBAL VILLAGE HOSTEL	374 5TH ST	1
GLOBETROTTERS INN	225 ELLIS ST	1
GOLDEN EAGLE	402 BROADWAY ST	1
GOLDEN GATE HALL	1412 MARKET ST	1

GOLDEN GATE HOTEL	775 BUSH ST	1
GRAND HYATT SAN FRANCISCO	345 STOCKTON ST	1
GRANT HOTEL INC	753 BUSH ST	1
GRANT PLAZA HOTEL	465 GRANT AVE	1
GREEN TORTOISE GUEST HOUS	1118 KEARNY ST	1
GROSVENOR HOUSE	899 PINE ST	1
HALCYON HOTEL LLC	649 JONES ST	1
HANDLERY HOTELS	260 OFARRELL ST	1
HARBOR COURT HOTEL	165 STEUART ST	1
HARCOURT HOTEL	1105 LARKIN ST	1
HAVELI HOTEL	37 6TH ST	1
HELEN HOTEL	166 TURK ST	1
HENRY HOTEL	106 6TH ST	1
HERBERT HOTEL	161 POWELL ST	1
HERITAGE MARINA HOTEL	2550 VAN NESS AVE	1
HILTON S F FINANCIAL DIST	750 KEARNY ST	1
HILTON S.F. FISHERMAN'S W	2620 JONES ST	1
HILTON SAN FRANCISCO	333 O'FARRELL ST	1
HOLIDAY INN EXPRESS HOTEL	550 NORTH POINT ST	1
HOLIDAY INN FISHERMAN'S W	1300 COLUMBUS AVE	1
HOLIDAY INN GOLDEN GATEWA	1500 VAN NESS AVE	1
HOLIDAY INN-CIVIC CENTER	50 8TH ST	1
HOTEL ABRI	127 ELLIS ST	1
HOTEL ADAGIO	550 GEARY ST	1
HOTEL AMERICA	1087 MARKET ST	1
HOTEL ASTORIA	510 BUSH ST	1
HOTEL BIJOU	111 MASON ST	1
HOTEL BOHEME	444 COLUMBUS AVE	1
HOTEL DALWONG	242 POWELL ST	1
HOTEL DES ARTS	447 BUSH ST	1
HOTEL DIVA	440 GEARY ST	1
HOTEL FRANK	386 GEARY ST	1
HOTEL FUSION	140 ELLIS ST	1
HOTEL GRIFFON	155 STEUART ST	1
HOTEL METROPOLIS	25 MASON ST	1
HOTEL MILANO	55 5TH ST	1
HOTEL MONACO	501 GEARY ST	1
HOTEL NIKKO SF	222 MASON ST	1
HOTEL PALOMAR	12 4TH ST	1
HOTEL PHILLIP	205 9TH ST	1
HOTEL REX	562 SUTTER ST	1
HOTEL SUTTER LARKIN	1048 LARKIN ST	1
HOTEL TRITON	342 GRANT AVE	1
HOTEL UNION SQUARE	114 POWELL ST	1

HOTEL VERTIGO	940 SUTTER ST	1
HOTEL VITALE	8 MISSION ST	1
HOTEL WHITCOMB	1231 MARKET ST	1
HUNTER HOTEL	102 6TH ST	1
HUNTINGTON HOTEL	1075 CALIFORNIA ST	1
HYATT AT FISHERMAN'S WHAR	555 NORTH POINT ST	1
HYATT REGENCY SAN FRANCIS	5 EMBARCADERO CENTER	1
HYDE REGENCY HOTEL	1531 HYDE ST	1
IL TRIANGOLO HOTEL	524 COLUMBUS AVE	1
INN AT OREILLYS	106 FERN ST	1
INN AT UNION SQUARE THE	440 POST ST	1
INN ON BROADWAY	2201 VAN NESS AVE	1
INTER CONTINENTAL SAN FRA	888 HOWARD ST	1
JONES HOTEL	515 JONES ST	1
JW MARRIOTT SF UNION SQ	500 POST ST	1
KEAN HOTEL	1018 MISSION ST	1
KENSINGTON PARK HOTEL	450 POST ST	1
KIM OY LEE	801 PACIFIC AVE	1
KING GEORGE HOTEL	334 MASON ST	1
KINIGHTS INN - DOWNTOWN	240 7TH ST	1
KRUPA HOTEL	700 JONES ST	1
LANDMARK REALTY	550 15 <sup>TH</sup> ST	1
LARKSPUR HOTEL UNION SQUA	524 SUTTER ST	1
LAYNE HOTEL	545 JONES ST	1
LE MERIDIEN SAN FRANCISCO	333 BATTERY ST	1
LIGURIA HOTEL	371 COLUMBUS AVE	1
LORRAINE HOTEL	740 BROADWAY ST	1
LUM WAI KUI & LAN WAI	673 BROADWAY ST	1
LUZ HOTEL	725 GEARY ST	1
MANDARIN ORIENTAL SF	222 SANSOME ST	1
MANNING PROPERIES	1037 1039 BROADWAY ST	1
MARILYN INN	27 DASHIELL HAMMETT ST	1
MARINE MEMORIAL ASSN	609 SUTTER ST	1
MARK HOPKINS HOTEL	999 CALIFORNIA ST	1
MART MOTEL	101 9TH ST	1
MAYFLOWER HOTEL	975 BUSH ST	1
MCSWEENEY CONSTRUCTION	1155 LEAVENWORTH ST #11	1
MERIT HOTEL	1105 POST ST	1
MIDORI HOTEL	1325 MISSION ST	1
MITHILA HOTEL	972 SUTTER ST	1
MOTEL 6	895 GEARY ST	1
MUSIC CITY HOTEL	1353 BUSH ST	1
NAZARETH HOTEL	556 JONES ST	1
NEW CENTURY MANAGEMENT LL	1580 WASHINGTON STREET, SF	1

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NOB HILL HOTEL	835 HYDE ST	1
NOB HILL INN	1000 PINE ST	1
NOB HILL INN CITY PLAN ET	1000 PINE ST	1
NOB HILL MOTOR INN	1630 PACIFIC AVE	1
NORMANDIE HOTEL	251 9TH ST	1
NORTH BEACH HOTEL	935 KEARNY ST	1
OAKTREE HOTEL	45 6TH ST	1
OAKWOOD HOTEL	44 5TH ST	1
OBRERO HOTEL	1208 STOCKTON ST	1
OMNI SAN FRANCISCO HOTEL	500 CALIFORNIA ST	1
ORANGE VILLAGE HOTEL	411 OFARRELL ST	1
ORCHARD GARDEN HOTEL	466 BUSH ST	1
ORCHARD HOTEL	665 BUSH ST	1
ORLANDO HOTEL	995 HOWARD ST	1
PACIFIC TRADEWINDS HOSTEL	680 SACRAMENTO ST	1
PAGE HOTEL	161 LEAVENWORTH ST	1
PALACE HOTEL	2 NEW MONTGOMERY ST	1
PALO ALTO HOTEL	1685 SACRAMENTO	1
PARC 55 HOTEL	55 CYRIL MAGNIN	1
PARK HOTEL LLC	325 SUTTER ST	1
PETITE AUBERGE	863 BUSH ST	1
PHOENIX INN	601 EDDY ST	1
PICKWICK HOTEL	85 5TH ST	1
PIEDMONT HOTEL	1449 POWELL ST	1
PONTIAC HOTEL	138 6TH ST	1
POST HOTEL	589 POST ST	1
POTTER HOTEL	1288 MISSION ST	1
POWELL HOTEL	28 CYRIL MAGNIN ST	1
POWELL PLACE CITY/SHARE	730 POWELL ST	1
PRESCOTT HOTEL	545 POST ST	1
QUALITY INN SAN FRANCISCO	2775 VAN NESS AVE	1
RADISSON AT FISHERMAN'S W	250 BEACH	1
RAM'S HOTEL	80 9TH ST 27	1
RAPHAEL HOUSE	1065 SUTTER ST	1
RED COACH MOTOR LODGE	700 EDDY ST	1
REGENCY HOTEL	1214 POLK ST 201 MG	1
REINGA CORPORATION	900 N POINT ST	1
RENOIR HOTEL	45 MCALLISTER ST	1
REST STOP	1137 GREEN ST	1
RHC/POWELL PLACE AT NOB H	730 POWELL PLACE ST	1
RITZ CARLTON SAN FRANCISC	600 STOCKTON ST	1
RIVIERA HOTEL	420 JONES ST	1
ROYAL INN	130 EDDY ST	1
ROYAL PACIFIC MOTEL	661 BROADWAY	1

SAM WONG HOTEL	615 BROADWAY ST		1
SAN FRAN. SECOND HOME	1831 LARKIN ST	4	1
SAN FRANCISCO MARRIOTT	55 4TH ST		1
SAN FRANCISCO MARRIOTT UN	480 SUTTER ST		1
SAN FRANCISCO SUITES	710 POWELL ST		1
SAN REMO HOTEL THE	2237 MASON ST		1
SERRANO HOTEL	405 TAYLOR ST		1
SESTRI HOTEL	1411 STOCKTON ST		1
SF DOWNTOWN COURTYARD MAR	299 2ND ST		1
SF MARRIOT FISHERMAN'S WH	1250 COLUMBUS AVE		1
SF PROP OWNERS ASSOC INC	750 SUTTER ST		1
SHAHIL HOTEL	664 LARKIN ST		1
SHARON HOTEL	226 6TH ST		1
SHEEHAN HOTEL	620 SUTTER ST		1
SHELDON HOTEL	629 POST ST		1
SHERATON FISHERMANS WHARF	2500 MASON ST		1
SHIRLEY HOTEL	1544 POLK ST		1
SIR FRANCIS DRAKE HOTEL	450 POWELL ST		1
SOLANKI VIRENDRASINH	41 6TH ST		1
SONNY HOTEL	579 OFARRELL ST		1
SONOMA INN	1485 BUSH ST		1
SOUTH BEACH MARINA APTS	2 TOWNSEND ST		1
SPAULDING HOTEL LLC	240 OFARRELL ST		1
ST CLARE HOTEL	1334 VAN NESS AVE		1
ST CLOUD HOTEL	170 6TH ST		1
ST MORITZ HOTEL	190 OFARRELL ST		1
ST REGIS HOTEL SF	657 MISSION ST	200	1
STANFORD HOTEL	250 KEARNY ST		1
STANLEY HOTEL	1544 CALIFORNIA ST		1
STEINHART HOTEL	952 SUTTER ST		1
STRATFORD HOTEL	242 POWELL ST		1
SUITES AT FISHERMANS WHAR	2655 HYDE ST		1
SUNNYSIDE HOTEL	135 6TH ST		1
SUNSET HOTEL	161 SIXTH ST	#100	1
SUTTER/LARKIN HOTEL	1048 LARKIN ST		1
SVC@FISHERMAN'S WHARF	2655 HYDE ST		1
SVC@THE DONATELLO	501 POST ST		1
SWEDEN HOUSE HOTEL	570 O'FARRELL ST		1
SWEDEN HOUSE HOTEL	570 O'FARRELL ST		1
SWEETWATER AT SAN FRANCIS	845 PINE ST		1
SYCAMORE HOTEL	2446 VAN NESS AVE		1
SYNERGY CORPORATE HOUSING	12657 ALCOSTA BLVD	550	1
TAYLOR HOTEL	615 TAYLOR ST		1
THE ALLEN HOTEL LLC	411 EDDY ST		1

THE CLIFT HOTEL	495 GEARY ST	1
THE DONATELLO HOTEL	501 POST ST	1
THE FAIRMONT S F - RENTAL	950 MASON ST	1
THE GAYLORD SUITES	620 JONES ST	1
THE GOOD HOTEL	112 7TH ST	1
THE HOTEL ADAGIO	550 GEARY ST	1
THE HOTEL CALIFORNIA	580 GEARY ST	1
THE HOTEL MARIA	517 BROADWAY	1
THE MAXWELL HOTEL-RENTAL	386 GEARY ST	1
THE MONARCH HOTEL	1015 GEARY ST	1
THE MOSSER HOTEL	54 4TH ST	1
THE OPAL SAN FRANCISCO	1050 VAN NESS AVE	1
THE REGENCY HOTEL	587 EDDY ST	1
THE RITZ-CARLTON CLUB	690 MARKET ST	1
THE STANFORD CT A REN HOT	905 CALIFORNIA ST	1
THE SUITES AT FISHERMAN'S	2655 HYDE ST	1
THE TOUCHSTONE HOTEL	480 GEARY ST	1
THE VILLA FLORENCE	225 POWELL ST	1
THE WESTIN SF MARKET ST	50 3RD ST	1
TUSCAN INN	425 NORTH POINT ST	1
UNION SQ BACKPACKERS HOST	70 DERBY ST	1
UNION SQUARE PLAZA HOTEL	432 GEARY ST	1
UNIVERSITY CLUB	800 POWELL ST	1
UTAH HOTEL	504 4TH ST	1
VAGABOND INN	385 9TH ST	1
VAN NESS MOTEL	2850 VAN NESS AVE	1
VANTAGGIO SUITES	835 TURK STREET	1
VANTAGGIO SUITES COSMO	761 POST ST	1
VANTASSIO SUITES UNION SQ	580 O'FARRELL ST	1
VILLA SOMA	1550-54 HOWARD ST	1
VRI*ETY NOB HILL INN	1000 PINE ST	1
VVV RENTAL LLC	333 FULTON ST	1
W HOTEL SAN FRANCISCO	181 THIRD ST	1
WALAND SUREKHAVEN C.	152 6TH ST	1
WARFIELD HOTEL	118 TAYLOR ST	1
WARWICK REGIS HOTEL	490 GEARY ST	1
WASHINGTON SQUARE INN	1660 STOCKTON ST	1
WATERFRONT MANAGEMENT LLC	884-886 NORTH POINT ST	1
WESTIN ST FRANCIS THE	335 POWELL ST	1
WESTON HOTEL	335 LEAVENWORTH ST	1
WHARF MOTEL THE	2601 MASON ST	1
WHITE SWAN INN	845 BUSH ST	1
WILLIAM PEN HOTEL	160 EDDY ST	1
WINSOR HOTEL	20 6TH ST	1

WINTON HOTEL	445 OFARRELL ST	1
WORLDMARK SAN FRANCISCO	590 BUSH ST	1
WORLDMARK THE CLUB	590 BUSH ST	1
WVR SAN FRANCISCO	750 SUTTER ST	1
WYNDHAM VACATION RESORTS	750 SUTTER ST	1
WYNDHAM VACATION RESORTS	750 SUTTER ST	1
YOUTH HOSTEL CENTREAL	116 TURK ST	1
YUG HOTEL	2072 MISSION ST	1
1007 DE HARO RENTALS	1007 DE HARO ST	2
109 CORNWALL ST	109 CORNWALL ST	2
1257 9TH AVE APARTMENTS	1257 9TH AVE	2
182-184 CARL STREET	182 CARL ST	2
210 5TH AVE APTS	210 5TH AVE	2
2263-2269 SACRAMENTO HOTE	2263 SACRAMENTO ST	2
24 HENRY ST	24 HENRY ST	2
3143 FILLMORE ST APT	3143 FILLMORE ST	2
3987 19TH ST	3987 19TH ST	2
4425 CABRILLO ST	4425 CABRILLO ST	2
5 NIGHT-SVC@INN AT THE OP	333 FULTON ST	2
7710-7718 APT BUILDING	7710 7718 GEARY BLVD	2
ADELAIDE HOSTEL LLC	5 ISADORA DUNCAN LANE	2
ALBION HOTEL	3143 16TH ST	2
AMAZON MOTEL	5060 MISSION ST	2
AMERICAS BEST VLE-GOLDEN	2322 LOMBARD ST	2
AMIT HOTEL	2060 MISSION ST	2
AMY ARCHER	863 45TH AVE	2
ANGELS OF ARMS IND LIVING	1150 PALOU ST G	2
ARCHBISHOPS MANSION	1000 FULTON	2
ASCOT HOTEL	1657 MARKET ST	2
AT THE PRESIDIO TRAVELODG	2755 LOMBARD ST	2
BABY BEAR'S HOUSE	1424 PAGE ST	2
BARNETT LATRICE	785 SAN JOSE AVE	2
BEACH MOTEL	4211 JUDAH ST	2
BECK'S MOTOR LODGE	2222 MARKET ST	2
BELVEDERE HOUSE	598 BELVEDERE ST	2
BEST INN	2707 LOMBARD ST	2
BEST WESTERN HOTEL TOMO	1800 SUTTER ST	2
BETH MAZIE & JEREL GLASSM	3773 22ND ST	2
BHART HOTEL	866 VALENCIA ST	2
BOOLA'S BED AND BREADKAST	1150 HAIGHT ST	2
BRIDGE MOTEL	2524 LOMBARD ST	2
BROWNSTONE PROPERTIES	917 CENTRAL AVE	2
BRUCE BOARD & CARE HOME	12 BYRON CT	2
BUENA VISTA MOTOR INN	1599 LOMBARD ST	2

CARL HOTEL	198 CARL ST	2
CASA BUENA VISTA RENTAL	783 BUENA VISTA W	2
CASA LOMA HOTEL	610 FILLMORE ST	2
CASTILLO INN	48 HENRY ST	2
CATTLEMEN HOTEL	3900 3RD ST	2
CHATEAU TIVOLI	1057 STEINER ST	2
CHATEAU VACATION RENTALS	570 OAK PARK DR	2
CHELSEA MOTOR INN	2095 LOMBARD ST	2
CHIPPENDALE HOTEL	492 GROVE ST	2
CIVIC CENTRAL HOTEL	20 12TH ST	2
COVENTRY MOTOR INN	1901 LOMBARD ST	2
COW HOLLOW MOTOR INN	2190 LOMBARD ST	2
CROWN HOTEL LLC	528 VALENCIA ST	2
CRYSTAL HOTEL	2766 MISSION ST	2
CURTIS HOTEL	559 VALENCIA ST	2
DAYS INN	465 GROVE ST	2
DAYS INN LOMBARD	2358 LOMBARD ST	2
DAYS INN-SLOAT BLVD	2600 SLOAT BLVD	2
DELBEX HOTEL	2126 MISSION ST	2
DOLORES PLACE	3842 25TH ST	2
DUNCAN HOUSE	173 DUNCAN ST	2
ECONO LODGE	2505 LOMBARD ST	2
ECONOMY INN	2 WEST CLAY ST	2
EDWARD II HOTEL	3155 SCOTT ST	2
EDWARDIAN HOTEL	1668 MARKET ST	2
EL CAPITAN HOTEL	2361 MISSION ST	2
ELEMENTS HOTEL	2524 MISSION ST	2
ELITE HOTEL	1001 CLEMENT ST	2
EULA HOTEL	3061 16TH ST	2
FRANCISCO BAY MOTEL	1501 LOMBARD ST	2
GEARY PARKWAY MOTEL	4750 GEARY BLVD	2
GOLDEN GATE VISTA GUEST A	1625 SHRADER ST	2
GRAYWOOD HOTEL	3308 MISSION ST	2
GREAT HIGHWAY MOTOR INN	1234 GREAT HWY	2
GREENWICH INN	3201 STEINER ST	2
GRIFFITH & HARRIS UNIV GU	763 COLE ST	2
HAYES VALLEY INN	417 GOUGH ST	2
HERB 'N INN THE	525 ASHBURY ST	2
HIDDEN COTTAGE BED/BREAKF	1186 NOE ST	2
HOLLAND HOTEL	1 RICHARDSON AVE	2
HOME BY THE PARK	706 15TH AVE	2
HOTEL CAPRI	2015 GREENWICH ST	2
HOTEL DEL SOL	3100 WEBSTER ST	2
HOTEL DRISCO	2901 PACIFIC AVE	2



HOTEL KABUKI	1625 POST ST	2
HOTEL MAJESTIC	1500 SUTTER ST	2
HOTEL MIRABELLE LLC	1906 MISSION ST	2
HOTEL SUNRISE	447 VALENCIA ST	2
HOTEL TROPICANA THE	663 VALENCIA ST	2
HOTEL VICTORIANA	1023-25 HAIGHT ST	2
INN AT THE OPERA	333 FULTON ST	2
INN GROVE THE	890 GROVE ST	2
INN ON CASTRO	321 CASTRO ST	2
INN SAN FRANCISCO	943 S VAN NESS AVE	2
JACKSON COURT CITY SHARES	2198 JACKSON ST	2
JERRY HOTEL	3032 16TH ST	2
JLARAM HOTEL LLC	868 VALENCIA ST	2
JULIAN HOUSE HOTEL	179 JULIAN AVE	2
KENNEDY HOTEL	4544 3RD ST	2
KRISHNA HOTEL	2032 MISSION ST	2
LA LUNA INN	2555 LOMBARD ST	2
LAUREL INN	444 PRESIDIO AVE	2
LISA WIST	618 BUCHANAN ST A	2
LOEWE RENTAL COMPANY	2527 42ND AVE, SAN FRANCISCO CA	2
LOMBARD MOTOR INN	1475 LOMBARD ST	2
LOMBARD PLAZA MOTEL	2026 LOMBARD ST	2
LUXSF	30 RICHLAND AVE	2
MARINA INN	3110 OCTAVIA ST	2
MARINA MOTEL	2576 LOMBARD ST	2
METRO HOTEL THE	319 DIVISADERO ST	2
MISSION SERRA HOTEL	5630 MISSION ST	2
MOFFATT HOUSE RESERVATION	1401 7TH AVE	2
MONTE CRISTO THE	600 PRESIDIO	2
MY ROSEGARDEN GUEST ROOMS	75 20TH AVE	2
NOE PLACE LIKE HOME	1187A NOE ST	2
NOE VALLEY SWEET SUITE	1386 NOE ST	2
NORMA HOTEL	2697 MISSION ST	2
OAK HOTEL	171 FELL ST	2
OASIS INN UMA	900 FRANKLIN ST	2
OCEAN PARK MOTEL	2690 46TH AVE	2
OCEANVIEW MOTEL	4340 JUDAH ST	2
PACIFIC HEIGHTS INN	1555 UNION ST	2
PAMELA MCGARRY	2383 GREENWICH ST	2
PARKER HOUSE THE	520 CHURCH ST	2
PERRAMONT HOTEL	2162 MARKET ST	2
PETER STALDER VAC'T RET'L	4343 19TH ST	2
PINWHEEL PROPERTIES	2634 23RD AVE, SAN FRANCISCO	2
POLINA MYASKOVSKY	1562 11TH AVE	2

POTRERO HILL HOUSE	1110 RHODE ISLAND ST	2
PRESIDIO BED & BREAKFAST	14 LIBERTY ST 104	2
PRESIDIO INN	2361 LOMBARD ST	2
PRITA HOTEL	2284 MISSION ST	2
QUEEN ANNE HOTEL	1590 SUTTER ST	2
RACHEL DONOVAN	141 DUNCAN ST	2
RADAH HOTEL	2042 MISSION ST	2
RAMADA LTD - GOLDEN GATE	1940 LOMBARD ST	2
RED VICTORIAN BED ETC	1665 HAIGHT ST	2
REDWOOD INN	1530 LOMBARD ST	2
ROBERTS AT THE BEACH MTL	2828 SLOAT BLVD	2
RODEWAY INN	860 EDDY ST	2
RUBY ROSE HOTEL	730 22ND ST	2
SAMAYOA EDWARD R & GEORGE	864 TREAT AVE	2
SEAL ROCK INN MOTEL	545 POINT LOBOS AVE	2
SEASIDE INN	1750 LOMBARD ST	2
SERAPINNSF	1409 SUTTER ST	2
SF GUESTHOUSE	3120 GEARY BLVD	2
SF HOLIDAY RENTALS	3 PORTER ST	2
SF MOTOR INN	1750 LOMBARD ST	2
SIMONE DEVRIES & CURTIS S	3226 25TH ST A	2
SLEEP	135 GOUGH ST	2
STANYAN PARK HOTEL LLC	750 STANYAN ST	2
STUDIO ON SIXTH	1387 6TH AVE	2
SUPER 8 MOTEL	2440 LOMBARD ST	2
SURF MOTEL	2265 LOMBARD ST	2
SVC@INN AT THE OPERA	333 FULTON ST	2
THE ELDER LIVING TRUST	1009 1/2 CASTRO ST	2
THE IVY HOTEL	539 OCTAVIA ST	2
THE LOURDESS INN	80 JULIAN AVE	2
THE PARSONAGE	198 HAIGHT ST	2
THE SENTIENT SF	179 JULIAN AVE	2
THE UNION STREET INN	2229 UNION ST	2
THE VALENCIANO HOMES	935 ULLOA ST	2
THE VILLA-SAN FRANCISCO V	379 COLLINGWOOD ST	2
THE WILLOWS INN	710 14TH ST	2
THOMAS CARLISLE	930 BAKER ST	2
TOWN HOUSE MOTEL	1650 LOMBARD ST	2
TRAVELODGE BY THE BAY THE	1450 LOMBARD ST	2
TRAVELODGE CENTRAL	1707 MARKET ST	2
TRAVELODGE GOLDEN GATE	2230 LOMBARD ST	2
TWIN PEAKS HOTEL	2160 MARKET ST	2
TWYMANS GUEST HOUSE	1420 6TH AVE	2
UNION HOTEL	2030 MISSION ST	2

USA HOSTEL SAN FRANCISCO	711 POST ST	2
USA HOSTELS	630 GEARY ST	2
WESTMAN HOTEL	2056 MISSION ST	2
WHITT	1359 4TH AVE	2

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

November 25, 2013

File Nos. 131128

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Jones:

On November 19, 2013, Mayor Lee introduced the following proposed legislation:

**File No. 131128**

**Resolution approving amendments to the Moscone Expansion District Management District Plan for the business-based business improvement district, known as the "Moscone Expansion District," in accordance with the California Streets and Highways Code, Section 36636, to require the monthly assessment, collection, and transfer of fees by the Office of the Treasurer and Tax Collector; and an agreement with the nonprofit Owners' Association for administration/management of the District in accordance with the California Streets and Highways Code, Section 36651.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in black ink, appearing to read "Victor Young".

By: Victor Young, Committee Clerk  
Budget and Finance Committee

Attachment

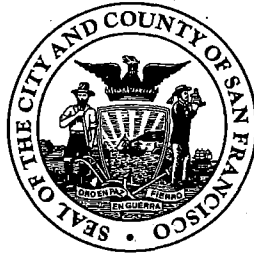
c: Monica Pereira, Environmental Planning  
Nannie Turrell, Environmental Planning

*Exempt per CEQA  
Guidelines Section  
15273, Rates, Tolls, Fees,  
and Charges.*

A handwritten signature in black ink, appearing to read "Sarah Jones".

*November 26, 2013*

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

# MEMORANDUM

TO: Regina Dick-Endrizzi, Director  
Small Business Commission, City Hall, Room 448

FROM: Angela Calvillo, Clerk of the Board *Victor Young*

DATE: November 26, 2013

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Budget and Finance Committee

The Board of Supervisors Budget and Finance Committee has received the following, which is being referred to the Small Business Commission for comment and recommendation. Please note that the item is tentatively scheduled before the Budget and Finance Committee on December 4, 2013.

**File: 131127 Amendment - San Francisco Tourism Improvement District Management District Plan**

**File: 131128 Amendment - Moscone Expansion District Management District Plan**

Please return this cover sheet with the Commission's response to **Victor Young, Committee Clerk, Budget and Finance Committee.**

\*\*\*\*\*

**RESPONSE FROM SMALL BUSINESS COMMISSION - Date:** \_\_\_\_\_

- No Comment
- Recommendation Attached

\_\_\_\_\_  
**Chairperson, Small Business Commission**

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: <b>San Francisco Tourism Improvement District Management Corporation</b>

*Please list the names of (1) members of the contractor's board of directors; (see below list ) (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (see below list of Board officers) (3) any person who has an ownership of 20 percent or more in the contractor; NONE (4) any subcontractor listed in the bid or contract NONE; and (5) any political committee sponsored or controlled by the contractor. NONE Use additional pages as necessary.*

**OFFICERS 2013-2014**

Toni Knorr, Chair  
General Manger  
St. Regis San Francisco

Linda Palermo, Vice Chair  
Chief Revenue Officer  
Joie de Vivre Hospitality

John Cope, Secretary/Treasurer  
At -Large Director

**DIRECTORS**

Mariann Costello  
Vice President  
Scoma's Restaurant

Rodrigo Enriquez  
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Extranomical Adventures

Ralph Lee  
General manger  
Hotel Whitcomb

Thomas Klein  
General Manger  
Fairmont Hotel

John Noguchi  
Director - Convention Facilities  
City & County of San Francisco

Oscar Rodriguez  
General Manger  
Marriott Union Square

Rick Swig  
Founder  
RSBA & Associates

David von Winkler  
Director of Hotel Operations/General Manager  
Argonaut Hotel

Contractor address:

201 Third Street, Suite 900  
San Francisco, CA 94103-3185

Date that contract was approved:  
(By the SF Board of Supervisors)

Amount of contracts: \$ NA  
Assessments on hotels operating in SF are collected by  
TTX and disbursed to the SFTIDMC monthly in  
accordance to the Moscone Expansion District  
Management Plan.

Describe the nature of the contract that was approved:

The Management Agreement with the nonprofit Owner's Association "San Francisco Tourism Improvement District Management Corporation" is for the administration and management of the Moscone Expansion District a business based assessment district.

Comments:

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

**Filer Information** (Please print clearly.)

Name of filer:  
Angela Calvillo, Clerk of the Board

Contact telephone number:  
( 415 ) 554-5184

Address:  
City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102

E-mail:  
Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

