File No. 120989 Committee Item No. 10
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Completed by: Victor Young **Date** November 9, 2012
Completed by: Victor Young **Date** _____

FILE NO. 120989 RESOLUTION NO.

[Resolution of Intention - Moscone Expansion Business Improvement District]

Resolution declaring the intention of the Board of Supervisors to establish a business-based business improvement district to be known as the "Moscone Expansion District" and levy a multi-year assessment on defined hotel businesses in the district; approving the management district plan for the district; ordering and setting a time and place for a public meeting and a public hearing thereon; approving the form of the Notice of Public Meeting and Public Hearing and Assessment Ballots; and directing the Clerk of the Board of Supervisors to give notice of the public meeting and public hearing as required by law.

WHEREAS, The Property and Business Improvement District Law of 1994, Part 7 of Division 18 of the California Streets and Highways Code, commencing with Section 36600 (the "Law"), authorizes cities to establish property and business improvement districts to promote the economic revitalization and physical maintenance of such districts; and,

WHEREAS, Section 36603 of the Law recognizes the authority of Charter cities to adopt ordinances providing for different methods of levying assessments for similar or additional purposes from those set forth in the Law; and,

WHEREAS, Article 15 of the San Francisco Business and Tax Regulations Code ("Article 15") augments and modifies certain procedural and substantive requirements of the Law relating to the formation of property and business improvement districts and the assessments on real property or businesses within such districts; and,

WHEREAS, The Law and Article 15 authorize the City to levy and collect assessments on businesses within such districts for the purpose of providing activities and improvements that benefit the defined businesses located within such districts; and,

WHEREAS, The Board of Supervisors finds that the activities and improvements to be funded with assessments on defined businesses within the proposed district will confer benefits on each assessed business correlated to the assessment on that business; and,

WHEREAS, Business owners who will pay more than 30% (thirty percent) of the total amount of assessments on businesses within the proposed district signed and submitted a petition (the "Petition") to the Clerk of the Board of Supervisors requesting that the Board establish a business-based assessment district to be named the "Moscone Expansion District," and that the Board levy assessments on defined hotel businesses located in the proposed district to fund hotel business-related activities and improvements within the district; and,

WHEREAS, A Management District Plan entitled the "Moscone Expansion District Management District Plan" dated September 25, 2012 has been submitted to the Clerk of the Board of Supervisors that includes information about the proposed district and assessments as required by Section 36622 of the Law, including but not limited to: a map of the district in sufficient detail to locate each business to be assessed; a description of the boundaries of the district, including the boundaries of benefit zones; the name of the district; the activities and improvements proposed for each year of operation of the district and the maximum cost thereof; the estimated total annual amount proposed to be expended for improvements, maintenance and operations, debt service and debt-related service, in each year of operation of the district; the proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each business owner to calculate the amount of the assessment to be levied against that business; the time and manner of collecting the assessments; the specific number of years in which assessments will be levied; the proposed time for implementation and completion of the management district plan; any proposed rules and regulations to be applicable to the district; a description

and list of the businesses to be assessed, and a statement of the method or methods by which the expenses of the district will be imposed upon benefited businesses, in proportion to the benefit received by each such business; and, said Management District Plan is on file with the Clerk of the Board of Supervisors in File No. 120989, which is hereby declared to be a part of this Resolution as if set forth fully herein; and,

WHEREAS, Evidence supporting the assessments within the proposed district has been submitted to the Clerk of the Board of Supervisors as Appendices to the Management District Plan, on file with the Clerk of the Board of Supervisors in File No. 120989, which is hereby declared to be a part of this Resolution as if set forth fully herein;

WHEREAS, It is anticipated that in connection with financing all or a portion of the District's activities and improvements, the City will issue, or cause to be executed, 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 expected that the first bonds or other debt will be issued in 2016 to fund such expansion-related activities and improvements; and,

WHEREAS, The term of the District will be 32 years after the District's Commencement Date; the Commencement Date will be the initial date when the assessment levy will be imposed on tourist room revenue, which will be the later of (1) July 1, 2013, or (2) 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;

WHEREAS, If hotels representing at least 50% of the total estimated assessments proposed to be levied on all 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 (which will also mean there is no majority protest pursuant to Streets and Highways Code

§36623(b)), the Board of Supervisors may vote on whether to establish the District and levy the assessments; the "weight" of each ballot in the ballot election will be determined by the assessment each hotel will pay into the District compared to the total assessments estimated to be collected, calculated as provided in the Management District Plan; now, therefore, be it

RESOLVED, That the Board of Supervisors declares as follows:

Section 1. Pursuant to Section 36621(a) of the Law and Article 15, the Board of Supervisors declares its intention to form a property and business improvement district to be designated as the "Moscone Expansion District " ("MED" or "District"), and to levy and collect and enforce assessments against all defined hotel businesses in the District, for a period of 32 years from the Commencement Date.

Section 2. The exterior boundaries of the District and the Zones within the District are as set forth in the map contained in the Management District Plan on file with the Clerk of the Board of Supervisors in File No. 120989, which is hereby declared to be a part of this Resolution as if set forth fully herein; the exterior boundaries of the District, and the Zones within the District, are described as follows:

- The District includes all hotels generating revenue from tourist rooms that operate in the City and County of San Francisco during the term of the District, and so the exterior boundaries of the District are the same as the contiguous boundary of the municipal corporation City and County of San Francisco.
- These hotels are divided into two zones -- Zone 1 and Zone 2:
  - -- Zone 1 includes all tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay.

-- Zone 2 includes all tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street.

Reference should be made to the detailed map and the description and list of businesses, in order to determine which hotels are in which zone.

Section 3. The proposed activities and improvements for the District include several components:

-- 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, tradeshows and conventions to San Francisco via offset of rental costs.

-- 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.

-- Funding of expenses for development and implementation of future phases of the expansion Master Plan, if there are funds available in excess of those needed for Phase One.

Section 4. It is anticipated that in connection with financing all or a portion of the District's activities and improvements, the City will issue, or cause to be executed, 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 expected that the first bonds or other debt will be issued in 2016 to fund such expansion-related activities and improvements.

Section 5. The annual assessment proposed to be levied and collected for the first full year following commencement of the District is estimated at $21,045,500. The amount of the annual assessment to be levied and collected for Year Two through Year Thirty-Two (32) may increase or decrease annually according to the gross revenue from tourist rooms. The total maximum assessment that could be collected for Years One through Thirty-Two (32) of the District is $6,458,235,000.

Section 6. The term of the District will be 32 years after the Commencement Date; the Commencement Date will be the initial date when the assessment levy will be imposed on tourist room revenue, which will be the later of (1) July 1, 2013, or (2) 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;.

Section 7. The Board of Supervisors hereby approves the Management District Plan dated September 25, 2012 (including its Appendices), including the estimates of the costs of the business-related activities and improvements set forth in the Plan, and the assessment of said costs on the businesses that will benefit from such activities and improvements; a copy of the Management District Plan (including its Appendices) is on file with the Clerk of the Board of Supervisors in File No. 120989, which is hereby declared to be a part of this Resolution as if set forth fully herein; the Clerk of the Board shall make the Management District Plan, Appendices, and other documents related to the District and included in the record before the Board of Supervisors, available to the public for review during normal business hours, Monday through Friday 8:00 a.m. through 5:00 p.m., excluding legal holidays.

Section 8. The City's Department of Elections shall conduct a ballot election of the defined hotel businesses. Ballots shall be weighted according to the proportional financial obligation of each affected hotel business, in relation to the total proposed assessments for the District, calculated as provided in the Management District Plan.

Section 9. If hotels representing at least 50% of the total estimated assessments proposed to be levied on all 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 (which will also mean there is no majority protest pursuant to Streets and Highways Code §36623(b)), the Board of Supervisors may vote on whether to establish the District and levy the assessments.

Section 10. A public meeting on the proposed establishment of the District and the levy and collection of assessments shall be conducted by the Budget Committee of the Board of Supervisors on November 28, 2012 at 11:00 a.m., in City Hall, One Dr. Carlton B. Goodlett Place, San Francisco, California, 94102, or as soon thereafter as the matter can be heard; which public meeting may be timely convened and heard before another appropriate Board Committee as designated by the President of the Board of Supervisors. This public meeting will hear public testimony regarding the proposed formation of the District, assessments, and boundaries of the District, including testimony from all interested persons for or against establishment of the District, the extent of the District, the levy of the assessments, the furnishing of specific types of business-related activities and improvements, and other matters related to the District.

Section 11. A public hearing on the proposed establishment of the District and the levy and collection of assessments shall be conducted before the Board of Supervisors on December 11, 2012 at 3:00 p.m. or as soon thereafter as the matter may be heard, in the Board's Legislative Chambers, Second Floor, City Hall, One Dr. Carlton B. Goodlett Place, San Francisco, California, 94102. At this hearing the Board of Supervisors will hear public testimony regarding the proposed formation of the District, assessments, and boundaries of the District, including testimony from all interested persons for or against establishment of the District, the extent of the District, the levy of the assessments, the furnishing of specific types of business-related activities and improvements, and other matters related to the District. The Board of Supervisors may waive any irregularity in the form or content of any written protest, and at the public hearing may correct minor defects in the proceedings.

All protests submitted by affected business owners and received prior to the conclusion of the public testimony portion of the public hearing shall be tabulated by the

Department of Elections. The Department of Elections shall determine whether hotels representing at least 50% of the total estimated assessments proposed to be levied on all hotels in the District cast ballots, and whether at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, and report these results to the Board of Supervisors. If the requisite 50% level is met, with at least two-thirds of returned weighted ballots voting in favor of formation of the District and levy of assessments (which will also mean there is no majority protest pursuant to Streets and Highways Code §36623(b)), the Board of Supervisors may vote on whether to establish the District and levy the assessments.

Section 12. The Board of Supervisors hereby approves the form of the Notice of Public Meeting and Public Hearing, and Assessment Ballot, which are on file with the Clerk of the Board of Supervisors in File No. 120989, which are hereby declared to be a part of this Resolution as if set forth fully herein.

Section 13. The Clerk of the Board is directed to give notice of the public meeting and public hearing as provided in the Property and Business Improvement District Law of 1994 (California Streets and Highways Code §§36600 et seq., see §36623), California Government Code §54954.6, San Francisco Charter Section 16.112, San Francisco Administrative Code Section 67.7-1, and San Francisco Business and Tax Regulations Code Article 15.

Items 10 and 11 Files 12-0989 and 12-0963	**Department:** Office of Economic and Workforce Development, Department of Public Works Treasurer/Tax Collector Department of Elections Controller's Office of Public Finance

EXECUTIVE SUMMARY

Legislative Objective

- File 12-0989: The proposed resolution would (a) declare the Board of Supervisors intention to establish the Moscone Expansion District, a business improvement district and to levy a multi-year assessment on defined hotel businesses in the District; (b) approve the Management District Plan; (c) order and set a time and place for a public meeting and a public hearing; (d) approve the form of the Notice of Public Meeting and Public Hearing and Assessment Ballots; and (e) direct the Clerk of the Board of Supervisors to give notice of the public meeting and public hearing.
- File 12-0963: The proposed ordinance would amend the Business and Tax Regulation Code Article 15 "Business Improvement Districts Procedure Code" to (a) provide for a district term of up to 40 years when assessments are pledged or applied to pay for obligations of the City; (b) authorize the Board of Supervisors to require a weighted 2/3 vote (based on ballots cast) of business owners to be assessed, as an alternative or an additional procedure for establishing a business improvement district and levying assessments; and (c) clarify existing provisions and update references to State law.

Fiscal Impacts

- The Department of Public Works estimates the Moscone Convention Center Expansion Project will cost up to $500 million and extend for approximately five years.
- To fund the $500 million Moscone Convention Center Expansion Project, the City would use available and proposed Moscone Expansion District (MED) hotel assessment funds and City funds, through the issuance of Certificates of Participation (COPs) in 2017 for 30 years, at a conservative 6% interest rate. The total estimated $994,538,000 cost for the Certificates of Participation (COPs) includes $482,735,000 of principal and $511,803,000 of interest over 30 years. The Board of Supervisors would be required to approve a subsequent resolution to issue the estimated $482,735,000 Moscone Convention Center Expansion COPs.
- The total $994,538,000 Moscone Convention Center Expansion cost would be repaid with (a) an estimated total of $929,710,000 from annual MED assessments from 2013 through 2045 assuming a 1.25% hotel assessment rate in Zone 1 and a .3125 hotel assessment rate in Zone 2, and (b) a total of $297,304,000 of annual City General Fund contributions from 2019 through 2047, ranging from $8,200,000 to $10,700,000 per year. The City would also be obligated to fund any annual shortfall to finance debt service, which would be repaid from future annual MED hotel assessment surpluses.

Policy Consideration

- The existing TID that levies an assessment on the same tourist hotels and directs funds to the Moscone Center renovation expansion will overlap with the proposed MED for a period of up to six months (earliest commencement date of July 1, 2013 through December 31, 2013).

Recommendations

- Approve the proposed ordinance (File 12-0963).
- Amend the proposed resolution (File 12-0989) on page 6, line 13 to reflect the revised estimated $19,332,000 of hotel assessments to be collected in FY 2013-14, the first year of the proposed new Moscone Expansion District, instead of $21,045,500.
- Amend the proposed resolution (File 12-0989) on page 6, line 17 to state that the total maximum assessment that could be collected for the entire 32-year term of the proposed new Moscone Expansion District (MED) would be $5,766,814,000, instead of $6,458,235,000.
- Approve the proposed Amendment of the Whole (File 12-0989), which will be introduced at the November 14, 2012 Budget and Finance Committee Meeting to include the specific City commitments that are specified in the revised MED Management District Plan that are not included in the proposed resolution.
- Approval of the proposed resolution (File 12-0989), as amended, is a policy decision for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

In accordance with Section 2.105 of the City's Charter, any amendments to the City's Business and Tax Regulations Code are subject to approval by ordinance of the Board of Supervisors.

In accordance with California Government Code Section 53753, and the California Property and Business Improvement District Law of 1994 (Part 7 of Division 18 of the California Streets and Highway Code, commencing with Section 36600), augmented by Article 15 of the City's Business and Tax Regulations Code, the Board of Supervisors may initiate proceedings to establish a property and/or business improvement district and levy assessments on such properties and/or businesses for specified periods of time, when certain requirements are met.

Background

Community Benefit Districts

Property or business improvement districts, referred to as Community Benefit Districts, are defined geographical areas within which property owners or business owners vote to approve self-assessments to fund additional services. The additional property or business improvement

district funded services supplement various services provided by the City and can include additional capital improvements, cleaning and safety measures, beautification, marketing and a variety of other services to develop and promote the area. The funds from these property or business improvement districts are administered by non-profit organizations that are established by (a) the steering committee members who lead the formation of the district, or (b) the property and/or business owners who are assessed within the district, subject to the Board of Supervisors approval of agreements between the City and the non-profit organization.

The City's Office of Economic and Workforce Development's (OEWD) Community Benefit Districts Program oversees the City's property and business improvement districts. According to Ms. Lisa Pagan, Project Manager for OEWD, the existing 12 San Francisco Community Benefit Districts (CBD), previously approved by the Board of Supervisors, include: (1) Castro/Upper Market, (2) Central Market, (3) Civic Center, (4) Landside - Fisherman's Wharf, (5) Portside - Fisherman's Wharf, (6) Mission Miracle Mile, (7) Noe Valley, (8) Ocean Avenue, (9) North of Market/Tenderloin, (10) Union Square, (11) Yerba Buena, and (12) Tourism Improvement.

Existing Tourism Improvement District

In 2008, the Board of Supervisors approved a Community Benefit District, entitled the San Francisco Tourism Improvement District (TID), to cover all tourist hotels, including hotels, motels, bed and breakfasts, etc. that generate revenue from tourist rooms in the City and County of San Francisco for the 15-year term from January 1, 2009 through December 31, 2024. The TID is divided into the following two zones based primarily on geographic proximity to the Moscone Convention Center and access to regional and City transportation infrastructure:

> Zone 1: includes all tourist hotels on or east of Van Ness Avenue or South Van Ness Avenue and north of 16th Street from South Van Ness to the Bay;
>
> Zone 2: includes all tourist hotels west of Van Ness Avenue and South Van Ness Avenue and tourist hotels south of 16th Street (see Attachment I).

As shown in Table 1 below, for the first five years of the TID term (January 1, 2009 through December 31, 2013) Zone 1 tourist hotels are assessed 1.5 percent of the hotel's gross revenues and Zone 2 tourist hotels are assessed 1 percent of the hotel's gross revenues. In years 6-15 of the TID term (January 1, 2014 through December 31, 2024) the tourist hotels in Zone 1 will be assessed 1 percent of the hotel's gross revenues and tourist hotels in Zone 2 will be assessed 0.75 percent of the hotel's gross revenues.

Table 1: Existing Tourism Improvement District (TID) Assessment Rates

	Zone 1	Zone 2
Years 1-5 (January 1, 2009 – December 31, 2013)	1.5 % of gross revenues	1% of gross revenues
Years 6-15 (January 1, 2014 – December 31, 2024)	1% of gross revenues	0.75% of gross revenues

For the first five years of the TID term, (a) two-thirds of the assessments are allocated to hotel-specific marketing and sales programs, and the associated operational costs of the San Francisco Travel Association (SF Travel)[1] and the non-profit San Francisco Tourism Improvement District Management Corporation (SFTIDMC), which manages the TID; and (b) one-third of the assessments are allocated to the renovation and upgrade of the Moscone Convention Center and for planning, engineering, design and entitlements for the possible expansion of the Moscone Convention Center. In years 6-15 of the TID, the assessments will only be allocated to hotel-specific marketing and sales programs, and the associated operational costs of SF Travel and SFTIDMC, and no funds would be allocated to the Moscone Convention Center renovations.

As shown in Attachment II, provided by Ms. Lynn Farzaroli, TID Program Director, SF Travel, in FY 2012-2013, the TID is projected to assess and collect from the hotels in the TID between $25,720,000 and $28,120,000 in annual revenues and these revenues are anticipated to be used for (a) $16,885,000 to $18,490,000 for SF Travel marketing, operations, promotions, and administrative support, and contingencies, (b) $8,335,000 to $9,130,000 for Moscone Convention Center Services and Improvements, which includes recent renovations and upgrades to Moscone Center North, South and West and design and planning for the proposed expansion of the Moscone Convention Center, and (c) $500,000 for TID Administration, contingencies and reserves, managed by SFTIDMC.

Moscone Convention Center Renovations and Expansion Plan

The City owns the existing Moscone Convention Center, which includes Moscone South, Moscone North, and Moscone West, with 700,000 square feet of exhibition, meeting and multi-purpose space. Moscone Convention Center renovations were recently completed in May of 2012, which included restroom, lobby and kitchen renovations, digital and telecom upgrades, elevator and escalator improvements, and new carpet, paint and lighting, at an estimated cost of $56,000,000. The total estimated cost of $56,000,000 was financed with an estimated $21 million of TID hotel assessment funds and $35 million of City Certificates of Participation (COPs).

On September 25, 2012, OEWD submitted a new Business Improvement District (BID), for a proposed new Moscone Expansion District (MED) Management District Plan, to the Board of Supervisors as part of the proposed resolution (File 12-0989). According to Ms. Pagan, OEWD will be submitting a revised Moscone Expansion District (MED) Management District Plan, dated November 14, 2012, to the Board of Supervisors for the proposed resolution (File 12-0989). According to the initial and revised MED Management District Plans, the City's convention attendees and exhibitors comprise nearly 30 percent of overnight hotel guests. However, according to the MED Management Plan, the existing three-building configuration of Moscone Center is effectively filled to capacity and cannot accommodate many of the existing convention market needs. As a result, OEWD and the MED Management Plan report that it is

[1] The San Francisco Travel Association (SF Travel) is a private, not-for-profit membership organization, formerly the San Francisco Convention and Visitors Bureau, which promotes San Francisco as a destination for individual travelers, groups, domestic and international association and corporate meetings and conventions.

difficult to retain or significantly grow the San Francisco convention market, without providing additional contiguous meeting and exhibit space.

The MED Management Plan states that a new BID, entitled the Moscone Expansion District (MED), if approved by the Board of Supervisors and the City's tourist hotels, would be established to partially fund through the imposition of additional assessments on the tourist hotels located in the MED, the design, engineering, planning, entitlements, and construction of the proposed expansion of the Moscone Convention Center. According to Mr. Edgar Lopez of the Department of Public Works (DPW), DPW is currently planning for the expansion of the Moscone Convention Center. Mr. Lopez advises the proposed Moscone Center expansion is anticipated to be constructed over five years and is estimated to cost up to $500 million.

State Proposition 26

State Proposition 26, approved by California voters on November 2, 2010, (a) broadens the definition of a 'tax' to include any levy, charge, or exaction paid by taxpayers, (b) requires local governments to prove that the charge does not cover anything more than the reasonable costs of the government activity, and (c) government activity funded by charges should benefit only the individuals and entities that pay the charges. However, Proposition 26 specifically exempted "benefit assessments and property-related charges" that meet certain provisions of Article XIIID of the California Constitution.

DETAILS OF PROPOSED LEGISLATION

File 12-0963: The proposed ordinance would amend the City's Business and Tax Regulations Code Article 15 Business Improvement Districts Procedure Code to (a) provide for future business improvement districts terms of up to 40 years, for assessments on business owners to be pledged or applied to pay for obligations of the City; (b) authorize the Board of Supervisors to require a weighted two-thirds (2/3) vote based on ballots cast from business owners to be assessed, as an alternative or an additional procedure for establishing a Business Improvement District and levying assessments; and (c) clarify existing provisions and update references to State law.

Currently, the City's Business Improvement Districts Procedure Code (Article 15) provides for terms of up to 15 years for proposed business improvement districts. Under the proposed ordinance, this up to 15-year term could be extended to allow up to 40-year terms, or an additional 25 years, if all or a portion of the assessments will be pledged to pay any bond, financing lease, including certificates of participation, or other similar obligations of the City. According to Ms. Pagan, allowing this longer up to 40-year term for new business improvement districts is intended to enable new business improvement districts to approve assessments that could pay for longer term debt issued by the City or by the assessment districts, such as bonds or certificates of participation that often extend for 30 or more years.

Under the proposed ordinance, the Board of Supervisors could also require an alternative or additional procedure as a pre-requisite for establishing a business improvement district and levying assessments. According to Ms. Marie Blits of the City Attorney's Office, under this alternative/additional procedure, businesses in the improvement districts that collectively would

pay at least 50 percent of the total estimated weighted assessments would be required to cast ballots in the ballot election; and at least two-thirds (2/3) of the weighted assessment votes could be required by the Board of Supervisors to approve the establishment of the district and levy the assessments. Ms. Blits explains that this additional provision provides the Board of Supervisors with another tool to establish a business-based assessment district.

As the proposed ordinance is permissive regarding (a) extending the length of the term from 15 years to 40 years and (b) providing alternative procedures for establishing a business improvement district, depending on the specified terms and procedures approved for each future business improvement district, and the related amount of debt and obligations incurred, will determine each future business improvement district's financial impacts.

File 12-0989: The proposed resolution would (a) declare the Board of Supervisors intention to establish the Moscone Expansion District as a new Business Improvement District; (b) levy assessments on defined hotel businesses in the District for 32 years from the commencement date, estimated to be no earlier than July 1, 2013; (c) approve the Management District Plan; (d) order and set a time and place for a public meeting and a public hearing; (e) approve the form of the Notice of Public Meeting and Public Hearing and Assessment Ballots; and (f) direct the Clerk of the Board of Supervisors to give notice of the public meeting and public hearing as required by law.

The proposed resolution declares the intent to establish a new Moscone Expansion District (MED) that includes all hotels located in the district that generate revenue from tourist rooms that operate in the City and County of San Francisco from approximately July 1, 2013 to approximately June 31, 2045. As with the existing Tourism Improvement District discussed above, the proposed Moscone Expansion District would be divided into two zones: Zone 1 would include all tourist hotels on or east of Van Ness Avenue or South Van Ness Avenue and north of 16th Street; and Zone 2 would include all tourist hotels west of Van Ness Avenue and South Van Ness Avenue and south of 16th Street.

According to the revised proposed November 14, 2012 Management District Plan, as shown in Table 2 below, in Zone 1, following the commencement of the assessment, or approximately July 1, 2013 until December 31, 2013, all tourist hotels would be assessed 0.5% of the hotel's gross revenues and from January 1, 2014 through the term of the MED, or 32 years following the commencement date, such hotels would be assessed 1.25% of the hotel's gross revenues from tourist rooms. The assessment of tourist hotels in Zone 2 would remain unchanged for the entire 32 years, at 0.3125% of the hotel's gross revenues from tourist rooms[2]. The two zones are based primarily on geographic proximity to the Moscone Convention Center and access to regional and City transportation infrastructure, such that the hotels closer to the Moscone Convention Center pay a higher assessment rate based on greater benefit due to the proximity of the Center.

[2] The initial Management District Plan dated September 25, 2012 reported that Zone 1 assessments would range from 1.0% to 1.4% and Zone 2 assessments would range from 0.25% to 0.35%, to be determined by mutual consent between the City and the assessed hotels.

Table 2
Proposed Moscone Expansion District (MED) Hotel Assessment Rates

	Zone 1	Zone 2
Commencement of the Assessment (no earlier than July 1, 2013)[3] – December 31, 2013	0.5 % of gross revenues	0.3125% of gross revenues
January 1, 2014 –32 Years from Commencement of the Assessment (approximately June 31, 2045)	1.25% of gross revenues	

Under the proposed resolution, the Moscone Expansion District assessments would be used to provide funds for the expenditures to be incurred by the City and County of San Francisco for the following:

- 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, to attract significant meetings, tradeshows and conventions to San Francisco via offset of rental costs;
- 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; and
- Funding of expenses for development and implementation of future phases of the expansion Master Plan, if there are funds available in excess of those needed for Phase One.

Under the proposed resolution, the Department of Elections (DOE) would mail out ballots to all hotels located in the City subject to assessment in the proposed district. Under the proposed resolution, the Treasurer/Tax Collector would assign the weighted assessment to each hotel based on proprietary room rent data, based on information reported by hotels in 2011 and then

[3] In accordance with the proposed resolution, the Commencement Date will be the later of (a) July 1, 2013 or (b) 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.

analyze the final election results. Following a 45-day ballot election period, a final public hearing, tentatively set for January 29, 2013, would be held by the Board of Supervisors. If ballots are received from the larger hotels that represent collectively at least 50 percent of the total estimated assessments, and at least two-thirds (2/3) of the returned weighted ballots[4] vote in favor of the establishment of the MED and levy of assessments (that is the alternative procedure)[5], the Board of Supervisors may proceed with establishing the MED through a separate resolution that would be subject to future Board of Supervisors approval. The proposed resolution only provides for the intent to establish the MED and subsequent legislation would be required to establish the MED, subject to Board of Supervisors approval.

Although not specified in the proposed resolution, the City and the MED would enter into a Memorandum of Understanding that will outline specific roles and responsibilities for the management of the proposed new Moscone Expansion District. According to the revised Management District Plan, the new Moscone Expansion District would be managed by the non-profit San Francisco Tourism Improvement District Management Corporation (SFTIDMC), which is the same organization that manages the existing San Francisco Tourism Improvement District (TID).

FISCAL IMPACTS

Initial City Costs of Election

Under the proposed resolution, the Department of Elections (DOE), with the help of the City's Treasurer/Tax Collector's Office, would conduct a special ballot election of the tourist hotels in the City. Mr. John Arntz, Director, Department of Elections advises that the special ballot election is estimated to cost $5,000. According to Ms. Pagan, OEWD will reimburse DOE for such costs to conduct the special election from OEWD's existing annual General Fund budget for the CBD/BID technical assistance program. Additionally, according to Mr. Greg Kato, Policy and Legislative Manager, Treasurer/Tax Collector's Office, the relatively minor one-time cost for the Treasurer/Tax Collector's Office to calculate the weighted assessment votes would be reimbursed by the Office of Economic and Workforce Development.

Estimated Assessments from the Proposed Moscone Expansion District

In accordance with the proposed resolution, the annual assessment to be levied and collected for the first year of the proposed new Moscone Expansion District is estimated at $21,045,500. However, the proposed revised Management District Plan reflects an estimated $19,332,000 of hotel assessments to be collected in FY 2013-14, the first year of the proposed new Moscone Expansion District, as shown in Attachment III. Therefore, the Budget and Legislative Analyst recommends that the proposed resolution be amended on page 6, line 13 to reflect the revised estimated amount of $19,332,000 to be levied and collected in the first full year.

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[4] The 'weight' of each ballot in the ballot election will be determined by the assessment each hotel will pay into the MED compared to the total assessment estimated to be collected as calculated by the assessment formula in the MED Management Plan.

[5] This threshold also meets the California Streets and Highways Code §36623(b) requirement that there is no majority protest to establish an improvement district and levy assessments.

According to both the initial and revised Management District Plans, the amount of the annual assessments to be levied and collected from Year 2 through Year 32 may increase or decrease annually based on actual gross revenues from tourist rooms, however, the maximum assessment amount reflects annual 10% increases, such that the actual annual collections may be significantly less than this maximum amount. The proposed resolution on page 6, line 17 states that the total maximum assessment that could be collected for the entire 32-year term of the proposed new Moscone Expansion District would be $6,458,235,000. However, the proposed revised Management District Plan identifies a total maximum of $5,766,814,000 of hotel assessment funds over the 32-year term that could be collected. Therefore, the Budget and Legislative Analyst recommends that the proposed resolution be amended on page 6, line 17 to reflect the revised estimated maximum amount of $5,766,814,000.

As shown in Attachment III, and discussed in the revised Management District Plan, of the total $19,332,000 estimated assessments to be collected in the first year, 87.5% or $16,915,500 of these assessments would be used for Moscone Center Expansion development activities, which would include funding for planning, design, engineering, project management, construction and financing costs, such as payments on bonded indebtedness, financing lease (including principal and interest on any certificates of participation), or other similar obligations.

In addition, an additional 1% or $193,320 of the assessments in the first year would fund a capital reserve fund to pay for future renovations and improvements for Moscone Convention Center. The MED would also provide funding of an estimated (a) 9% or $1,739,880 in the first year for a Moscone Convention Incentive Fund, to be used to help attract important meetings to San Francisco, and (b) 2.5% or $483,300 in the first year for administration of the MED and operating contingency reserve. The Treasurer/Tax Collector's Office will administer the assessment for the MED and be reimbursed from these administrative funds. According to the Management District Plan, these percentage allocations would change over the 32-year term of the proposed MED, such that the Moscone Convention Center development funding would decrease from 87.5% to 82.5%, while the Capital Reserve Fund for Moscone would increase from 1% to 6%.

According to the revised MED Management Plan, subject to approval of the Board of Supervisors, the City and County of San Francisco would commit to payments of the following amounts, including debt service:

- City contribution of $8,200,000[6] in FY 2019-20, with an increase of 3% per year through FY 2028-29 up to a maximum of $10,700,000 annually, with a continuing contribution of no less than $10,700,000 annually for the remainder of the term; and

- City contributions would fund any annual shortfall to finance debt service, which would be repaid from future annual MED hotel assessment surpluses. Annual shortfall is defined as the FY debt service not covered by (a) the MED allocation to debt plus (b) the City's above-noted $8,200,000 - $10,700,000 annual contribution.

[6] Currently, the City pays the TID $8,200,000 annually for the recent Moscone renovations.

The Budget and Legislative Analyst notes that these specific City commitments are not included in the proposed resolution. Therefore, the proposed resolution should be amended to include these specific requirements, as stated in the revised MED Management Plan. Ms. Pagan advises that an Amendment of the Whole is currently being drafted by the City Attorney and will be introduced at the Budget and Finance Committee on November 14, 2012 to address these and the above-noted recommendations. These City contributions would be used for payment on any bonded indebtedness, financing lease (including principal and interest on any certificates of participation) or other similar obligations of the City issued to finance related professional consulting, architectural and other professional fees, and construction and issuance costs.

As shown in Attachment IV, provided by Ms. Nadia Sesay, Director of the Controller's Office of Public Finance, DPW's estimated construction cost of up to $500 million for the five-year Moscone Convention Center Expansion is projected to be funded with (a) $5,238,860 of available General Funds[7], (b) $82,635,000 of available MED funds[8], and (c) an initial estimated $67,490,000 of commercial paper to be repaid with an issuance of an estimated $482,735,000 certificates of participation. Ms. Sesay advises that the estimated $482,735,000 certificates of participation would be issued in 2017 for 30 years, at a conservative 6% interest rate, for a total cost of $994,538,000, excluding the initial contributed funds. The total estimated $994,538,000 includes $482,735,000 of principal and $511,803,000 of interest over the 30-years. Ms. Sesay notes that the Board of Supervisors would be required to approve a subsequent resolution to issue the estimated $482,735,000 Moscone Convention Center Expansion certificates of participation.

As shown in Attachment IV, the total $994,538,000 Moscone Convention Center Expansion certificate of participation principal and interest cost would be repaid with (a) an estimated total of $929,710,000 from annual MED assessments from 2013 through 2045 assuming a 1.25% hotel assessment rate in Zone 1[9] and a .3125 hotel assessment rate in Zone 2, and (b) a total of $297,304,000 of annual City General Fund contributions from 2019 through 2047, ranging from $8,200,000 to $10,700,000 per year. As noted above, over the past five years, the City's General Fund has funded $8,200,000 annually for the Moscone Convention Center renovations.

As also shown in Attachment IV, during the first eight years of these future repayments from 2019 through 2026, there could potentially be insufficient revenues generated by the hotel assessments, such that the City would be required to make additional net impact contributions of a maximum of $6,242,000 in 2019 decreasing to $654,000 in 2026, which would be paid back through MED assessment surpluses in later years, as future hotel revenues and assessments increase. Under the proposed revised Management District Plan, the City would have the discretion to apply any annual MED assessment surpluses as are in the best interests of the City. As shown in Attachment IV, Ms. Sesay estimates MED surplus assessment revenues totaling $171,215,000 would be applied as follows: (a) to fund a $15,000,000 Stabilization Fund, which would be used in any year when lower than expected MED collections are received, to be

[7] The FY 2012-13 budget appropriated $1,700,000 of General Fund revenues and the FY 2013-14 budget is anticipated to include $3,538,860 of General Fund revenues for the Moscone Convention Center Expansion Project.
[8] Of the total estimated $82,625,000, $3,000,000 is available from the existing TID and the remaining $79,625,000 would come from new hotel assessments under the proposed new TID over the first five years.
[9] Zone 1 hotel assessments through December 31, 2013 would remain at the currently proposed rate of 0.5% of gross revenues.

replenished through the term of the COPs, (b) to fund an estimated $25,416,000 sinking fund to make debt service payments in the two years beyond the term of the District in 2046 and 2047, (c) to fund an estimated $28,184,000 prior year deficits paid by the City and then reimbursed by MED, and (d) to fund an estimated $102,615,000 for potential additional expansions of the Moscone Convention Center in the future.

POLICY CONSIDERATIONS

Overlap of the Existing Tourism Improvement District (TID) and the Proposed Moscone Expansion District (MED)

The existing TID, as previously approved by the Board of Supervisors that levies an assessment on the same tourist hotels and directs funds to the Moscone Center renovation expansion will overlap with the proposed MED for a period of up to six months (earliest commencement date of July 1, 2013 through December 31, 2013). As discussed above, for the first five years of the existing TID term, one-third of the assessments are being allocated to the recently completed renovation and upgrade of the Moscone Convention Center and for planning, engineering, and design for the possible expansion of the Moscone Convention Center. The first five years of the existing TID term expires on December 31, 2013.

If the proposed MED begins to assess tourist hotels as early as July 1, 2013, the same hotels will be subject to both assessments to fund the Moscone Convention Center renovations and expansion for an overlapping period of six months. As shown in Table 3 below, Zone 1 tourist hotels would be assessed a total of 2.0% of gross revenues and, Zone 2 tourist hotels would be assessed a total of 1.3125% of gross revenues for the period of up to six months following the commencement of the MED and December 31, 2013.

Table 3

Overlap of the Existing Tourism Improvement District (TID) and the Proposed Moscone Improvement District (MED) Assessment Rates for the Six-Month Period from July 1, 2013 Through December 31, 2013

	Zone 1	Zone 2
Existing Tourism Improvement District (TID)	1.5 % of gross revenues	1% of gross revenues
Proposed Moscone Expansion District (MED)	0.5 % of gross revenues	0.3125% of gross revenues
Total Assessment	2.0 % of gross revenues	1.3125% of gross revenues

According to Ms. Pagan, the hotels will be notified of this overlapping assessment. In addition, Ms. Pagan advises that because the billing and collection process takes approximately two quarters to complete, the new hotel assessment revenues collected between July and December of 2013 will be needed to pay for the initial development costs incurred in January of 2014, such that the project would be potentially delayed, if assessments were not implemented as currently proposed.

RECOMMENDATIONS

1. Approve the proposed ordinance (File 12-0963).

2. Amend the proposed resolution (File 12-0989) on page 6, line 13 to reflect the revised estimated $19,332,000 of hotel assessments to be collected in FY 2013-14, the first year of the proposed new Moscone Expansion District, instead of $21,045,500.

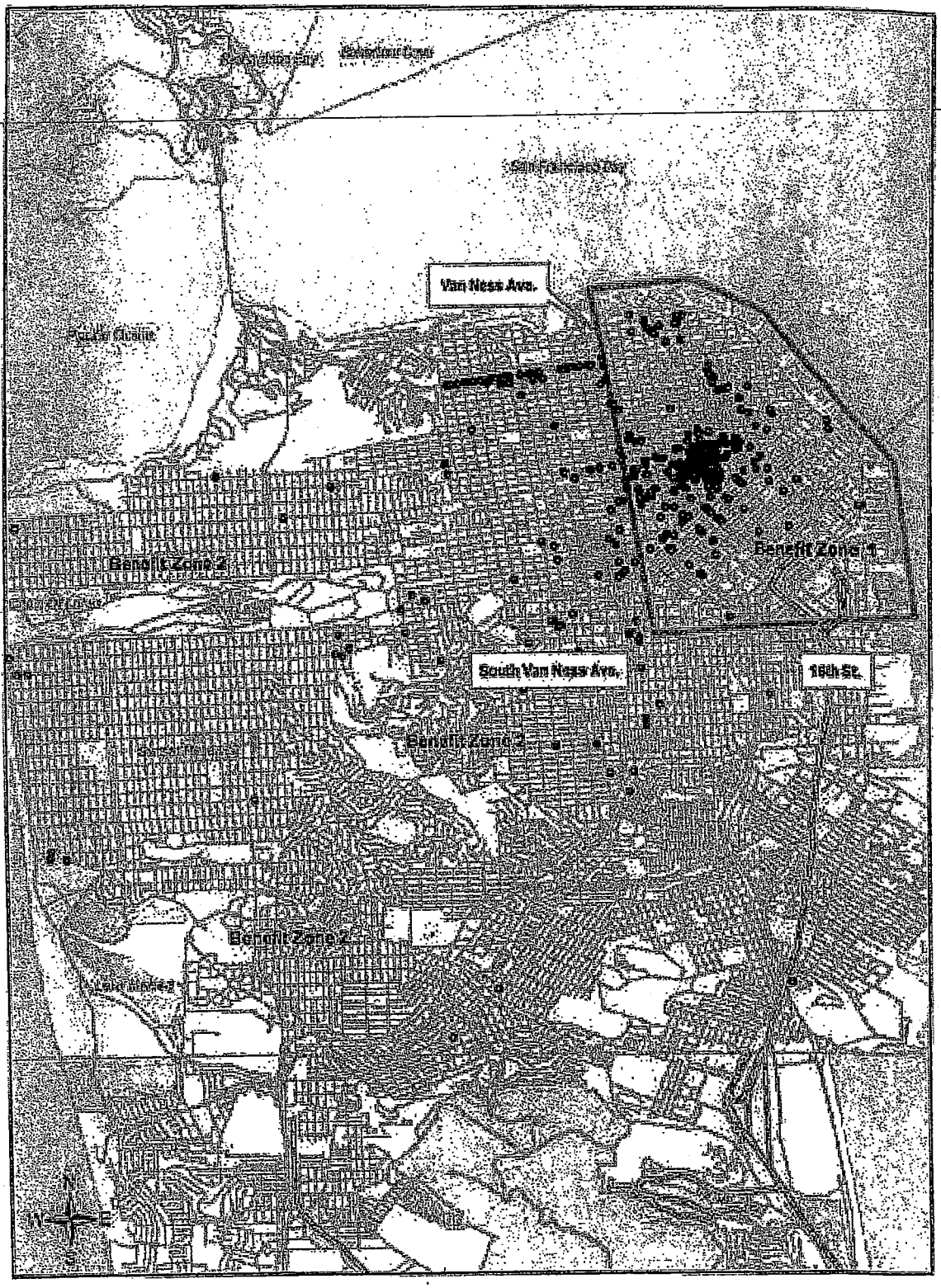
3. Amend the proposed resolution (File 12-0989) on page 6, line 17 to state that the total maximum assessment that could be collected for the entire 32-year term of the proposed new Moscone Expansion District (MED) would be $5,766,814,000, instead of $6,458,235,000.

4. Approve the proposed Amendment of the Whole (File 12-0989), which will be introduced at the November 14, 2012 Budget and Finance Committee Meeting to include the specific City commitments that are specified in the revised MED Management District Plan that are not included in the proposed resolution.

5. Approval of the proposed resolution (File 12-0989), as amended, is a policy decision for the Board of Supervisors.

Attachment I

San Francisco Tourism Improvement District



TID Budget | 2012-13

FY 2012-2013 Collections

Calendar Year 2011 Collections	SF Travel TID	Moscone TID	TID Operations	Total Budget
Budget 0	$16,885,000	$8,335,000	$500,000	$25,720,000
Budget 1	$17,690,000	$8,730,000	$500,000	$26,920,000
Budget 2	$18,490,000	$9,130,000	$500,000	$28,120,000

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

(The FY 2013/14 projected budget is set forth below.[12] 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.)

Improvements and Activities	*Percent of Budget Allocated to Types of Activities*	*Budget*
Development Activities • 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. • Construction costs for of the expansion of the Moscone Convention Center as noted above. • 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.	87.5%	$16,915,500
Renovation Activities • Funding of a capital reserve to pay for **future renovations of and improvements to** the Moscone Convention Center complex, to include capital improvements, but not including general maintenance or general repairs. • 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.	1%	$193,320

[12] 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.

Convention Business Attraction Activities • Funding of a **Moscone Convention Center Incentive Fund** (*MCCI Fund*), which will be used to attract significant meetings, tradeshows and conventions to San Francisco.	9%	$1,739,880
• 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. • Funding of a **Moscone Convention Center Sales and Marketing Fund,** to be used by San Francisco Travel Association in the sales, marketing and promotion of the Convention Center to meeting, convention and event planners and customers. These funds will augment current general convention promotional funding, and will be used to generate increased revenue for hotels that pay the assessment via targeted sales and marketing of the Convention Center to clients who can book some or all of the space. • Funds for this category will be allotted beginning in year 5. • 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.	0%	$0
Administration of the MED and Operating Contingency Reserve These funds will be used to cover administrative costs and expenses related to the operation and administration of the District, including, for example: • Payment of the operational and administrative expenses of SFTIDMC in its capacity as owners association of MED • Reimbursement of the cost of services and other expenses to the City Treasurer and Tax Collector, the Office of the City Attorney, the Controller's Office, and other City departments for audit, collection, enforcement, and disbursement of the assessment, and related administrative functions. • Administration, assessment and enforcement functions related to the MED assessment, which are contingent on the management contract between the City and the MED. • Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a	2.5%	$483,300

majority vote of the board of directors of the MED owners association.		
Total	***100%***	$19,332,000

MED - OPTION 28A: W FFE - PARTIAL FY 2014; MED 1.25% 2014 THRU 2047; CITY CONTR $8.2M 3% GROWTH THRU 2028; $10.7M 2029-2047; Sinking Fund 2046-2047; FM 2047

Sources	Comm Paper	City Contr	MED Cash	MED for FFE	2017 COPs		Agg
City Funded Thru 2014-15	-	5.24	-	-	-	$	5.24
MED Cash/Pay as You Go	-	-	82.63	-	-		82.63
FF&E	-	-	-	12.83	-		12.83
COP/CP Proj Dep	67.49	-	-	-	331.81		399.31
Total Sources	67.49	5.24	82.63	12.83	331.81	$	500.00
Uses							
Total Construction						$	500.00
Funding Gap							-

			Uses						Sources					Excess Revenue:				171,215,000
Fiscal Year	Construction Draw Down	Comm Paper End Period Agg CP	City Contr	Pay as You Go (MED Cash)	Furniture Fixtures & Equipment	COPs Debt Svc 6.00%	Add'l Rental (300,000)	Total Uses	City Contrib	MED Assessment for Expansion	City Contr 2018 & later $ 8,200,000	Total Sources	Net Impact	Fund Balance	Sinking Fund 15,000,000	Sinking Fund	Prior Year Deficits	Future Museum Expens.
0 2013	5,820,000	1,137,000	(1,700,000)	(3,000,000)	-	-	-	(4,700,000)	1,700,000	3,000,000 [1]	-	4,700,000	-	-	-	-	-	-
1 2014	16,800,000	1,586,140	(3,538,860)	(12,835,000)	-	-	-	(16,373,860)	3,538,860	12,835,000 [2]	-	16,373,860	-	-	-	-	-	-
2 2015	30,200,000	12,886,140	-	(19,090,000)	-	-	-	(19,090,000)	-	19,090,000	-	19,090,000	-	-	-	-	-	-
3 2016	74,499,000	68,739,140	-	(19,662,000)	-	-	-	(19,662,000)	-	19,662,000	-	19,662,000	-	-	-	-	-	-
4 2017	212,228,000	-	-	(20,252,000)	-	-	-	(20,252,000)	-	20,252,000	-	20,252,000	-	-	-	-	-	-
5 2018	153,975,000	-	-	(7,777,860)	(12,831,000)	-	(5,000)	(20,622,000)	-	20,622,000	-	20,622,000	-	-	-	-	-	-
6 2019	6,478,000	-	-	-	-	(35,519,000)	(300,000)	(35,819,000)	-	21,377,000	8,200,000	29,577,000	(6,242,000)	(6,242,000)	-	-	-	-
7 2020	-	-	-	-	-	(35,521,000)	(300,000)	(35,821,000)	-	22,021,000	8,446,000	30,467,000	(5,354,000)	(11,596,000)	-	-	-	-
8 2021	-	-	-	-	-	(35,519,000)	(300,000)	(35,819,000)	-	22,682,000	8,699,000	31,381,000	(4,438,000)	(16,034,000)	-	-	-	-
9 2022	-	-	-	-	-	(35,522,000)	(300,000)	(35,822,000)	-	23,362,000	8,960,000	32,322,000	(3,500,000)	(19,534,000)	-	-	-	-
10 2023	-	-	-	-	-	(35,518,000)	(300,000)	(35,818,000)	-	22,951,000	9,229,000	32,180,000	(3,638,000)	(23,172,000)	-	-	-	-
11 2024	-	-	-	-	-	(35,522,000)	(300,000)	(35,822,000)	-	23,639,000	9,506,000	33,145,000	(2,677,000)	(25,849,000)	-	-	-	-
12 2025	-	-	-	-	-	(35,520,000)	(300,000)	(35,820,000)	-	24,348,000	9,791,000	34,139,000	(1,681,000)	(27,530,000)	-	-	-	-
13 2026	-	-	-	-	-	(35,517,000)	(300,000)	(35,817,000)	-	25,078,000	10,085,000	35,163,000	(654,000)	(28,184,000)	-	-	-	-
14 2027	-	-	-	-	-	(35,521,000)	(300,000)	(35,821,000)	-	25,831,000	10,388,000	36,219,000	398,000	(27,786,000)	398,000	-	-	-
15 2028	-	-	-	-	-	(35,519,000)	(300,000)	(35,819,000)	-	26,605,000	10,700,000	37,305,000	1,486,000	(26,300,000)	1,486,000	-	-	-
16 2029	-	-	-	-	-	(35,520,000)	(300,000)	(35,820,000)	-	27,404,000	10,700,000	38,104,000	2,284,000	(24,016,000)	2,284,000	-	-	-
17 2030	-	-	-	-	-	(35,520,000)	(300,000)	(35,820,000)	-	28,226,000	10,700,000	38,926,000	3,106,000	(20,910,000)	3,106,000	-	-	-
18 2031	-	-	-	-	-	(35,518,000)	(300,000)	(35,818,000)	-	29,073,000	10,700,000	39,773,000	3,955,000	(16,955,000)	3,955,000	-	-	-
19 2032	-	-	-	-	-	(35,517,000)	(300,000)	(35,817,000)	-	29,945,000	10,700,000	40,645,000	4,828,000	(12,127,000)	3,771,000	1,057,000	-	-
20 2033	-	-	-	-	-	(35,518,000)	(300,000)	(35,818,000)	-	30,843,000	10,700,000	41,543,000	5,725,000	(6,402,000)	-	5,725,000	-	-
21 2034	-	-	-	-	-	(35,519,000)	(300,000)	(35,819,000)	-	31,769,000	10,700,000	42,469,000	6,650,000	248,000	-	6,650,000	-	-
22 2035	-	-	-	-	-	(35,521,000)	(300,000)	(35,821,000)	-	32,722,000	10,700,000	43,422,000	7,601,000	7,849,000	-	7,601,000	-	-
23 2036	-	-	-	-	-	(35,517,000)	(300,000)	(35,817,000)	-	33,704,000	10,700,000	44,404,000	8,587,000	16,436,000	-	4,383,000	4,204,000	-
24 2037	-	-	-	-	-	(35,518,000)	(300,000)	(35,818,000)	-	34,714,000	10,700,000	45,414,000	9,596,000	26,032,000	-	-	8,586,000	-
25 2038	-	-	-	-	-	(35,521,000)	(300,000)	(35,821,000)	-	35,756,000	10,700,000	46,456,000	10,635,000	36,667,000	-	-	10,635,000	-
26 2039	-	-	-	-	-	(35,520,000)	(300,000)	(35,820,000)	-	36,829,000	10,700,000	47,529,000	11,709,000	48,376,000	-	-	3,749,000	7,960,000
27 2040	-	-	-	-	-	(35,519,000)	(300,000)	(35,819,000)	-	37,934,000	10,700,000	48,634,000	12,815,000	61,191,000	-	-	-	12,815,000
28 2041	-	-	-	-	-	(35,517,000)	(300,000)	(35,817,000)	-	39,071,000	10,700,000	49,771,000	13,954,000	75,145,000	-	-	-	13,954,000
29 2042	-	-	-	-	-	(35,520,000)	(300,000)	(35,820,000)	-	40,244,000	10,700,000	50,944,000	15,124,000	90,269,000	-	-	-	15,124,000
30 2043	-	-	-	-	-	(35,517,000)	(300,000)	(35,817,000)	-	41,451,000	10,700,000	52,151,000	16,334,000	106,603,000	-	-	-	16,334,000
31 2044	-	-	-	-	-	(35,520,000)	(300,000)	(35,820,000)	-	42,695,000	10,700,000	53,395,000	17,575,000	124,178,000	-	-	-	17,575,000
32 2045	-	-	-	-	-	(35,522,000)	(300,000)	(35,822,000)	-	43,975,000	10,700,000	54,675,000	18,853,000	143,031,000	-	-	-	18,853,000
33 2046	-	-	-	-	-	(35,517,000)	(300,000)	(35,817,000)	-	-	10,700,000	10,700,000	(25,117,000)	117,914,000	-	-	-	-
34 2047	-	-	-	-	-	1,000	(300,000)	(299,000)	-	-	10,700,000	10,700,000	10,401,000	128,315,000	-	-	-	-
Total	500,000,000	-	(5,238,860)	(82,625,000)	(12,831,000)	(994,538,000)	(8,705,000)	(1,103,937,860)	5,238,860	929,710,000	297,304,000	1,232,252,860	128,315,000	-	15,000,000	25,416,000	28,184,000	102,615,000

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 November 14, 2012

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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[1].

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,[2] 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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[1]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.

[2] 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	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. 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

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 16th 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 16th 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 16th 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, tradeshows and conventions to San Francisco via offset of rental costs.

FEATURE	SUMMARY EXPLANATION
	• 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

FEATURE	SUMMARY EXPLANATION
	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

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. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

FEATURE	SUMMARY EXPLANATION
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 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

FEATURE	SUMMARY EXPLANATION
	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. 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.[3] 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[4].

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.[5]

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[3] Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis" *[Page 29]*
[4] Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis" *[Page 35]*
[5] 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.[6] 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.[7] Further, hotel values are likely to be directly enhanced or increase by the completion of the Moscone Convention Center proposed expansions.[8]

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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[6] Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [*§5.2]*

[7] Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [*§5.2]*

[8] 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.[9] 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[10]. 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.[11]

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

[9] Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" *[§1.3]*
[10] San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" *[Page 4, "Grand Total: Convention Impact", 2011]*
[11] 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 16th 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 16th Street as if it continued east to the Bay.

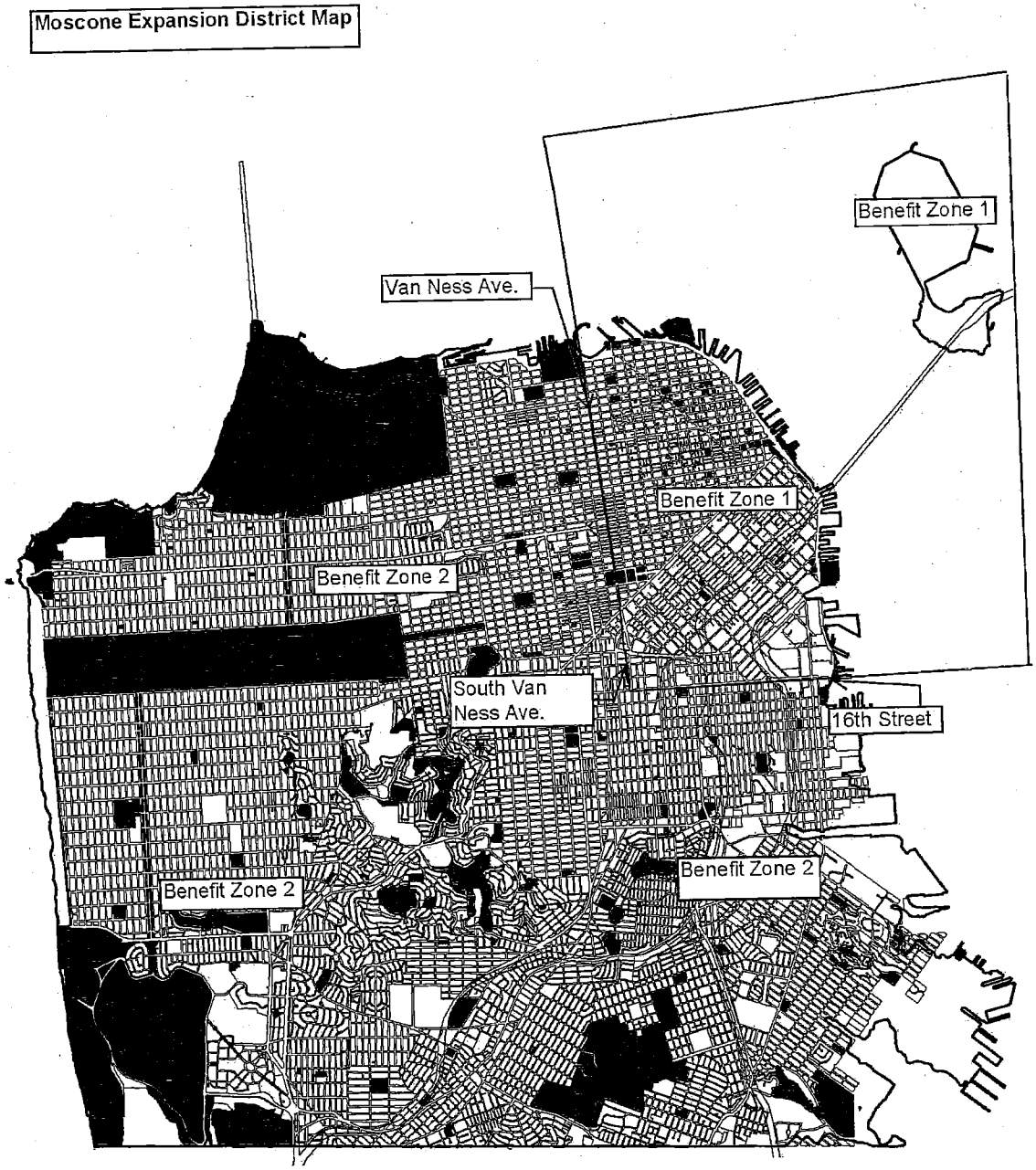
Zone 2: Tourist hotels with addresses:

- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16th 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



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

(The FY 2013/14 projected budget is set forth below.[12] 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.)

Improvements and Activities	*Percent of Budget Allocated to Types of Activities*	*Budget*
Development Activities • 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. • Construction costs for of the expansion of the Moscone Convention Center as noted above. • 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.	87.5%	$16,915,500
Renovation Activities • Funding of a capital reserve to pay for **future renovations of and improvements to** the Moscone Convention Center complex, to include capital improvements, but not including general maintenance or general repairs. • 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.	1%	$193,320

[12] 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.

Convention Business Attraction Activities • Funding of a **Moscone Convention Center Incentive Fund** (*MCCI Fund*), which will be used to attract significant meetings, tradeshows and conventions to San Francisco. • 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. • Funding of a **Moscone Convention Center Sales and Marketing Fund,** to be used by San Francisco Travel Association in the sales, marketing and promotion of the Convention Center to meeting, convention and event planners and customers. These funds will augment current general convention promotional funding, and will be used to generate increased revenue for hotels that pay the assessment via targeted sales and marketing of the Convention Center to clients who can book some or all of the space. • Funds for this category will be allotted beginning in year 5. • 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.	9% 0%	$1,739,880 $0
Administration of the MED and Operating Contingency Reserve These funds will be used to cover administrative costs and expenses related to the operation and administration of the District, including, for example: • Payment of the operational and administrative expenses of SFTIDMC in its capacity as owners association of MED • Reimbursement of the cost of services and other expenses to the City Treasurer and Tax Collector, the Office of the City Attorney, the Controller's Office, and other City departments for audit, collection, enforcement, and disbursement of the assessment, and related administrative functions. • Administration, assessment and enforcement functions related to the MED assessment, which are contingent on the management contract between the City and the MED. • Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a	2.5%	$483,300

majority vote of the board of directors of the MED owners association.		
Total	***100%***	$19,332,000

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 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

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%

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 though 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 Transit 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 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 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 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. 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 assessees 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

Task	***Estimated Date of Completion***
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	January 2013

at BOS, on Resolution to Establish District and levy assessments; ballots due and counted; District established and assessments levied.	
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 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
ENTELLA 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 15TH 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
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 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

Smith Travel Research (STR) Monthly Hotel Review, December 2011

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STR MONTHLY HOTEL REVIEW

U.S. Hotel Industry Performance for the Month of: December 2011

Volume 11, Issue M12
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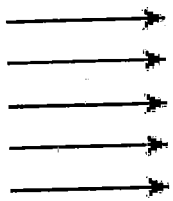
Translation Table

For the Month of: December 2011

December 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31



December 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

This Year

Wednesday, Dec 21st - First Day of Hanukkah
Saturday, Dec 24th - Christmas Eve
Sunday, Dec 25th - Christmas
Monday, Dec 26th - First Day of Kwanzaa
Saturday, Dec 31st - New Year's Eve

Last Year

Thursday, Dec 2nd - First Day of Hanukkah
Friday, Dec 24th - Christmas Eve
Saturday, Dec 25th - Christmas
Sunday, Dec 26th - First Day of Kwanzaa
Friday, Dec 31st - New Year's Eve

Number of Weekdays:	21
Number of Weekend Days:	10

Number of Weekdays:	22
Number of Weekend Days:	9

Note: Weekdays - Sunday through Thursday, Weekends - Friday and Saturday

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U.S. Hotel Industry at a Glance

For the Month of: December 2011

	Current Month		Running 3 Months		Running 12 Months		Year to Date	
Supply	▲ up	0.5 %	▲ up	0.5 %	▲ up	0.6 %	▲ up	0.6 %
Demand	▲ up	4.6 %	▲ up	4.3 %	▲ up	5.0 %	▲ up	5.0 %
Occupancy	▲ up	4.1 %	▲ up	3.8 %	▲ up	4.4 %	▲ up	4.4 %
ADR	▲ up	3.4 %	▲ up	3.9 %	▲ up	3.7 %	▲ up	3.7 %
RevPAR	▲ up	7.6 %	▲ up	7.8 %	▲ up	8.2 %	▲ up	8.2 %

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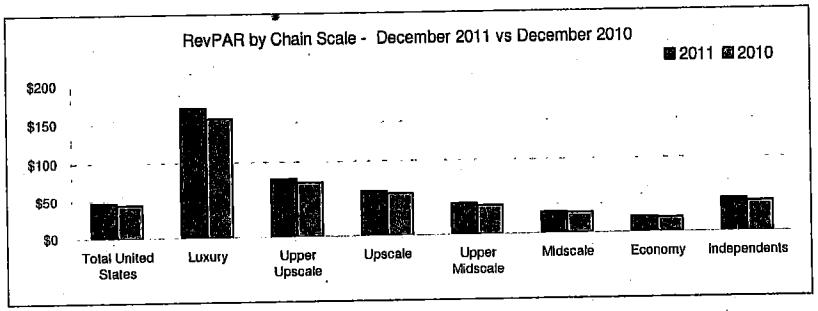
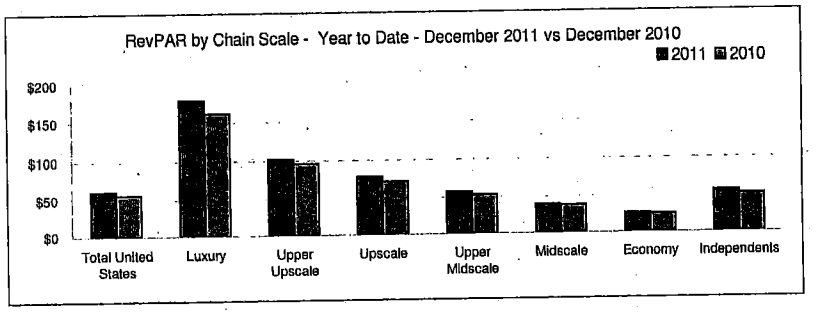
Performance by Industry Segments

For the Month of: December 2011





	December 2011 vs December 2010						Percent Change from December 2010						Year to Date - December 2011 vs December 2010						Percent Change from YTD December 2010					
	Occ %		ADR ($)		RevPAR ($)					Room	Rooms	Rooms	Occ %		ADR ($)		RevPAR ($)					Room	Rooms	Rooms
	2011	2010	2011	2010	2011	2010	Occ	ADR	RevPAR	Rev	Avail	Sold	2011	2010	2011	2010	2011	2010	Occ	ADR	RevPAR	Rev	Avail	Sold
Total United States	47.6	45.8	99.67	96.41	47.48	44.12	4.1	3.4	7.6	8.1	0.5	4.6	60.1	57.5	101.64	98.06	61.06	56.43	4.4	3.7	8.2	8.8	0.6	5.0
Chain Scale																								
Luxury	60.2	56.5	283.28	277.12	170.40	156.54	6.5	2.2	8.9	7.3	-1.5	4.9	69.9	66.5	257.43	243.52	179.95	161.85	5.2	5.7	11.2	12.0	0.8	6.0
Upper Upscale	54.8	53.4	141.08	136.80	77.37	73.03	2.7	3.1	5.9	7.2	1.2	3.9	69.3	67.4	147.74	142.57	102.41	96.10	2.8	3.6	6.6	8.4	1.8	4.6
Upscale	56.0	54.3	108.15	104.74	60.61	56.88	3.2	3.3	6.5	7.9	1.3	4.5	69.5	66.8	111.75	107.70	77.71	71.93	4.1	3.8	8.0	10.0	1.8	6.0
Upper Midscale	47.1	45.0	89.00	86.42	41.93	38.89	4.7	3.0	7.8	15.3	6.9	11.9	61.5	58.4	94.40	91.42	58.03	53.42	5.2	3.3	8.6	14.6	5.5	11.0
Midscale	41.6	40.1	69.04	68.38	28.71	27.41	3.7	1.0	4.7	-5.1	-9.4	-6.0	53.5	51.7	73.28	73.68	39.24	38.11	3.5	-0.5	3.0	-6.0	-8.7	-5.5
Economy	43.6	42.4	47.27	45.71	20.63	19.38	2.9	3.4	6.4	7.3	0.8	3.7	53.5	51.6	50.37	49.29	26.95	25.43	3.7	2.2	6.0	6.3	0.3	4.0
Independents	45.1	43.0	99.42	95.67	44.82	41.18	4.7	3.9	8.8	9.2	0.3	5.1	57.2	54.6	99.33	95.85	56.84	52.37	4.8	3.6	8.5	9.5	0.8	5.6
Region																								
New England	43.6	41.6	105.49	102.96	46.03	42.83	4.9	2.5	7.5	7.9	0.4	5.4	61.4	58.4	119.97	116.21	73.65	67.81	5.2	3.2	8.6	8.6	0.0	5.2
Middle Atlantic	54.0	51.7	163.18	160.77	88.18	83.20	4.4	1.5	6.0	7.3	1.3	5.7	65.6	63.3	144.85	138.78	94.96	87.88	3.5	4.4	8.1	10.0	1.8	5.4
South Atlantic	48.2	46.5	94.42	91.88	45.54	42.72	3.7	2.8	6.6	6.7	0.1	3.9	59.5	57.1	100.02	97.40	59.56	55.65	4.2	2.7	7.0	7.2	0.2	4.4
East North Central	42.1	40.0	79.87	78.27	33.64	31.28	5.4	2.0	7.6	7.9	0.3	5.7	56.6	53.9	87.96	85.27	49.81	45.95	5.1	3.2	8.4	8.6	0.2	5.2
East South Central	43.1	41.8	72.65	71.56	31.29	29.90	3.1	1.5	4.7	4.6	0.0	3.1	55.7	54.1	77.35	75.30	43.07	40.74	2.9	2.7	5.7	6.2	0.4	3.4
West North Central	41.9	40.7	76.36	73.59	31.96	29.95	2.8	3.8	6.7	7.4	0.6	3.5	56.4	55.0	80.87	77.92	45.61	42.84	2.6	3.8	6.5	7.0	0.5	3.1
West South Central	48.0	45.2	80.20	76.94	38.50	34.81	6.1	4.2	10.6	12.2	1.4	7.6	58.2	55.1	84.81	82.50	49.34	45.48	5.5	2.8	8.5	10.2	1.6	7.2
Mountain	45.4	44.5	93.75	88.84	42.61	39.49	2.2	5.5	7.9	8.5	0.5	2.8	59.4	56.6	92.49	89.56	54.96	50.68	5.0	3.3	8.4	9.1	0.6	5.6
Pacific	54.2	52.1	116.38	110.85	63.08	57.80	3.9	5.0	9.1	9.2	0.1	4.0	65.7	62.8	119.10	112.90	78.21	70.93	4.5	5.5	10.3	10.4	0.1	4.6
Price																								
Luxury	54.3	52.3	149.73	146.32	81.23	76.55	3.7	2.3	6.1	7.3	1.1	4.8	68.1	65.3	151.37	146.02	103.16	95.36	4.4	3.7	8.2	10.0	1.6	6.1
Upscale	47.4	45.2	107.89	104.53	51.14	47.25	4.9	3.2	8.2	9.6	1.3	6.2	61.4	58.9	109.52	106.31	67.22	62.58	4.3	3.0	7.4	9.0	1.5	5.8
Midprice	44.3	42.7	79.08	76.18	35.03	32.53	3.7	3.8	7.7	7.8	0.2	3.9	56.3	53.8	81.00	78.40	45.57	42.21	4.5	3.3	8.0	8.1	0.1	4.6
Economy	43.6	41.8	57.85	55.81	25.20	23.34	4.2	3.6	8.0	7.4	-0.5	3.6	53.7	51.4	59.99	58.43	32.21	30.06	4.4	2.7	7.2	6.0	-1.1	3.3
Budget	47.0	45.5	47.11	45.04	22.13	20.51	3.1	4.6	7.9	6.7	-1.1	2.0	56.1	53.9	48.63	47.16	27.26	25.44	3.9	3.1	7.2	5.9	-1.2	2.7
Location																								
Urban	54.7	52.5	147.64	143.79	80.79	75.43	4.3	2.7	7.1	8.4	1.2	5.6	67.7	65.6	146.83	139.90	99.40	91.84	3.1	5.0	8.2	9.7	1.4	4.5
Suburban	47.8	45.8	80.55	77.93	38.52	35.66	4.5	3.4	8.0	8.4	0.3	4.8	60.2	57.2	86.14	83.58	51.88	47.85	5.2	3.1	8.4	9.0	0.5	5.7
Airport	53.4	53.7	84.04	82.20	44.84	44.14	-0.6	2.2	1.6	2.0	0.4	-0.2	66.2	63.6	90.99	88.40	60.27	56.25	4.1	2.9	7.1	7.5	0.4	4.5
Interstate	41.8	39.7	68.32	66.24	28.53	26.28	5.3	3.1	8.6	9.0	0.4	5.7	53.5	51.4	71.79	69.97	38.41	35.99	4.0	2.6	6.7	7.1	0.4	4.4
Resort	52.0	50.2	142.88	135.86	74.33	68.14	3.7	5.2	9.1	9.1	0.0	3.8	62.2	59.4	135.08	128.70	83.99	76.47	4.7	5.0	9.8	10.1	0.3	4.9
Small Metro/Town	39.8	38.0	76.77	74.72	30.52	28.41	4.6	2.7	7.4	8.1	0.6	5.2	53.8	51.7	83.36	81.59	44.81	42.15	4.1	2.2	6.3	6.8	0.5	4.6

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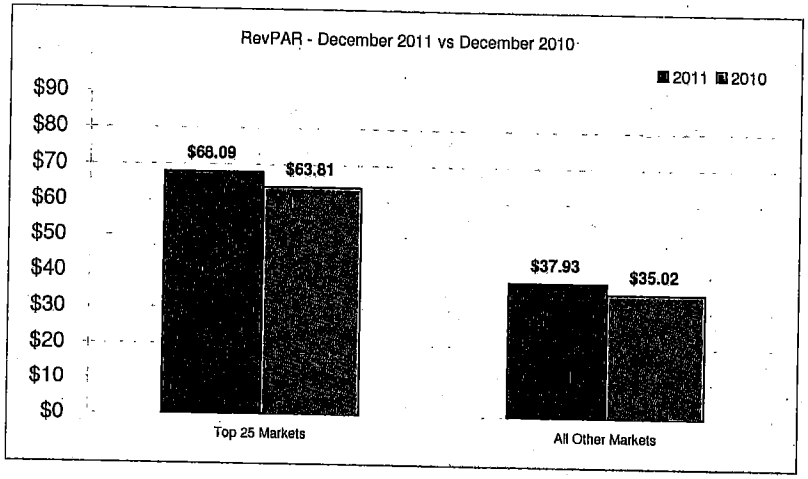
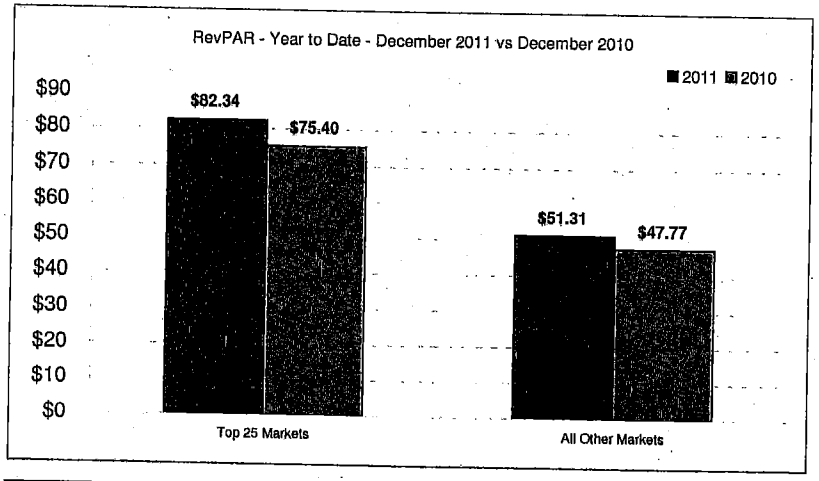
Performance in Top 25 Markets

For the Month of: December 2011





	December 2011 vs December 2010												Year to Date - December 2011 vs December 2010											
	Occ %		ADR ($)		RevPAR ($)		Percent Change from December 2010						Occ %		ADR ($)		RevPAR ($)		Percent Change from YTD December 2010					
	2011	2010	2011	2010	2011	2010	Occ	ADR	RevPAR	Room Rev	Rooms Avail	Rooms Sold	2011	2010	2011	2010	2011	2010	Occ	ADR	RevPAR	Room Rev	Rooms Avail	Rooms Sold
Anaheim-Santa Ana, CA	64.2	63.5	109.02	105.47	69.99	66.98	1.1	3.4	4.5	4.7	0.2	1.3	70.9	67.8	113.39	108.25	80.40	73.44	4.5	4.7	9.5	9.6	0.1	4.7
Atlanta, GA	47.0	46.9	74.94	75.46	35.20	35.37	0.2	-0.7	-0.5	-1.1	-0.6	-0.4	59.2	57.4	82.58	82.87	48.91	47.59	3.1	-0.4	2.8	2.5	-0.2	2.9
Boston, MA	48.7	47.7	123.02	119.72	59.96	57.09	2.2	2.8	5.0	5.4	0.4	2.6	71.1	68.6	147.80	141.57	105.11	97.18	3.6	4.4	8.2	8.2	0.0	3.6
Chicago, IL	48.0	45.8	101.05	100.37	48.51	45.98	4.8	0.7	5.5	5.0	-0.5	4.3	64.2	61.8	118.07	112.81	75.81	69.67	4.0	4.7	8.8	8.6	-0.2	3.7
Dallas, TX	47.6	45.6	77.75	75.80	36.97	34.57	4.3	2.6	6.9	9.0	1.9	6.2	59.0	54.7	85.48	82.48	50.43	45.08	7.9	3.6	11.9	12.8	0.8	8.8
Denver, CO	48.6	45.9	85.73	82.69	41.65	37.94	5.9	3.7	9.8	10.9	1.0	7.0	65.3	62.8	97.53	94.26	63.64	59.18	3.9	3.5	7.5	9.5	1.8	5.8
Detroit, MI	49.1	46.8	73.72	71.15	36.22	33.26	5.1	3.6	8.9	8.8	-0.1	5.0	59.8	54.2	77.11	74.92	46.09	40.64	10.2	2.9	13.4	13.1	-0.2	9.9
Houston, TX	50.8	45.7	83.90	81.87	42.65	37.45	11.1	2.5	13.9	15.4	1.4	12.6	60.0	55.2	90.99	86.70	54.60	48.93	8.8	2.6	11.6	13.7	1.9	10.8
Los Angeles-Long Beach, CA	61.6	58.5	114.39	111.02	70.48	64.97	5.3	3.0	8.5	8.9	0.4	5.7	71.7	67.7	123.15	116.65	88.33	79.01	5.9	5.6	11.8	12.0	0.2	6.1
Miami-Hialeah, FL	71.4	70.5	174.14	161.06	124.38	113.59	1.3	8.1	9.5	10.6	1.0	2.3	75.6	70.4	152.95	143.98	115.65	101.36	7.4	6.2	14.1	15.5	1.3	8.8
Minneapolis-St Paul, MN-WI	47.6	46.5	87.43	84.93	41.59	39.52	2.2	2.9	5.2	4.9	-0.3	2.0	63.9	60.6	95.40	91.02	60.98	55.14	5.5	4.8	10.6	10.7	0.1	5.6
Nashville, TN	51.8	49.3	91.01	89.14	47.18	43.95	5.1	2.1	7.4	8.0	0.6	5.8	62.1	58.2	93.33	86.87	58.01	50.52	6.9	7.4	14.8	19.6	4.2	11.3
New Orleans, LA	56.0	50.1	118.81	102.31	66.49	51.29	11.6	16.1	29.6	35.5	4.5	16.7	64.2	64.4	122.15	115.99	78.38	74.70	-0.4	5.3	4.9	6.0	1.1	0.7
New York, NY	80.3	77.5	283.53	281.65	227.57	218.25	3.6	0.7	4.3	7.0	2.6	6.3	81.2	80.8	244.55	231.84	198.52	187.28	0.5	5.5	6.0	11.8	5.5	6.0
Norfolk-Virginia Beach, VA	40.2	37.0	65.46	65.11	26.32	24.12	8.5	0.5	9.1	7.5	-1.4	6.9	54.7	52.9	84.24	84.46	46.08	44.71	3.3	-0.3	3.1	2.4	-0.7	2.6
Oahu Island, HI	81.7	79.7	182.74	168.74	149.31	134.54	2.5	8.3	11.0	11.6	0.5	3.0	80.9	78.2	165.05	150.09	133.46	117.36	3.4	10.0	13.7	13.6	-0.1	3.3
Orlando, FL	64.7	66.2	93.56	95.46	60.51	63.20	-2.3	-2.0	-4.3	-4.3	-0.1	-2.4	67.6	63.9	93.94	90.76	63.51	57.98	5.8	3.5	9.5	9.5	0.0	5.8
Philadelphia, PA-NJ	50.6	51.0	106.34	104.20	53.82	53.15	-0.8	2.1	1.3	1.8	0.5	-0.3	66.2	63.9	114.40	108.19	75.72	69.16	3.5	5.7	9.5	10.0	0.5	4.0
Phoenix, AZ	48.0	49.5	91.10	88.26	43.68	43.68	-3.1	3.2	0.0	1.1	1.1	-2.0	58.3	55.8	103.96	100.62	60.58	56.17	4.4	3.3	7.8	8.7	0.8	5.2
San Diego, CA	57.9	52.7	116.10	103.67	67.23	54.60	9.9	12.0	23.1	23.3	0.1	10.1	68.9	66.4	125.99	122.04	86.83	81.02	3.8	3.2	7.2	7.4	0.2	4.1
San Francisco/San Mateo, CA	65.1	64.4	138.14	131.11	89.96	84.49	1.1	5.4	6.5	6.2	-0.3	0.8	79.0	75.1	155.14	136.27	122.54	102.40	5.1	13.9	19.7	19.2	-0.4	4.7
Seattle, WA	50.7	48.1	102.81	100.20	52.15	48.25	5.3	2.6	8.1	8.3	0.2	5.5	68.8	65.5	114.89	110.40	78.99	72.31	5.0	4.1	9.2	10.4	1.1	6.1
St Louis, MO-IL	41.3	42.4	76.08	74.01	31.41	31.36	-2.6	2.8	0.2	0.7	0.6	-2.0	58.5	56.9	83.78	81.04	49.05	46.12	2.9	3.4	6.3	6.5	0.1	3.0
Tampa-St Petersburg, FL	51.8	46.8	85.47	80.03	44.30	37.47	10.7	6.8	18.2	18.5	0.2	10.9	60.5	55.1	93.82	91.49	56.72	50.44	9.7	2.5	12.5	12.0	-0.4	9.2
Washington, DC-MD-VA	49.5	46.4	123.45	125.11	61.12	58.06	6.7	-1.3	5.3	6.3	1.0	7.8	67.4	67.0	144.76	143.46	97.60	96.16	0.6	0.9	1.5	2.8	1.3	1.9
Top 25 Markets	**55.6**	**53.7**	**122.48**	**118.89**	**68.09**	**63.81**	**3.6**	**3.0**	**6.7**	**7.3**	**0.6**	**4.2**	**66.6**	**63.7**	**123.59**	**118.30**	**82.34**	**75.40**	**4.5**	**4.5**	**9.2**	**10.1**	**0.8**	**5.4**
All Other Markets	**43.9**	**42.1**	**86.30**	**83.15**	**37.93**	**35.02**	**4.4**	**3.8**	**8.3**	**8.8**	**0.4**	**4.8**	**57.1**	**54.7**	**89.90**	**87.29**	**51.31**	**47.77**	**4.3**	**3.0**	**7.4**	**7.9**	**0.5**	**4.8**
Total United States	**47.6**	**45.8**	**99.67**	**96.41**	**47.48**	**44.12**	**4.1**	**3.4**	**7.6**	**8.1**	**0.5**	**4.6**	**60.1**	**57.5**	**101.64**	**98.06**	**61.06**	**56.43**	**4.4**	**3.7**	**8.2**	**8.8**	**0.6**	**5.0**

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Performance by State

For the Month of: December 2011

	December 2011 vs December 2010												Year to Date - December 2011 vs December 2010											
	Occ %		ADR ($)		RevPAR ($)		Percent Change from December 2010						Occ %		ADR ($)		RevPAR ($)		Percent Change from YTD December 2010					
	2011	2010	2011	2010	2011	2010	Occ	ADR	RevPAR	Room Rev	Rooms Avail	Rooms Sold	2011	2010	2011	2010	2011	2010	Occ	ADR	RevPAR	Room Rev	Rooms Avail	Rooms Sold
Alabama	42.3	42.5	66.96	66.15	28.33	28.12	-0.5	1.2	0.7	1.3	0.5	0.0	55.4	54.3	73.27	71.24	40.61	38.67	2.1	2.8	5.0	5.3	0.2	2.4
Alaska	47.9	49.0	89.42	85.79	42.82	42.02	-2.2	4.2	1.9	2.0	0.1	-2.2	65.8	64.9	116.72	113.27	76.85	73.53	1.4	3.0	4.5	4.4	-0.1	1.3
Arizona	46.6	47.3	84.30	82.67	39.30	39.13	-1.5	2.0	0.4	1.2	0.8	-0.7	57.6	55.8	95.23	92.66	54.85	51.73	3.2	2.8	6.0	6.5	0.5	3.6
Arkansas	37.6	36.0	65.95	65.56	24.78	23.58	4.5	0.6	5.1	4.4	-0.6	3.8	49.2	48.1	69.81	69.36	34.33	33.34	2.3	0.6	3.0	3.0	0.1	2.4
California	55.7	53.2	108.21	103.62	60.27	55.09	4.8	4.4	9.4	9.3	0.0	4.7	66.5	63.1	116.35	110.32	77.37	69.66	5.3	5.5	11.1	11.1	0.0	5.4
Colorado	45.2	42.6	125.49	120.74	56.76	51.39	6.3	3.9	10.4	11.0	0.5	6.8	58.5	56.1	106.56	103.57	62.31	58.11	4.2	2.9	7.2	8.5	1.2	5.4
Connecticut	44.4	41.6	95.53	91.71	42.41	38.19	6.6	4.2	11.1	11.0	0.0	6.6	58.7	54.6	100.89	98.19	59.19	53.63	7.4	2.7	10.4	10.6	0.2	7.6
Delaware	38.8	37.0	91.01	88.63	35.33	32.77	5.0	2.7	7.8	8.9	1.1	6.1	53.8	52.7	103.62	100.03	55.78	52.70	2.2	3.6	5.8	6.0	0.2	2.3
Florida	57.0	55.2	109.15	105.10	62.18	58.03	3.2	3.9	7.2	7.4	0.2	3.4	62.9	59.2	108.25	103.80	68.13	61.48	6.3	4.3	10.8	10.9	0.1	6.3
Georgia	44.1	43.9	71.60	71.48	31.61	31.39	0.5	0.2	0.7	-0.2	-0.9	-0.3	55.5	53.6	78.95	78.43	43.79	42.08	3.4	0.7	4.1	3.7	-0.3	3.1
Hawaii	73.1	69.9	219.79	204.72	160.76	143.02	4.7	7.4	12.4	12.6	0.2	4.9	73.4	70.7	189.62	174.84	139.27	123.59	3.9	8.5	12.7	12.7	0.0	3.9
Idaho	38.2	35.9	72.51	71.86	27.67	25.81	6.2	0.9	7.2	7.6	0.4	6.6	56.2	54.2	79.32	77.67	44.56	42.07	3.7	2.1	5.9	5.9	0.0	3.7
Illinois	45.9	43.5	91.76	91.00	42.13	39.56	5.6	0.8	6.5	6.1	-0.4	5.2	61.0	58.5	105.17	101.12	64.20	59.16	4.3	4.0	8.5	8.4	-0.1	4.3
Indiana	40.9	38.4	73.56	71.21	30.09	27.36	6.5	3.3	10.0	11.4	1.3	7.9	54.5	52.4	79.48	77.27	43.32	40.50	4.0	2.9	7.0	8.4	1.3	5.4
Iowa	40.9	39.5	72.26	68.88	29.58	27.22	3.6	4.9	8.7	8.8	0.0	3.7	55.6	54.2	74.77	72.73	41.61	39.45	2.6	2.8	5.5	5.7	0.2	2.8
Kansas	41.4	41.6	69.24	66.94	28.66	27.82	-0.4	3.4	3.0	5.4	2.3	1.8	54.9	54.2	71.86	69.81	39.46	37.85	1.3	2.9	4.3	5.9	1.5	2.8
Kentucky	39.4	38.5	70.14	70.30	27.67	27.07	2.4	-0.2	2.2	1.7	-0.5	1.9	54.4	53.9	78.72	78.57	42.82	42.33	1.0	0.2	1.2	1.0	-0.2	0.8
Louisiana	49.1	47.5	94.61	85.01	46.49	40.38	3.5	11.3	15.1	19.0	3.4	6.9	59.6	60.7	95.56	92.41	56.91	56.11	-1.9	3.4	1.4	3.7	2.2	0.3
Maine	37.4	35.8	78.73	77.40	29.44	27.73	4.4	1.7	6.2	7.1	0.9	5.3	56.8	55.6	99.22	95.81	56.37	53.26	2.2	3.6	5.8	4.9	-0.8	1.3
Maryland	43.9	41.2	96.25	95.15	42.28	39.21	6.6	1.2	7.8	8.6	0.7	7.4	60.9	59.4	110.94	110.22	67.59	65.50	2.5	0.7	3.2	3.7	0.5	3.0
Massachusetts	45.3	43.7	114.18	111.83	51.68	48.87	3.6	2.1	5.8	6.3	0.5	4.1	65.8	62.3	138.87	134.37	91.33	83.75	5.5	3.3	9.1	8.7	-0.3	5.2
Michigan	41.7	40.1	74.36	73.01	30.99	29.27	3.9	1.9	5.9	6.0	0.1	4.1	55.3	51.8	80.47	78.13	44.52	40.46	6.9	3.0	10.0	9.6	-0.4	6.4
Minnesota	44.1	43.5	83.85	81.20	36.98	35.32	1.4	3.3	4.7	4.6	-0.1	1.3	59.3	57.0	90.17	86.39	53.46	49.27	3.9	4.4	8.5	8.8	0.3	4.2
Mississippi	42.2	41.5	72.06	71.27	30.44	29.57	1.8	1.1	2.9	3.1	0.2	2.0	56.0	55.3	76.62	75.22	42.95	41.64	1.3	1.9	3.2	3.2	0.0	1.3
Missouri	39.1	38.3	74.19	74.01	29.02	28.32	2.2	0.2	2.5	2.2	-0.2	2.0	53.7	52.5	80.29	78.41	43.15	41.14	2.4	2.4	4.9	4.5	-0.4	2.1
Montana	36.8	34.9	72.50	69.89	26.72	24.41	5.5	3.7	9.5	10.3	0.8	6.3	58.6	55.8	83.72	80.83	49.08	45.10	5.1	3.6	8.8	9.9	1.0	6.1
Nebraska	37.9	36.1	71.50	68.93	27.07	24.90	4.8	3.7	8.7	10.7	1.8	6.7	53.2	53.7	77.20	75.49	41.06	40.54	-1.0	2.3	1.3	3.6	2.3	1.3
Nevada	48.0	47.4	89.96	83.16	43.18	39.43	1.2	8.2	9.5	10.0	0.5	1.7	62.5	57.8	89.89	86.59	56.20	50.04	8.2	3.8	12.3	12.9	0.6	8.8
New Hampshire	41.1	38.9	100.70	98.65	41.41	38.36	5.8	2.1	7.9	7.2	-0.7	5.0	57.1	53.6	105.59	102.15	60.26	54.75	6.5	3.4	10.1	10.1	0.1	6.5
New Jersey	47.3	44.7	98.09	95.84	46.41	42.82	5.9	2.4	8.4	8.7	0.2	6.2	60.0	57.2	106.03	104.21	63.66	59.58	5.0	1.7	6.8	6.9	0.1	5.1
New Mexico	47.2	46.2	73.65	70.88	34.77	32.78	2.1	3.9	6.1	7.2	1.1	3.2	57.5	56.8	76.16	75.11	43.80	42.69	1.2	1.4	2.6	3.2	0.5	1.8
New York	62.9	60.3	219.69	217.72	138.14	131.34	4.2	0.9	5.2	7.1	1.9	6.2	70.8	69.2	185.21	176.32	131.19	122.05	2.3	5.0	7.5	10.7	3.0	5.4
North Carolina	43.3	41.7	76.77	73.84	33.27	30.80	3.9	4.0	8.0	8.9	0.8	4.7	56.1	53.9	81.86	79.80	45.92	43.05	4.0	2.6	6.7	7.6	0.9	4.9
North Dakota	65.1	56.8	93.45	81.09	60.80	46.03	14.6	15.2	32.1	38.7	5.0	20.3	74.7	68.0	89.02	77.37	66.50	52.58	9.9	15.0	26.5	30.4	3.1	13.4
Ohio	41.5	38.6	73.45	71.50	30.45	27.58	7.5	2.7	10.4	10.6	0.1	7.6	55.8	52.5	79.29	77.07	44.25	40.48	6.2	2.9	9.3	9.4	0.1	6.4
Oklahoma	44.9	42.2	69.31	66.94	31.15	28.24	6.5	3.5	10.3	11.5	1.1	7.7	56.5	53.7	70.79	69.78	40.02	37.45	5.3	1.5	6.9	9.2	2.2	7.6
Oregon	40.6	40.4	81.54	79.17	33.12	32.02	0.4	3.0	3.4	3.8	0.4	0.8	57.4	56.3	90.07	87.29	51.71	49.17	1.9	3.2	5.2	5.4	0.2	2.1
Pennsylvania	45.9	44.4	97.83	95.40	44.87	42.34	3.4	2.5	6.0	7.2	1.2	4.6	61.9	59.4	104.12	99.66	64.43	59.19	4.2	4.5	8.9	10.5	1.5	5.7
Rhode Island	40.4	40.2	91.39	90.95	36.89	36.52	0.5	0.5	1.0	5.0	3.9	4.5	61.2	60.3	114.50	111.58	70.05	67.26	1.5	2.6	4.1	5.4	1.2	2.7
South Carolina	38.0	36.6	71.13	67.95	26.99	24.85	3.8	4.7	8.6	8.5	-0.1	3.7	54.8	53.6	87.41	84.90	47.91	45.49	2.3	3.0	5.3	5.1	-0.2	2.0
South Dakota	38.2	38.5	67.35	64.86	25.76	24.95	-0.6	3.8	3.3	3.6	0.3	-0.2	54.8	55.5	77.20	76.15	42.31	42.30	-1.3	1.4	0.0	0.2	0.2	-1.1
Tennessee	45.7	43.1	77.15	75.42	35.30	32.53	6.1	2.3	8.5	8.3	-0.2	5.8	56.3	53.5	79.42	76.13	44.72	40.75	5.2	4.3	9.7	10.9	1.1	6.3
Texas	49.5	46.3	79.87	77.61	39.50	35.96	6.7	2.9	9.8	11.3	1.3	8.1	59.2	55.0	86.02	83.44	50.94	45.91	7.6	3.1	10.9	12.7	1.6	9.3
Utah	42.1	41.0	105.25	97.22	44.26	39.86	2.6	8.3	11.0	10.7	-0.3	2.3	58.4	56.5	92.60	87.81	54.04	49.63	3.3	5.5	8.9	9.4	0.4	3.7
Vermont	47.4	43.3	128.50	125.42	60.94	54.36	9.4	2.5	12.1	11.9	-0.2	9.2	59.3	56.9	114.96	111.30	68.16	63.36	4.2	3.3	7.6	8.5	0.9	5.1
Virginia	41.8	39.9	84.41	84.90	35.32	33.90	4.8	-0.6	4.2	4.4	0.2	5.0	57.7	56.3	96.51	96.22	55.66	54.19	2.4	0.3	2.7	3.3	-0.5	3.0
Washington	44.1	43.6	91.88	89.40	40.48	38.95	1.1	2.8	3.9	4.5	0.5	1.7	61.7	60.1	101.22	97.93	62.41	58.87	2.6	3.4	6.0	6.8	0.7	3.3
West Virginia	50.2	45.1	82.20	78.63	41.23	35.43	11.3	4.5	16.4	16.3	-0.1	11.2	64.3	61.7	83.53	79.96	53.75	49.37	4.2	4.5	8.9	9.0	0.1	4.3
Wisconsin	37.5	36.5	77.30	74.44	28.97	27.15	2.7	3.8	6.7	7.8	1.0	3.8	53.1	51.2	82.77	80.80	43.97	41.41	3.7	2.4	6.2	6.4	0.2	3.9
Wyoming	38.9	36.0	92.75	89.56	36.06	32.22	8.1	3.6	11.9	11.8	-0.1	7.9	56.5	55.2	96.29	93.99	54.37	51.85	2.4	2.4	4.9	4.8	-0.1	2.3
Total United States	**47.6**	**45.8**	**99.67**	**96.41**	**47.48**	**44.12**	**4.1**	**3.4**	**7.6**	**8.1**	**0.5**	**4.6**	**60.1**	**57.5**	**101.64**	**98.06**	**61.06**	**56.43**	**4.4**	**3.7**	**8.2**	**8.8**	**0.6**	**5.0**

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Glossary

Airport
Properties near (usually within 5 miles) an international airport that primarily serve demand generated from airport traffic.

Average Daily Rate (ADR)
Room revenue divided by rooms sold.

Chain Scale
(Luxury Chains, Upper Upscale Chains, Upscale Chains, Upper Midscale Chains, Midscale Chains, Economy Chains, Independents)
The chain scale segments are based primarily on the actual, system-wide average room rates of the major chains.

East North Central
Michigan, Wisconsin, Illinois, Indiana, Ohio

East South Central
Kentucky, Tennessee, Alabama, Mississippi

Interstate
Properties near interstate highways that primarily serve demand generated from the interstate. Interstate hotels located in suburban areas are classified in the Suburban location type.

Location
Hotel classifications driven by physical location. Chain management has provided STR with location classifications for a significant number of properties.

Middle Atlantic
New York, Pennsylvania, New Jersey

Mountain
Montana, Idaho, Wyoming, Colorado, Utah, Nevada, Arizona, New Mexico

New England
Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island

Occupancy
Rooms sold divided by rooms available.

Pacific
Alaska, Washington, Oregon, California, Hawaii

Price
(Luxury, Upscale, Mid-Price, Economy, Budget)
The five categories of a metro STR market which are defined by actual or estimated average room rate.

Resort
Properties located in resort areas that primarily serve leisure demand.

Revenue Per Available Room (RevPAR)
Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR).

Rooms Available (Room Supply)
The number of rooms times the number of days in the period.

Room Revenue
Total room revenue generated from the sale or rental of rooms.

Rooms Sold (Room Demand)
The number of rooms sold (excludes complimentary rooms).

Small Metro/Town
Properties located in markets with less than 150k population.

South Atlantic
Maryland, Delaware, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, Washington D.C.

Suburban
Properties located in suburbs of urban markets.

Urban
Properties located in urban areas with populations greater than 150k.

West North Central
Minnesota, North Dakota, South Dakota, Iowa, Nebraska, Missouri, Kansas

West South Central
Arkansas, Oklahoma, Texas, Louisiana

Appendix C

San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011"



SAN FRANCISCO

Visitor Industry Economic Impact Estimates, 2011

San Francisco Travel Association

Background

Research Objective

For the past fifteen years, the San Francisco Travel Association has produced annual estimates of the economic impact of the travel industry to the city and county of San Francisco. These economic impact estimates are produced each year based on a model developed by the San Francisco Travel's staff and local consulting firm Economic Research Associates. This report presents estimates developed using this model for calendar year 2011.

The economic model used to develop San Francisco's visitor industry impact estimates calculates as its key outputs, the number of visitors to San Francisco, the number of days spent in The City by these visitors, total spending by in-market by these visitors, tax revenues generated by the industry for San Francisco's government, and the total number of jobs supported by the industry in San Francisco. These estimates updated for 2011 are presented in this report, along with background information of key assumptions made in these calculations.

The model defines its estimates based on a visitor's place of stay. Four key segments are covered: Visitors staying in San Francisco hotels, visitors staying in private residences in San Francisco, visitors staying outside the city either in Bay Area hotels or private homes and finally Bay Area residents taking day trips to the city for purely leisure reasons. Detailed visitor volume and spending estimates for these four segments also are presented in this report.

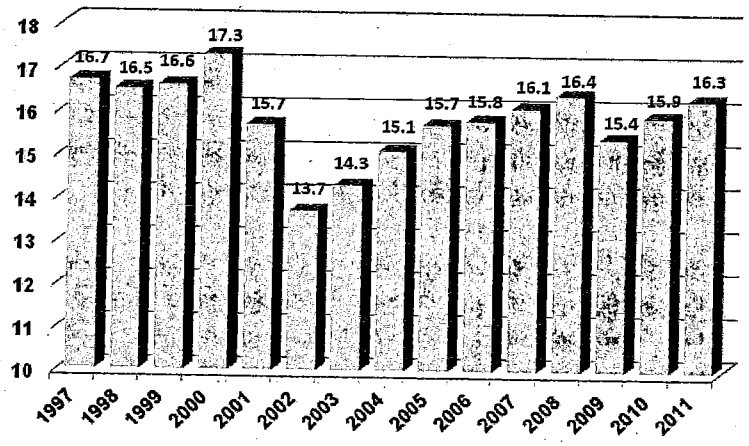
Historical Data

After rebounding from the difficult times faced in the wake of the dot com collapse and terrorist attacks of 9/11, the San Francisco visitor industry experienced a sustained period of growth. The industry's performance began to suffer in early 2001 when business travel related to the region technology industry sharply declined. This downturn was then greatly exacerbated in the wake of 9/11. Historical estimates show that both the number of visitors coming to San Francisco and their in-market spending grew during the next six years, but dropped in 2009. In the most recent year, however, the industry has continued its rebound, attracting 16.35 million visitors who spent $8.46 billion in San Francisco. Data showing these trends are briefly examined in the following two charts (next page).

San Francisco Visitor Volume: Fifteen Year Perspective

In 2011, the total number of visitors in San Francisco jumped to 16.3 million, up approximately 3 percent from the previous year.

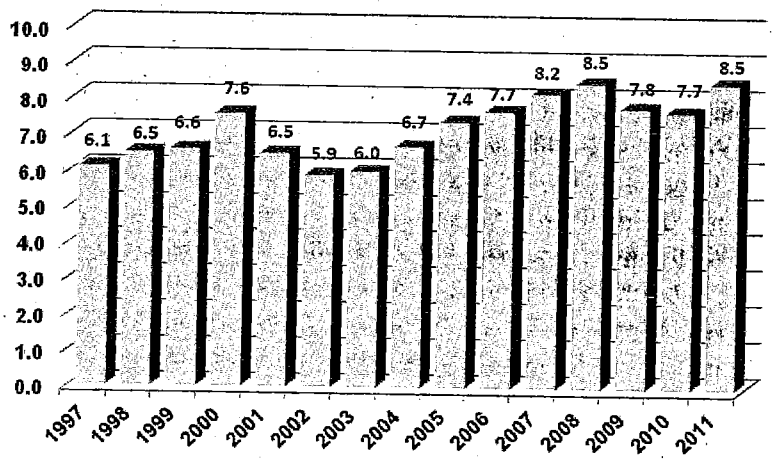
ANNUAL TOTAL VISITOR VOLUME (IN MILLIONS)



San Francisco Visitor Spending: Fifteen Year Perspective

Total visitor spending increased to $8.5 billion in 2011. Spending estimates include spending for all goods and services purchased by visitors while inside the city of San Francisco.

ANNUAL VISITOR SPENDING (IN BILLIONS)



2011 Visitor Volume & Spending

The table below shows a detailed comparison of 2010 and 2011 San Francisco visitor volume and spending. In 2011 with San Francisco hosting 16.3 million visitors who spent $8.5 billion while in The City. In addition, the industry generated $526 million dollars in tax revenues for the City and County of San Francisco and supported 71,403 local jobs.

BREAKDOWN OF SAN FRANCISCO ANNUAL VISITOR VOLUME & SPENDING, 2011

VISITOR VOLUME
(Number of visitors to San Francisco in millions)

Place of stay	2010	2011	% CHNG
San Francisco Hotel	4.89	5.04	3.1%
Private Home in San Francisco	1.11	1.09	-1.2%
Other Bay Area Locations	5.64	5.88	4.3%
Bay Area Residents on Leisure Trips	4.29	4.33	1.0%
Total	15.92	16.35	2.7%

VISITOR SPENDING
(Visitor spending in San Francisco in billion dollars)

Place of stay	2010	2011	2011
San Francisco Hotel	$4.64	$5.20	12.0%
Private Home in San Francisco*	$0.71	$0.75	4.9%
Other Bay Area Locations*	$1.04	$1.14	9.5%
Bay Area Residents on Leisure Trips	$1.31	$1.38	5.1%
Total	$7.70	$8.46	9.8%

OTHER KEY VISITOR INDUSTRY STATISTICS, 2011

Taxes generated for City of San Francisco (millions)	$485	$526	8.6%
Jobs supported in San Francisco	67,122	71,403	6.4%
Total payroll (billions)	$1.88	$2.06	9.2%
Visitors in San Francisco on an average day	126,931	129,499	2.0%
Visitor spending in San Francisco on an average day (millions)	$21.11	$23.19	9.8%
Annual visitor spending per San Franciscan	$9,570	$10,411	8.8%

SOURCE: San Francisco Travel Association, Economics Research Associates, Destination Analysts, Inc.

2011 Convention & Group Meeting Impact

Conventions, trade shows and group meetings are major contributors to San Francisco's tourism industry. The table below compares performance in this area for 2010 and 2011.

Calculation of Annual Expenditures Related to Trade Shows and Conventions

	2010	2011
Total city-wide room nights	9,665,729	9,968,585
Percent group meeting	29.0%	27.0%
Total citywide group meeting nights	2,800,538	2,690,953
Length of stay	4.1	4.1
Attendees in SF Hotels	683,058	656,330
Total out-of-town attendees	683,058	656,330
Spending per day	$264.72	$294.84
SF hotel attendee spending	$741,358,382	$793,413,141
Multiple occupancy factor	1.4	1.4
Total spending (direct) stayed in hotel	$1,037,901,734	$1,110,778,398
Associations at (Moscone)	54	54
Association spending/event	$776,782	$827,272.31
Total association spending	$41,946,202	$44,672,705
Total exhibitor spending	$593,282,530	$631,845,894.25
Total Association/Exhibitor Spending	$635,228,731	$676,518,598.96
Grand total: Convention Impact	**$1,673,130,466**	**$1,787,296,997**

Appendix 1: Tables from Model

The San Francisco Travel Association model relies on a complex set of Microsoft Excel worksheets to make its calculations. In the pages that follow some of the key worksheets used in this process are included as a quick reference and to allow easier access to more detailed data if it should arise.

Table 1
ANALYSIS OF SPENDING BY VISITOR SEGMENT: 2011

MARKET SEGMENTS

	SF Hotel/Motel		V.F.R. in S.F.		V.F.R. and Hotel Elsewhere in Bay Area		Bay Area Resident Trips	
	2011 Visitor(000s)	5,041	2011 Visitor(000s)	1,092	2011 Visitor(000s)	5,879	2011 Visitor(000s)	4,334
	Length of Stay	3.50	Length of Stay	5.50	Avg. Number of Trips to S.F.	2.0	Avg. Trips/Year	2.77
							Party Size	1.0
	Visitor-Days(000s)	17,644	Visitor-Days(000s)	6,004	Visitor-Days(000s)	11,600	Visitor-Days(000s)	12,019
	2011 $/Day /Person	Total Annual (1000s)	2011 $/Day /Person	Total Annual (1000s)	2011 $/Day /Person	Total Annual (1000s)	2011 $/Day /Person	Total Annual (1000s)
SPENDING CATEGORIES								
Lodging	$99.90	$1,762,744	$12.90	$77,467	$0.00	$0	$0.18	$2,139
Restaurants in Hotels	$19.64	$346,592	$2.43	$14,590	$33.35	$386,823	$0.00	$0
All Other Restaurants	$41.74	$736,508	$36.20	$217,365	$0.00	$0	$29.73	$357,360
Retail	$39.25	$692,564	$37.17	$223,180	$28.73	$333,308	$53.36	$641,289
Entertainment & Sightseeing	$24.29	$428,533	$19.07	$114,476	$20.91	$242,564	$20.19	$242,717
Local Transportation	$9.59	$169,173	$3.12	$18,722	$3.82	$44,261	$0.24	$2,846
Gas/Auto Services	$16.03	$282,891	$12.28	$73,714	$10.01	$116,121	$10.89	$130,889
Car Rental	$6.05	$106,832	$0.96	$5,782	$1.26	$14,651	$0.00	$21
Exhibitor/Assoc. Expends.	$38.34	$676,519	$0.00	$0	$0.00	$0	$0.00	$0
TOTAL SPENDING	$294.84	$5,202,356	$124.13	$745,296	$98.08	$1,137,729	$114.59	$1,377,262

Total Visitor Days (000s)	47,267
Total Visitor Spending	$8,462,642
Avg. spending per person day	$179.04

Source: San Francisco Travel Association

Table 2
TOTAL DIRECT VISITOR SPENDING
WITHIN SAN FRANCISCO:2011

SPENDING CATEGORIES	S.I.C. Codes	Total Spending ($1,000s)	Percent of Total
Lodging	701	$1,842,350	21.8%
Restaurants in Hotels	581	$748,005	8.8%
All Other Restaurants	581	$1,311,233	15.5%
Retail	53,56,59	$1,890,341	22.3%
Entertainment & Sightseeing	79,783	$1,028,290	12.2%
Local Transportation	41,47	$235,002	2.8%
Gas/Auto Services	554,75	$603,615	7.1%
Car Rental	751	$127,287	1.5%
Exhibitor/Assoc. Expends.	792,17	$676,519	8.0%
TOTAL SPENDING		**$8,462,642**	**100.0%**

Source: San Francisco Travel Association

Table 3
ANALYSIS OF HOTEL SPENDING:2011

Spending on Rooms		$1,842,350
Spending on Food & Beverage		$748,005
Less: Tips @	15.0%	($97,566)
Less: Sales Tax @	8.5%	($50,956)
Total Industry Revenue		$2,441,833

	Hotel Industry Operating Ratios [1]	Visitor Impacts
Payroll	29.5%	$720,716
Other Expenses	70.5%	$1,721,117
Total Expenses	100%	$2,441,833

EMPLOYMENT IMPACTS: HOTELS

HOTEL INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$32,802
Jobs Supported	21,972

[1] U.S. Census Bureau, 2007 Economic Census, San Francisco County or MSA.

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 4
ANALYSIS OF RESTAURANT SPENDING:2011

Spending on Food & Beverage		$1,311,233
Less: Tips @	15.0%	($171,030)
Less: Sales Tax @	8.5%	($89,325)
Total Industry Revenue		$1,050,878

	Restaurant Industry Operating Ratios [1]	Visitor Impacts
Payroll	32.8%	$344,668
All Other	67.2%	$706,210
Total Expenses	100.0%	$1,050,878

[1] U.S. Census Bureau, 2007 Economic Census, San Francisco County or MSA.

EMPLOYMENT IMPACTS: RESTAURANTS

RESTAURANT INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$20,591
Jobs Supported	16,739

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 5
ANALYSIS OF RETAIL SPENDING:2011

Gross Retail Spending	$1,890,341
Less: Sales Tax	($148,091)
Total Industry Revenue	$1,742,249

	Retail Industry Operating Ratios [1]	Visitor Impacts
Payroll	11.3%	$196,874
All Other	88.7%	$1,545,375
Total Expenses	100.0%	$1,742,249

[1] U.S. Census Bureau, 2007 Economic Census, San Francisco County or MSA.

EMPLOYMENT IMPACTS: RETAIL

RETAIL INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$31,739
Jobs Supported	6,203

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 6
ANALYSIS Of SPENDING FOR ENTERTAINMENT AND SIGHTSEEING:2011

Gross Spending on Entertainment and Sightseeing	$1,028,290

	Entertainment Industry Operating Ratios [1]	Visitor Impacts
Payroll	39.1%	$402,062
All Other	60.9%	$626,229
Total Expenses	100.0%	$1,028,290

[1] U.S. Census Bureau, 2007 Economic Census, San Francisco County or MSA.

EMPLOYMENT IMPACTS: ENTERTAINMENT AND SIGHTSEEING

ENTERTAINMENT/SIGHTSEEING	Industry Average or Total
Annual Payroll Income [2,3]	$41,149
Jobs Supported	9,771

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 7
ANALYSIS OF SPENDING FOR LOCAL TRANSPORTATION: 2011

Local Transportation	$235,002
Gas/Auto Services	$603,615
Car Rentals	$127,287
Total Industry Revenue	$965,904

	Transp. Industries Operating Ratios [1]	Visitor Impacts
Payroll	13.0%	$125,568
All Other	87.0%	$840,337
Total Expenses	100.0%	$965,904

[1] 2005 Survey of SF Businesses

EMPLOYMENT IMPACTS: TRANSPORTATION

TRANSPORTATION INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$28,820
Jobs Supported	4,357

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 8
ANALYSIS OF SPENDING FOR CONVENTION AND TRADE SHOW EXPOSITIONS: 2011

Exhibitor and Association Expenditures	$676,519

	Exposition Industry Operating Ratios [1]	Visitor Impacts
Payroll	39.2%	$265,195
All Other	60.8%	$411,323
Total Expenses	100.0%	$676,519

[1] 2005 Survey of S.F. businesses

EMPLOYMENT IMPACTS: EXHIBITOR AND ASSOCIATION EXPENDITURES

EXPOSITION INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$41,685
Jobs Supported	6,362

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 9
TOTAL VISITOR GENERATED EMPLOYMENT IN ALL INDUSTRIES:2011

INDUSTRY SEGMENT	Total Employment
Hotels	21,972
Restaurants	16,739
Retail Stores	6,203
Entertainment and Sightseeing	9,771
Local Transportation	4,357
Exhibition Services	6,362
20,000 Total Airport Jobs at SFO Portion Attributable to SF Visitors (30%)	6,000
Total Visitor Industry	71,403

Source: San Francisco Travel Association

Table 10
CALCULATION OF PAYROLL AND BUSINESS TAXES BY INDUSTRY: 2011

INDUSTRY SEGMENT	Gross Receipts ($1,000s)	Key Operating Ratios			Amount in 2011 $1,000s			Business Tax
		Payroll	Utilities	Prop.Tax	Payroll	Utilities	Prop.Tax	Payroll Tax @ 1.5%
Hotel/Motel	$2,441,833	29.5%	5.7%	3.2%	$720,716	$139,184	$58,800	$10,811
Restaurant	$1,050,878	32.8%	3.1%	1.9%	$344,668	$32,577	$19,967	$5,170
Retail	$1,742,249	11.3%	4.2%	1.9%	$196,874	$73,174	$33,103	$2,953
Entertainment & Sightseeing	$1,028,290	39.1%	2.3%	2.2%	$402,062	$23,651	$22,622	$6,031
Local Transportation	$965,904	13.0%	1.7%	1.9%	$125,568	$16,420	$18,352	$1,884
Expo/Convention Services	$676,519	39.2%	0.5%	1.0%	$265,195	$3,383	$6,765	$3,978
TOTALS	**$7,905,673**				**$2,055,083**	**$288,390**	**$159,609**	**$30,826**

Source: San Francisco Travel Association

Table 11
SAN FRANCISCO CITY REVENUES PAID DIRECTLY BY VISITOR INDUSTRIES: 2011

MAJOR REVENUE SOURCES		Total Annual Direct Revenue in 2011
HOTEL TAX		
Visitor Spending on Lodging	$1,842,349,606	
Tax Rate	14.0%	
Factor for Non-Taxable Room Sales	14.7%	
Hotel Tax Collected by the City		$220,000,000
PROPERTY TAX		
Property Taxes Paid to the City		$159,609,179
SALES TAX		
Visitor Spending (including 8.5% tax)		
Retail	$1,890,340,564	
Hotel Restaurants (less 15% tips)	$650,439,106	
Other Restaurants (less 15% tips)	$1,140,202,929	
25% of Entertainment & Sightseeing	$257,072,619	
Tax Rate (net to City and County) [1]	1.75%	
Sales Tax Returned to the City		$67,730,679
BUSINESS TAXES		
Payroll or Gross Receipts Taxes Collected		$30,826,244
UTILITY USERS TAX		
Utility Costs for Visitor Industries	$288,389,804	
Tax Rate	7.5%	
Utility Users Tax Collected by the City		$21,629,235
AIRPORT ENTERPRISE		
Annual Service Payment to General Fund	$30,100,000	
Portion Attributable to Visitors to S.F.	30.0%	
Visitor Derived Contribution to City		$9,030,000
PORT OF SAN FRANCISCO		
Lease Revenues Derived from Visitor Businesses		$9,608,864
SAN FRANCISCO REDEVELOPMENT AGENCY [2]		
Lease Revenues Derived from Visitor Businesses		$5,837,492
OTHER REVENUES		
Rough estimate: Parking Tax, Fines, Rec. Fees, etc.		$2,000,000
DIRECT CITY REVENUES FROM VISITOR INDUSTRIES		$526,271,694

[1] Includes local sales tax portion to City General Fund, local transportation portion and special district tax portion to SF Transportation Authority.

[2] Redevelopment revenue: Marriott and Metreon ground lease and Four Seasons and St. Regis leases

Appendix D

Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis"

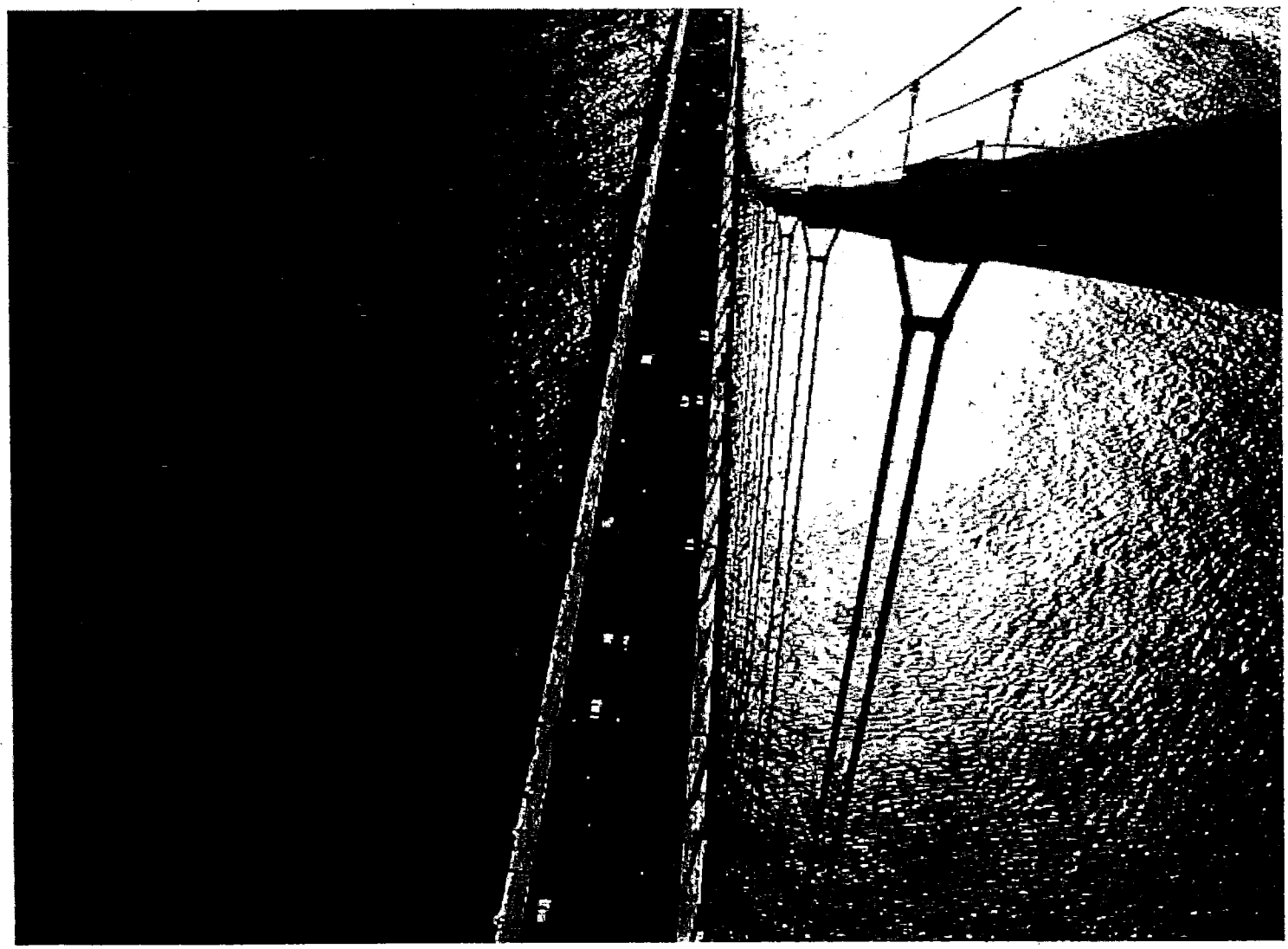
JONES LANG
LASALLE HOTELS®

Real value in a changing world

MOSCONE CONVENTION CENTER EXPANSION

Draft Cost Benefit Phase II Analysis Prepared for San Francisco Tourism Improvement District Management

May 25, 2012



May 25, 2012

Ms. Lynn Farzaroli
Senior Manager TID/Foundation
San Francisco Travel
201 Third Street, Suite 900
San Francisco, CA 94103

Re: Strategic Advisory Services – Moscone Expansion Cost Benefit Analysis – Draft Phase II Analysis

Dear Ms. Farzaroli:

Jones Lang LaSalle Hotels ("JLLH"), a division of Jones Lang LaSalle Americas, Inc, is pleased to submit herewith our comprehensive draft review of the performance of the Moscone Center's existing facilities, competitive environment, potential for expansion and lodging market analysis. The information gleaned from the review process of the property and its market, along with the cost-benefit analysis conducted by JLLH and the assumptions stated herein, collectively form the basis of the conclusions and recommendations of this report. *It is to note that this Draft report only presents the conclusions related to the Economic Impact Analysis derived from increased attendance and visitor spend upon expansion of the Moscone Center facilities.*

Please do not hesitate to contact either of us if you have any questions regarding the report.

Respectfully submitted,

Andrea Grigg
Senior Vice President
Jones Lang LaSalle Hotels

Harry Schoening
Managing Director
Jones Lang LaSalle

Cc: Greg Hartmann
Amelia Lim
Lauro Ferroni
Tu-Uyen Do

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1 Executive Summary

1.1 Scope of Work

Jones Lang LaSalle Hotels ("JLLH") has been engaged by the San Francisco Tourism Improvement District Management Corporation ("TID") to perform a cost/benefit and return on investment analysis in connection with the contemplated expansion of the Moscone Convention Center ("Moscone Center"). This Draft report only presents the conclusions related the Economic Impact Analysis derived from increased attendance and visitor spend upon expansion. To arrive at the conclusions presented herein, JLLH has undertaken the following scope of work:

- **Review of Existing Facility Performance**, to include analysis of on-the-books events, booking patterns, utilization rates and user profile, interviews of key personnel, development of a SWOT analysis to inform the future attendance projections for the various contemplated expansion scenarios;
- **Survey of Competitive Environment and Potential for Expansion**, to include the study of expansions implemented at comparable convention centers, survey of competitive supply, interviews with competitive convention center managers and research on how the proposed facility can fill a market niche;
- **Analysis of San Francisco Lodging Market**, to include historic analysis of supply and demand, assessment of the impact that previous Moscone Center expansions have had on hotel revenue, and regression analysis of attendance figures to key economic metrics;
- **Expansion Economic Impact Analysis**, to include attendance projections for a variety of expansion scenarios, forming the basis for determining the economic impact on visitor spending and Moscone Center facility.

1.2 Key Findings – Review of Existing Facility Performance

The Moscone Center is located in San Francisco's SOMA / Yerba Buena district. The convention center is comprised of three main buildings, Moscone North and Moscone South, which are connected underground, and Moscone West, a free-standing building.

Moscone South opened in 1981, and consists of 260,600 s.f. of exhibit space. Moscone North opened in 1992, adding 181,400 s.f. of exhibit space to the facility. The latest addition is Moscone West which features 96,700 s.f. of exhibit space.

The Moscone Center is owned by the City and County of San Francisco. The Moscone Center is privately managed by SMG, an entertainment and convention center venue manager. Convention business for the center is booked by San Francisco Travel which serves as the city's conventions and visitors' bureau.

Attendance data analyzed by JLLH highlights that Moscone Center convention attendee levels can fluctuate considerably from year to year. The volatility in attendance is driven by economic changes along with the schedule of rotations of the center's largest groups. Consistent with other convention centers in large U.S. cities, the convention calendar has a significant impact on lodging market performance and economic output.

The JLLH Consulting Team reviewed Moscone Center annual reports, definite group booking reports and lost business reports in order to determine booking patterns, utilization rates, user profile by business sector, average spend and space utilization. This analysis was employed to inform future attendance projections and the cost benefit analysis of the various expansion scenarios.

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Attendance trends: The two largest business sectors of groups that convene at the Moscone Center are High Tech/Computer and Medical, together accounting for two thirds of attendees.

Average Gross Exhibit Space Used per Attendee: The amount of gross exhibit space used per attendee approximated 40 s.f. in FY 2010/2011. For groups booked in future years, the metric generally marks a gradual decline, suggesting that more attendees are convening in the same amount of space—a trend which generally supports that an addition of exhibit space is warranted.

Average Direct Spend per Attendee: From FY 2011/2012 onward, per-attendee direct spend is expected to remain flat/mark a slight decrease.

Average Number of Event Days per Convention: JLLH concluded that the Moscone Center is currently not exposed to any significant convention industry trends whereby the average length of a convention is increasing or decreasing substantially.

Summary of Previous User Surveys

In an attempt to uncover other trends or insight for its attendance projections and subsequent economic impact calculations, JLLH also evaluated existing Moscone User surveys. Surveys reviewed generally indicate users' satisfaction with San Francisco Travel from a convention sales aspect and affirm the draw of San Francisco as a destination. Furthermore, some respondents noted dissatisfaction with the non-renovated areas of the Moscone Center; and, in some cases, respondents cited space constraints as a potential future impediment.

Analysis of Key Lost Groups

To quantify the loss in attendee spend due to Moscone Center space constraints based on the lost business report provided by San Francisco Travel, JLLH established a methodology whereby each reason for loss of a group was assigned a factor in terms of how much the loss was related to space constraints. This factor was multiplied by the estimated direct spend for the groups lost due to that particular reason. The analysis leads to the conclusion that the total assumed loss in direct spend resulting from Moscone Center space constraints and related categories is $2.1 billion for the years 2010/2011 through 2019/2020.

Reason - JLLH Adapted Categories	JLLH Assumed Factor in Being Related to Space Constraints	Direct Spend of Lost Business per Category ($M)	Attributed Result of Loss in Direct Spend ($M)
First Option Went Definite	5%	$ 1,112	$ 56
Board Decision	15%	$ 3,110	$ 467
Change in Rotation	15%	$ 1,276	$ 191
Dates Not Available	10%	$ 1,715	$ 172
Does Not Meet Center Requirements	0%	$ 455	$ -
Economic Reasons	0%	$ 931	$ -
Space constraints	100%	$ 950	$ 950
Other	25%	$ 887	$ 222
Total Assumed Loss in Direct Spend due to Space Constraints (Groups Lost from 2010-2019)			**$ 2,057**

Source: Jones Lang LaSalle Hotels

1.3 Key Findings – Survey of Competitive Environment and Potential for Expansion

JLLH evaluated competitive convention centers in the U.S. In summary, the Moscone Center is smaller than the 12 convention centers that JLLH deemed most competitive to it, especially with regard to exhibit space: the Moscone Center has 1.7 s.f. of exhibit space per square foot of meeting space, while the competitive set's

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average is 4.3 s.f. of exhibit space per square foot of meeting space—supporting the case for an addition of exhibit space at the Moscone Center.

JLLH independently demonstrated that a market growth rate applied to the current number of attendees warrants the addition of exhibit space at the Moscone Center in the future. JLLH demonstrated that by FY 2021/2022, the growth in attendance will warrant an additional minimum 120,000 s.f. of exhibit space.

Competitive Convention Center Expansions: Impact on Lodging Market

JLLH studied the impact that substantial expansions of the 12 competitive convention centers had on their respective lodging markets. The analysis yielded a measurable impact that the various convention center expansions had on hotel revenue: the three years after a convention center expansion was completed saw an annual RevPAR growth premium of 2.6 percentage points (compared to if no expansion took place). This analysis shows that an expansion of a convention center can enhance hotel RevPAR across the relevant market areas.

Filling Market Niche with Expansion

JLLH examined how the proposed expansion can fill a market niche to lead to a competitive advantage. Elements for success include:

- Allow for natural light where possible.
- The additional exhibit space should be contiguous with the Moscone Center's largest exhibit hall.
- Any additional buildings should be physically connected with Moscone North/South.

1.4 Key findings – Analysis of San Francisco Lodging Market

There are currently 224 hotels in San Francisco with a total of approximately 34,300 guest rooms, roughly 25,000 of which are within walking distance of the Moscone Center. No new supply has entered San Francisco since 2008, a stark contrast to other major U.S. gateway markets.

San Francisco Lodging Market Outperformed Post Previous Moscone Expansions

Having demonstrated on a *national* basis that convention center area hotels generally garner higher revenue growth after a convention center expansion (compared to the long term average), JLLH analyzed the impact to RevPAR three to five years after the year of expansion for *San Francisco specifically.*

The three-year post expansion real RevPAR compounded annual growth rate ranged from 5.4% to 8.4%, and the five-year post expansion real RevPAR CAGR ranged from 7.8% to 12.1%. These growth rates generally exceed the 6.6% long-term real RevPAR CAGR that the city's core convention center hotels experienced, and as such supports that significant Moscone Center expansions have led to higher real RevPAR growth than witnessed during non-expansion periods.

Gross Metro Product and Hotel Demand Correlated to Convention Attendance

JLLH performed a regression analysis between convention attendance hotel demand, RevPAR, retail sales revenues, wage and salary disbursements, gross metro product, air passenger traffic, leisure and hospitality employment and hotel tax revenues. The highest correlation resulted between convention attendance and San Francisco County gross metro product, hotel demand for core convention area hotels and San Francisco County wage & salary disbursements, all of which exhibited a correlation of 0.70 and above, exhibiting the relatively strong relationship between convention attendance and economic factors in San Francisco.

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1.5 Key findings – Expansion Economic Impact Analysis

JLLH conducted an economic impact analysis of the various Moscone Center expansion scenarios to address the business case for optimum expansion of the current facilities. JLLH forecast impact based on projected incremental income to the expanded facility and economic impact derived from incremental visitor spending.

Evaluation of Various Expansion Scenarios

JLLH projected the growth in attendance from FY 2011/2012 through FY 2025/2026 for a variety of expansion scenarios, summarized below:

Moscone Center Expansion Scenarios		
Scenario	**Component(s)**	**Saleable Space (s.f.)**
1	Moscone East Construction	170,150
2	Third Street Addition and Howard Street Connector Expansion	206,700
3	Third Street Addition and Moscone East Construction	269,850
4	Howard Street Connector Expansion and Moscone East Construction	277,150
5	All Three Expansions	376,850

JLLH first calculated organic growth rates in Moscone Center attendance assuming no expansion in space. An assumed growth rate of 2.5% per annum was applied to the attendance for FY 2010/2011.

JLLH subsequently calculated attendance projections for the three expansion scenarios detailed below, along with all possible combinations thereof. JLLH took the organic attendance growth figures (capped at a space utilization rate of 2.2 as described in the body of the report), and calculated the induced demand, expressed as number of groups multiplied by average historic group size. The final projected attendance figures for each of the expansion cases thus represent organic growth, plus induced demand, minus displaced demand.

Calculation of Economic Impact Scenario

JLLH studied the economic impact that various expansion scenarios are expected to yield. To compute the full economic impact of the various expansion scenarios, JLLH relied on data from IMPLAN. IMPLAN's multipliers consist of three types of impact: direct, indirect and induced effects. Direct effects are those related to the initial spending in the economy, and indirect effects measure the additional businesses needed to purchase goods and services to produce the product purchased by the direct effect. Induced effects are the response by an economy to the initial change causing further local economic activity.

In computing the full economic impact per the above-referenced methodology, JLLH calculated the impact of incremental Moscone Center Net Operating Income and incremental visitor spending. JLLH excluded the economic impact from the construction from the construction itself in the analysis of the five expansion scenarios.

Economic Impact Summary

The table below shows the forecasted net economic impact and employment change summary for each scenario:

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Economic Impact - Visitor Spending & Moscone Center Facility				
Ranking	Scenario	Components	Net Economic Impact	Change in Employment
1	5	All Three Expansions	$1,434,098,880	6,878
2	4	Howard Street Connector Expansion and Moscone East Construction	$1,331,026,465	6,616
3	3	Third Street Addition and Moscone East Construction	$802,700,493	3,682
4	2	Third Street Addition and Howard Street Connector Expansion	$734,402,886	3,480
5	1	Moscone East Construction	$699,631,255	3,412

Based on the economic impact analysis from visitor spending and taking into account the Net Operating Income from the Moscone Center operations, Scenario 5 with all three expansions yielded the highest net economic impact with the highest change in employment.

Impact on Hotel Market Occupancy

JLLH projected future hotel demand, assuming no supply increases to core convention center hotels, to demonstrate how increased attendance associated with the recommended expansion will likely warrant the addition of new hotel supply in the future.

Based on the projection methodology detailed in the body of the report, the rise in convention attendees amid minimal supply increases is expected to be limited by an annual occupancy likely not to exceed low to mid 80s occupancy levels given the weekly and seasonal cyclical periods of lower demand such as Sundays and holidays. These cyclical limitations indicates that a high degree of lodging demand will go unaccommodated and/or be turned away toward hotels outside of San Francisco or diverted from their trip all together. Therefore, based on the incremental convention center attendance resulting from the various expansion scenarios, there is strong evidence to suggest that the market will be able to support the addition of new hotel stock over the medium term. The addition of hotel rooms, whether part of an official convention center headquarters hotel, or another hotel in the immediate area, will have an additional positive impact on area employment, economic impact, tax revenues and forecasted internal rates of return beyond what is quantified in this report.

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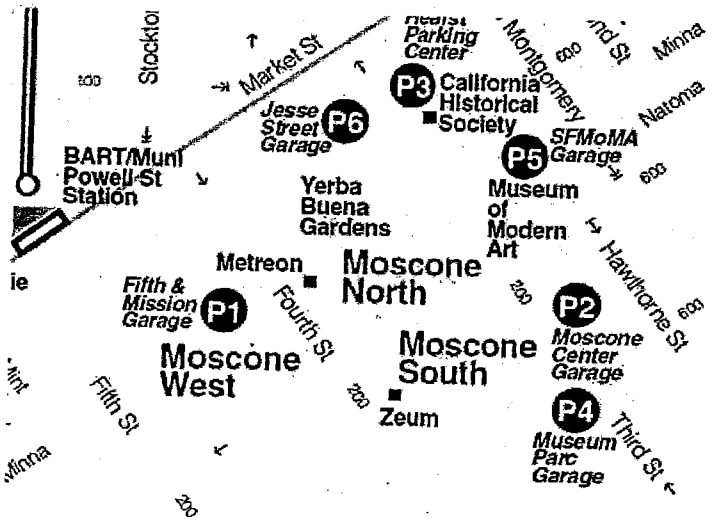
2 Review of Existing Facility Performance

2.1 Property Overview

The Moscone Center is located in San Francisco's SOMA / Yerba Buena district. The convention center is comprised of three main buildings, Moscone North and Moscone South, which are connected underground, and Moscone West, a free-standing building. The three buildings comprise of approximately two million square feet of building area. The center is named after George R. Moscone, a former mayor of San Francisco. There are approximately 25,000 hotel rooms within walking distance of the convention center.

Moscone South opened in 1981, and consists of 260,600 s.f. of exhibit space in Halls A, B and C. Moscone North opened in 1992, adding 181,400 s.f. of exhibit space in Halls D and E. This addition is connected to Moscone South via underground corridors and meeting space. The latest addition to the center is Moscone West, a stand-along building located one-half block to the west of the other two buildings. Moscone West features 96,700 s.f. of exhibit space on the first level.



Source: Moscone Center website

The Moscone Center is owned by the City and County of San Francisco. The Moscone Center is privately managed by SMG, an entertainment and convention center venue manager. Convention business for the center is booked by San Francisco Travel which serves as the city's conventions and visitors' bureau.

The JLLH Consulting Team performed a comprehensive review of the historic performance of the Moscone Center by analyzing annual reports, definite group booking reports and lost business reports in order to determine booking patterns, utilization rates, user profile by business sector, average spend and space utilization. This analysis was used to inform the Moscone Center and future projections and the cost benefit analysis of various expansion scenarios.

JLLH toured the North, South and West buildings of the Moscone Center on January 20, 2012, viewing both front-of-house and back-of-house areas. JLLH was able to visually inspect non-renovated areas and renovated spaces, along with Moscone West, the newest building of the Moscone Center. JLLH also viewed the Third Street Garage (from the outside) which represents a potential expansion site for Moscone East.

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In addition, JLLH held in-person meetings and interviews with senior personnel from the Moscone Center and San Francisco Travel, to include the Senior Manager of the TID Foundation, the EVP & Chief Customer Officer of San Francisco Travel, the VP of Convention Sales for San Francisco Travel and the Assistant General Manager of the Moscone Center. Content from these meetings was central in informing JLLH's recommendations and is summarized in JLLH's files.

In order to ensure a complete review and assessment of the Moscone Center, JLLH also obtained background on the operating structure of the Moscone Center and the center's collaboration with San Francisco Travel and the TID during these meetings. JLLH confirmed that the Moscone Center's mandate to achieve maximum economic impact for the City of San Francisco supersedes its objective to itself turn an operating profit. As such, the Moscone Center often operates at a net operating income loss, which is typical of convention centers across the country.

JLLH also established during the above-referenced meetings that it is the Moscone Center's policy to generally not hold any public shows at the center, the exception being the San Francisco International Automobile Show. This event takes place each November and typically draws up to 300,000 attendees which purchase a ticket to enter the show, thus marking a significant difference from other convention attendees (delegates) who attend a convention due to their affiliation with a certain company, association or business sector.

Representatives from San Francisco Travel and the TID stated that the Moscone Center is unlikely to consider holding more public shows such as the auto show. Therefore, JLLH did not consider this scenario in its recommendations or projections.

2.2 Current Usage of Moscone North, South and West

Since Moscone North and South are connected, they can be marketed as one space for a large event or divided up into two separate buildings for two separate groups. The newest addition, Moscone West, was originally built as a stand-alone facility and to level out hotel room occupancy, since hotel occupancy in the market generally declines during the move-in and move-out days of the convention period. The original intent was to fill up Moscone West during Moscone North and South's move-in and move-out days in order to maximize the market's hotel occupancy. According to Moscone Center's General Manager, although Moscone West's bookings ended up not coinciding with Moscone North and South's move-in and move-out days, it did increase the usage of all three buildings.

Moscone West has been a success due to its flexible space with moveable walls for exhibit space, general sessions and spacious meetings, 28-foot high ceilings, natural light, and great design and acoustic. The only complaints received for Moscone West are the lack of connection to Moscone North and South and the lack of office space, but there are plans to convert some meeting space into several office space for clients use.

JLLH evaluated whether Moscone West could be marketed as a stand-alone facility following an expansion of the Moscone Center. From reviewing definite booking reports, JLLH notes that Moscone West is in some instances already being used to accommodate groups on a self-sufficient basis, meaning that all activities are housed in Moscone West without making use of Moscone North and Moscone South. This represents a considerable benefit, because it allows for separate meetings to be going on automatically, without creating any conflicts of cross-over in the same building.

The construction of Moscone East would likely result in a similar scenario whereby events could be held in the facility on a stand-alone basis. If Moscone East were to be built, the Moscone Center could theoretically house three groups simultaneously: one in Moscone North/South, a second program in Moscone West, and a third event in Moscone East.

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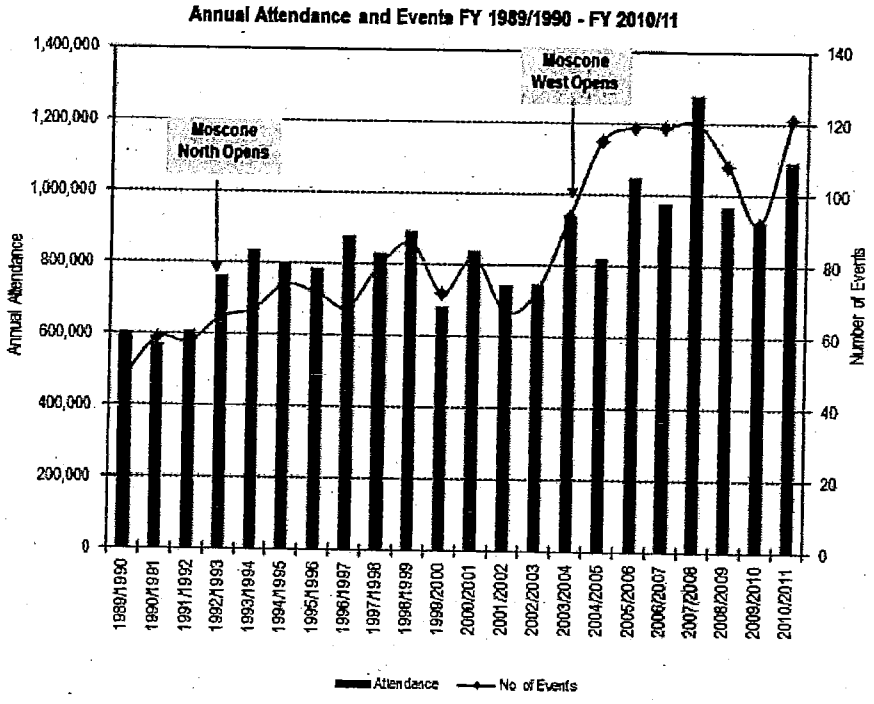
But for large groups, no matter which of the expansion scenarios is selected, Moscone West will continue to be required to accommodate the needs of the group. JLLH therefore does not deem it strategic to permanently market Moscone West as a stand-alone facility, but rather recommends continuing to use it as a stand-alone facility when it best fits the needs of a given group.

2.3 Moscone Center Historic Attendance and Event Volume

JLLH conducted a thorough analysis of the Moscone Center's historic performance and definite groups on the books. San Francisco Travel provided JLLH with the annual attendance and number of events from FY 1989/1990 through FY 2010/2011, displayed in the chart below.



Source: Moscone Center management (SMG)

JLLH was provided with Moscone Center Annual Reports for FY 1990/1991 onward. Overall attendance reached an interim peak of 894,800 during 1998/1999. Attendance thereafter dipped slightly in 1999/2000, but the volume of convention attendees increased in 2000/2001 to 839,400. This time period marked the height of the technology boom in the San Francisco area, which was a driver for technology-related conventions. Consistent with national trends, convention attendance declined following the events of 9/11 and the ensuing economic downturn.

In San Francisco, the dip in the technology sector further contributed to an ongoing slowdown in convention attendance. As is described in more detail in Section 4 of this report, San Francisco experienced a longer and deeper lodging market downturn following 9/11 than most other large U.S. markets, and convention center attendance figures mirror this trend. The Moscone Center's attendance hit trough levels in FY 2001/2002 at 744,700 attendees, and FY 2002/2003 showed an increase of only 3,000 attendees. Moscone West opened at the end of FY 2002/2003, and total attendance increased by 25% in FY 2003/2004.

Amid accelerating economic growth, annual attendance increased to a then record-high in FY 2005/2006 of 1,046,300 attendees. Due to the rotation of several large groups, FY 2006/2007 saw a 7% decline in attendance,

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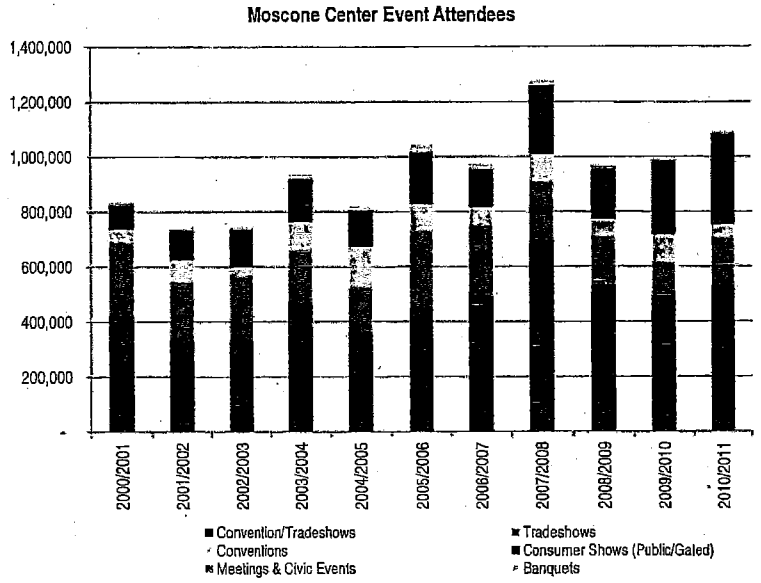
but attendees thereafter grew to an all-time high of 1,279,000 in FY 2007/2008. The economic downturn then contributed to a 24% attendance decline in FY 2008/2009 and a further 5% dip in FY 2009/2010 to 919,800 attendees. Attendance rose by 19% in FY 2010/2011 to reach 1,093,000, representing the highest level in four years, but still 15% below the record FY 2007/2008 peak.

Attendance data analyzed by JLLH highlights that Moscone Center convention attendee levels can fluctuate considerably from year to year. The volatility in attendance is driven by economic changes along with the schedule of rotations of the center's largest groups. Consistent with the convention center in many large U.S. cities, the convention calendar has a significant impact on lodging market performance and economic output.

The annual reports contain more detailed attendance data based on type of event, which JLLH plotted for 2000/2001 onward to show additional detail in the chart below. The largest subcategory of convention attendance as defined by San Francisco Travel is the Convention/Tradeshows category, which comprises roughly 50% of total attendance each year. The next-largest categories are Tradeshows and Consumer Shows (Public/Gated). Consumer Shows include public shows such as the San Francisco Automobile Show.



Source: Moscone Center annual reports

2.4 Profile of Facility Users and Associated Trends

Following the review of the annual aggregate figures, JLLH conducted a more detailed analysis of both historic group bookings since FY 2001/2002 along with definite bookings on the books through FY 2019/2020 based on a report provided by San Francisco Travel.

This definite booking report contained data on 766 meetings. The overall attendance figures in this report do not necessarily match the overall attendance figures stated in the Moscone Center's annual reports for previous years because a number of confidential conventions were omitted from the detail report furnished by San Francisco Travel. The number of groups listed for FY 2001/2002 and FY 2002/2003 was considerably sparser than for the subsequent years; the data for these years was included only where it did not skew the findings. The report did not contain the headquarters location of the group nor did it state the point of origin of the attendees so JLLH did not analyze this.

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JLLH conducted an analysis of the definite booking report to tabulate data and establish trends in the following categories by year and primary business sector:

- Attendance
- Average gross exhibit space used per attendee
- Average direct spend per attendee
- Average number of event days per convention

JLLH drew comparisons to national trends in the meetings industry where appropriate. JLLH synthesized information from the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners to assess the macro perspective in the meetings industry and inform findings about overall issues the industry faces. The number of responses collected for the survey (805 responses) is considered a statistically significant number.

According to the survey, the three largest challenges that meeting planners expect to face in 2012 are increasing costs, a lower budget, and declining attendance. These concerns were consistent with themes picked up during the Moscone user interviews and competitive convention center management interviews.

The *2012 Meetings Market Trends Survey* also summarized meeting planners' main overall perceived threats to the meetings industry going forward. Economic pressures were the most frequent response, accounting for 70% of responses. The other selections received far fewer responses. Only one in ten respondents cited virtual meetings as a threat to the industry.

Lastly, JLLH reviewed the most likely changes that meeting planners expect to see in the future based on the survey. The methodology for this question was unclear as the responses did not total 100%, but JLLH nonetheless reviewed the most frequent responses. Among the most common responses was "more complicated contract negotiations", often due to organizations' desire to monitor budgets and mitigate risk. Meeting planners and convention center managers that JLLH interviewed also cited this as a prominent trend that is likely here to stay.

Another common response in the *2012 Meetings Market Trends Survey* was the "greater emphasis on ROI", which again is consistent with responses gathered during JLLH's interviews. Another frequent reply was that meeting planners concurrently cited "less entertainment" along with "more meeting sessions per day" as trends for the future. This implies that meetings' programs are getting fuller and condensed in order to focus more on the business purpose.

JLLH deems the review of the *2012 Meetings Market Trends Survey* as an important component in assessing the national meetings industry broadly and the Moscone Center user profile specifically. Following the above review of high-level trends, JLLH presents below the user profile analysis with regard to the Moscone Center specifically.

Attendance Trends

As a basis for conducting an informed projection for future convention center attendance, JLLH analyzed Moscone Center annual attendance by business sector. The definite bookings reported provided by San Francisco Travel contained a category titled "Meeting Account Market Segment", which classified each group as Association, Corporate or Trade Shows & Expositions business. For the Association and Corporate business, a business sector was identified, but JLLH often deemed the categories as too broad and/or not mutually exclusive. Moreover, 16% of the groups were classified as Trade Shows & Expositions without mention of business sector.

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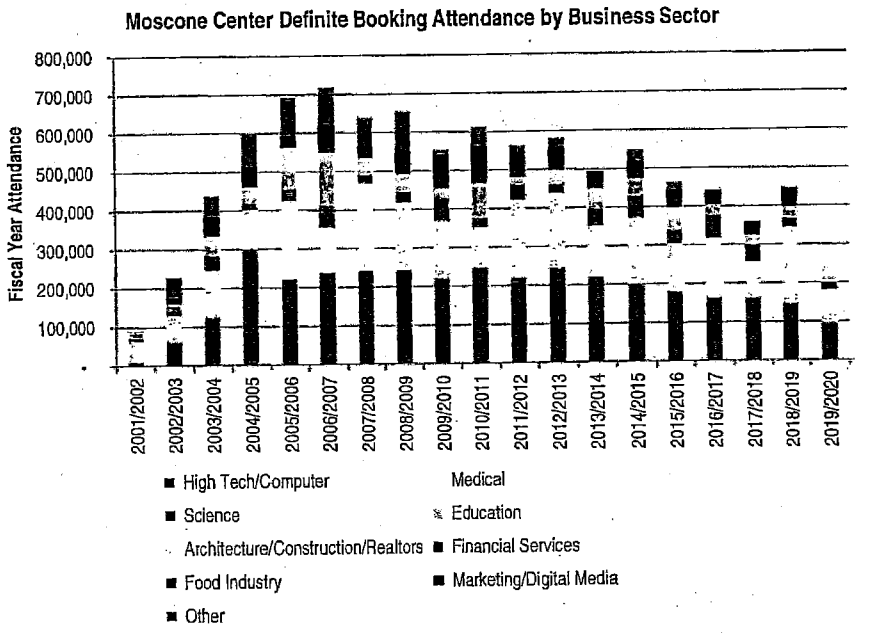
JLLH therefore attributed each group to one of nine business sector categories defined by JLLH to more accurately capture the business industry attributable to the group: High Tech/Computer, Medical, Science, Education, Architecture/Construction/Real Estate, Financial Services, Food Industry, Marketing/Digital Media and Other. Public shows, such as the annual San Francisco International Auto Show, along with the Major League Baseball DHL All-Star FanFest held in 2007 were excluded from the analysis as these groups are driven by different business factors and have a less significant economic impact on the surrounding hotels.

The two largest business sectors of groups that convene at the Moscone Center are High Tech/Computer and Medical, together accounting for two thirds of attendees during the time frame studied. Based on interviews with competitive convention center managers, these two sectors are considered among the most lucrative in terms of economic spend.



Source: San Francisco Travel, Definite Booking Pace Report

JLLH calculated the standard deviation by which annual attendance varied from all years, and determined that the attendance count in the High Tech/Computer business sector generally was most volatile. The business sector with the second greatest standard deviation was the Medical sector. JLLH however cautions that this analysis is influenced greatly by the completeness of the data. Any omitted (confidential) groups can skew the volatility of the group, and as such did not assign much weight to the volatility of groups in its analysis.

Average Gross Exhibit Space Used per Attendee

JLLH analyzed the average gross exhibit space used per attendee as a basis for its attendance projections. The definite booking report stated which buildings the groups occupied (Moscone North/South/West). JLLH considered the exhibit space square footage of the space(s) in question and divided it by total attendance for the group. The chart below depicts average gross exhibit space square footage occupied by attendee averaged across all business sectors.

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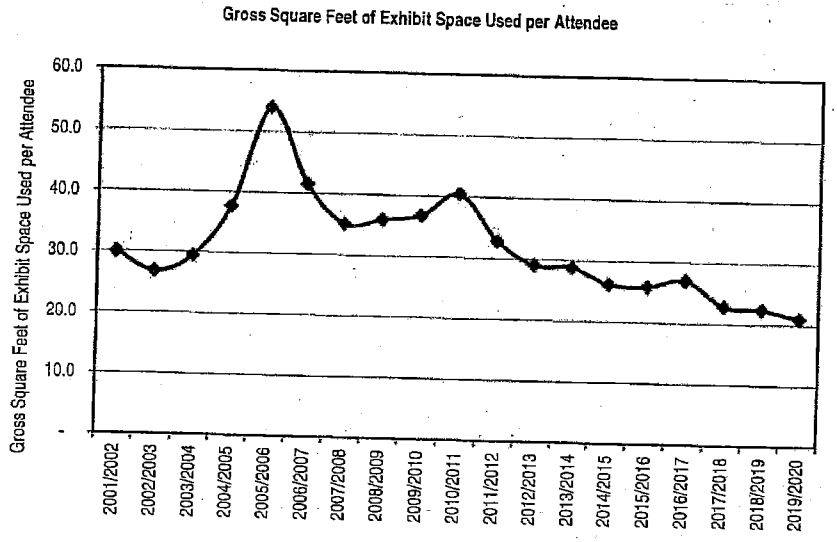

Source: San Francisco Travel, Definite Booking Pace Report

The amount of gross exhibit space used per attendee peaked in FY 2005/2006 at 54 s.f. per attendee and thereafter has generally marked a softening. For groups booked in future years, the metric thereafter generally marks a gradual decline, suggesting that more attendees are convening on the same amount of space—a trend which generally supports an addition in exhibit space is warranted for the Moscone Center. When comparing attendees per exhibit space in the most recent year, Moscone Center was the second highest out of the competitive set, only after Las Vegas.

Average Direct Spend per Attendee

JLLH evaluated the average direct spend per attendee based on the definite group booking report. According to San Francisco Travel, the direct spend category refers to spending in San Francisco only and is comprised of the following three categories: a) local spending on lodging, dining, entertainment, retail and local transit based on San Francisco Travel surveys; b) local spending by meeting sponsors based on Destination Marketing Association International estimates; and c) local spending by exhibitors on booths and entertainment based on Destination Marketing Association International estimates. Together, this comprises the estimated direct spend of a group in San Francisco, which JLLH divided by the number of attendees stated in the same file.

Direct spend represents a lower figure than the overall economic impact. Direct spend data for FY 2001/2002 and FY 2002/2003 are not always reported so JLLH commenced the analysis for FY 2003/2004 onward. The aforementioned analysis was conducted separately from the economic impact analysis in Section 5. The purpose of the analysis described in this section was primarily to ascertain how average direct spend per attendance is trending. Average direct spend per attendee peaked in FY 2009/2010 driven by several groups which represented a high level of expenditure and lower than average number of attendees as a denominator. San Francisco Travel did not specify whether the figures are adjusted for inflation, so it is assumed that the figures represent actual spend in the respective years at that year's current dollars.

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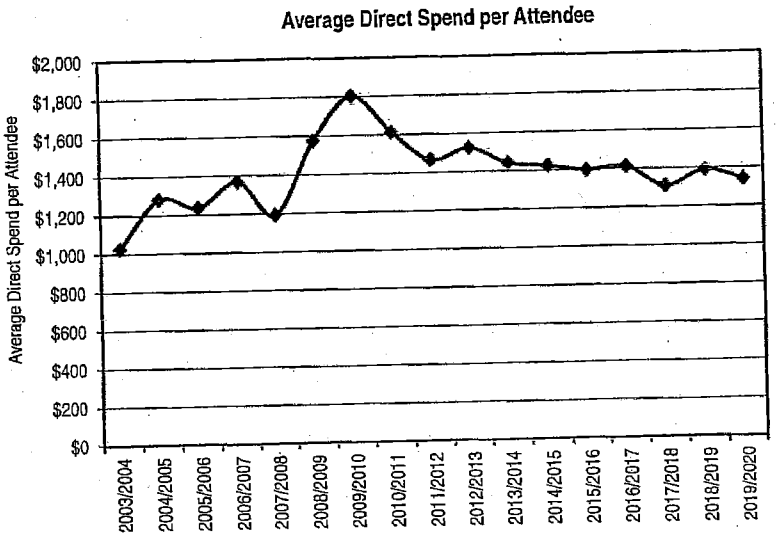
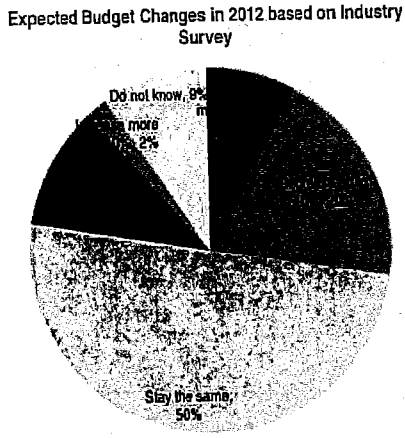


Source: San Francisco Travel, Definite Booking Pace Report

From FY 2011/2012 onward, the average direct spend per Moscone Center attendee stabilizes at roughly $1,400 per year. As such, there are no striking trends to be ascertained from this analysis and per-attendee direct spend is expected to remain flat or mark a slight decrease over the forecast horizon based on the data provided.

JLLH also evaluated industry trends with regard to meetings budgets. While data containing a national long-term trend line was not readily available, JLLH did review the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners, which stated that 50% of respondents expect their meetings budget to be flat in 2012. Another 27% of those surveyed expect their budgets to decrease, while 13% expect an increase. The findings from this survey are largely consistent with the data analyzed from San Francisco Travel for the Moscone Center.



Source: 2012 Meetings Market Trends Survey

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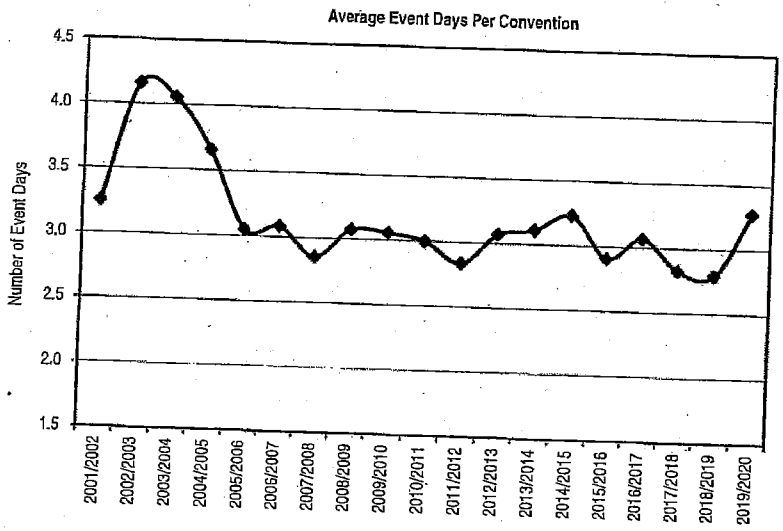
Average Number of Event Days per Convention

In establishing a profile of past facility use, JLLH also calculated the average length of conventions for each of the fiscal years contained in the definite booking report. The length of a convention is expressed in event days, which refers to days on which the convention has a scheduled program. The event day measure excludes the move-in days leading up to the show and break-down days following the meeting.

The average number of event days for groups from FY 2001/2002 through FY 2019/2020 is 3.2 days. Aside from FY 2002/2003 and FY2003/2004, there has been relatively little variation. In future years for which definite meetings are on the books, there is little variation in average annual number of event days. As such, JLLH concludes that the Moscone Center is currently not exposed to any significant industry trends whereby the average length of a convention is increasing or decreasing substantially.



Source: San Francisco Travel, Definite Booking Pace Report

The average number of event days for conventions held at the Moscone Center is in line with industry averages. According to the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners, 43% of respondents stated that their typical meeting duration is 2.5 – 3.5 days.

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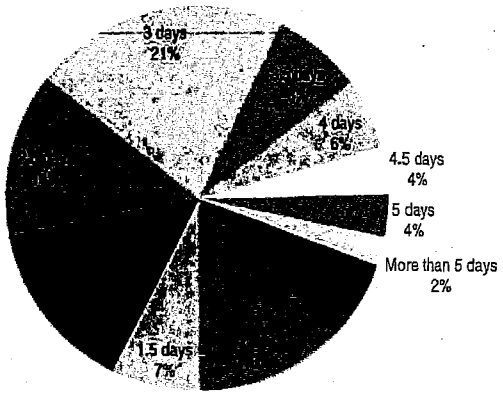
Typical Meeting Duration based on Industry Survey



Source: 2012 Meetings Market Trends Survey

2.5 Analysis of Existing Users' Surveys

To garner any other insight for its attendance projections and subsequent economic impact study, JLLH also evaluated existing Moscone User surveys. San Francisco Travel provided JLLH with the results of approximately 30 surveys completed by Moscone Center users following their events held at the Moscone Center between 2009 and 2011.The surveys were generally completed by the lead meeting planner of the convention.

On average, JLLH was provided with one survey per month for the above-referenced time period. The average attendance size of conventions for which a survey was received by JLLH was 9,400 attendees (based on self-reported figures). The majority of surveys indicated that the groups used two or more buildings of Moscone. The analysis below is based on the 30 surveys received from San Francisco Travel and does not contain any data from surveys that were reviewed by AECOM as part of their 2009 report.

Below is a list of the organizations that responded to the Convention Services Critique Form.:

Organizations Responding to Convention Services Critique Survey
ad:tech
American Academy of Dermatology
American Chemical Society
American Geophysical Union
American Psychiatric Association
American Society for Surgery of the Hand
ASCD
California Dental Association
Cambridge Healthtech Inst.
Cardiovascular Research Foundation
Citrix
IDG World Expo, Inc.
Intel Corporation
International Trademark Association
Java
National Association for the Specialty Food Trade
National Association of Independent Schools
National Association of Secondary School Principals
RSA, the Security Division of EMC
Semiconductor Equipment and Materials International
Society of Gynecologic Oncologists
SPIE
Subway Franchise World Headquarters
SunGard Higher Education
UCSF
Urban Land Institute

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Below is a list of the questions contained in the survey:

Convention Services Critique Form - Moscone Center Users

1. Meeting Information
- Name of Meeting
- Date of Meeting
- Attendance
- Facilities Used

2. Convention Sales Department
- How would you rate the SFCVB Convention Sales Representative's knowledge of your meeting?
- How would you rate the professionalism?
- How would you rate the responsiveness?

3. Convention Services Department
- How would you rate the SFCVB Convention Services Representative's knowledge of your meeting?
- How would you rate the professionalism?
- How would you rate the responsiveness?

4. Website
- User-friendly
- Content

5. Collateral
- Quality of promotional materials
- San Francisco Book
- Meeting & Event Planner Guide

6. Rate overall experience with SFCVB.

7. Rate overall experience with SFCVB Member suppliers.

8. San Francisco, The City
- Attractions/Entertaining/Shopping
- Cleanliness
- Hotel Rates
- Restaurants
- Safety
- Transportation

9. Describe overall experience in San Francisco

10. Will San Francisco be considered for this event again?

11. If no, rank the reasons for not returning, in order of priority

12. Please comment on any areas of service which you feel we can improve upon:

13. Please list any additional comments you may have:

14. Organization Information

For most of the questions, respondents were given the option of providing a score of up to 5, with 5 representing "excellent", 4 meaning "very good", 3 representing "good", and 2 meaning "fair". None of the surveys evaluated had a score below "2" in any of the categories.

JLLH averaged the scores for each of the major categories. The average scores are displayed in detail in the graph below. In summary, satisfaction with the Convention Sales Department received the highest scores, at an average of 4.69. This was followed by the Convention Services Department, with an average score of 4.66. Respondents' satisfaction with Collateral averaged 4.42 points. The Website category followed at 4.33.

Respondents' satisfaction with San Francisco as a whole averaged 3.94 points. This category was negatively affected by respondents' perception of cleanliness, which averaged 3.55, and the Hotel Rate category, which averaged 3.34. JLLH attributes these two below-average scoring categories to meeting planners' concerns regarding the homeless population around the Moscone Center and the downtown hotels, and the fact that hotel rates were often perceived as being high.

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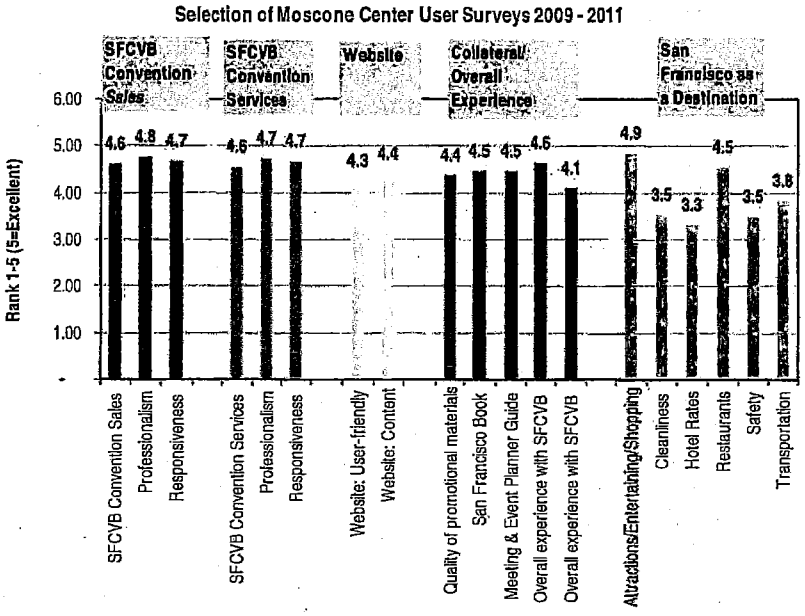
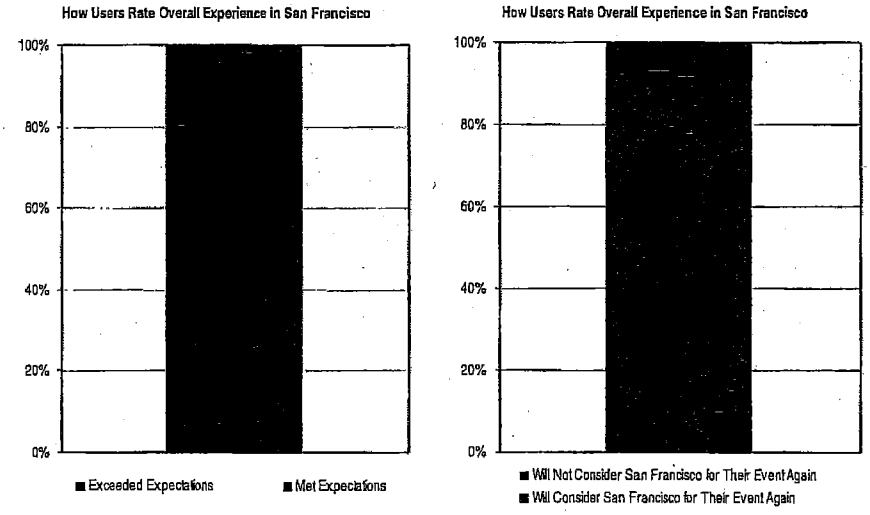


Source: San Francisco Travel

For the surveys reviewed, 61% of respondents indicated that their overall experience in San Francisco met expectations, and 39% stated that their expectations were exceeded. Additionally, 90% of those surveyed indicated that they will consider San Francisco for a future event.



Source: San Francisco Travel

Three questions on the survey allowed respondents to provide free-form commentary. While these responses cannot be statistically tabulated, common themes were as follows:

- Conventions achieved record-breaking attendance in San Francisco, attributed to San Francisco's allure as a destination and popularity among attendees;
- Need for renovation of sections of the Moscone North and South;

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- City is more expensive than other cities in the convention's rotation. This primarily referred to Moscone Center rental rates, Moscone vendor and labor rates and hotel rates along with perceived rigidness of hotels when negotiating room blocks and rates;
- Concern about homeless population in the area surrounding the Moscone Center; cleanliness of sidewalks around the Moscone Center.

In summary, the surveys reviewed by JLLH indicate users' satisfaction with San Francisco Travel from a convention sales aspect and affirm the draw of San Francisco as a destination. Some respondents noted dissatisfaction with the non-renovated areas of the Moscone Center; and, in some cases, the respondents cited space constraints as a potential future impediment. The responses are largely consistent with what JLLH observed during the tour of the facility and surrounding hotels and phone interviews with select convention center users.

2.6 Analysis of Key Lost Groups

JLLH conducted a detailed review of groups that tentatively held dates and space at the Moscone Center but were subsequently lost, as opposed to being converted to the "definite" category. A review of this data was deemed essential in reaching an informed decision regarding the current constraints that the Moscone Center faces and for the formulation of recommendations for the future.

San Francisco Travel provided JLLH with a list of "Citywide Lost & Turned-Down Groups". The report was run for meeting dates from January 1, 2010 through December 31, 2019. The report contained 904 lost and turned-down groups for that time period. As part of its analysis of the performance of the existing facility, JLLH reviewed this report and tabulated data points to summarize data as a basis for drawing conclusions.

Based on the report, 884 groups on the list were lost and 20 groups were turned down. According to the report, the reason that groups were turned down is because they did not meet the center requirements, which is assumed to be because of size (i.e. too small) or type of group (i.e. public show). The turned down business represented a minimum of 2% of total non-materialized business and was as such not analyzed further.

For each group that was lost, the report stated a "Reason 1" why the business did not materialize. Additionally, 13% of the groups lost listed a "Reason 2", and 2% of groups lost listed a "Reason 3". JLLH focused its analysis on "Reason 1" since it had the most complete data.

On the report from San Francisco Travel containing the 884 lost groups, some 362 groups stated "Reason 1" lost as "Other". JLLH asked San Francisco Travel for additional detail on the "Other" category for this large proportion of groups in order to be able to conduct a more complete analysis. San Francisco Travel provided a separate file which contained free-form written commentary for each of the "Other" categories on the first report. Based on this supplementary report, JLLH categorized as many of the "Other" responses into one of the existing San Francisco Travel-defined 'reason lost' categories as possible.

Subsequently, JLLH reviewed the results for each of San Francisco Travel's pre-defined categories, and consolidated several similar categories to make the analysis more streamlined. For example, JLLH determined that three categories—"Appropriate space not available", "Convention Center too Small" and "Non-contiguous space/Split Exhibits"—relate to physical space constraints and were combined by JLLH in a category named "Space Constraints." The number of categories was thereby consolidated from 17 reasons to eight reasons as detailed below:

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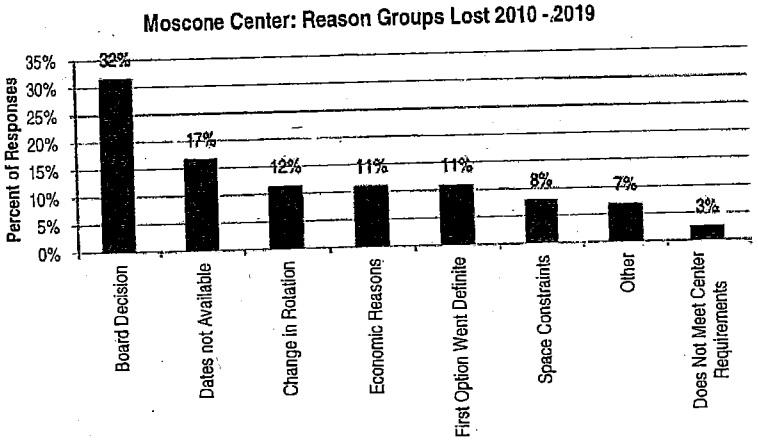
All Reason Lost 1 Categories	JLLH Adapted Categories
1st Option Went Definite (95)	First Option Went Definite
Appropriate space not available (72)	Space constraints
Better Draw of Clients in Selected Area (80)	Board Decision
Board Decision (20)	Board Decision
Change in Rotation (85)	Change in Rotation
Convention Center Rates Too High (60)	Economic Reasons
Convention Center too Small (30)	Space constraints
Dates Not Available (40)	Dates Not Available
Does not meet Center Requirements (70)	Does Not Meet Center Requirements
Economic Reasons (42)	Economic Reasons
Labor Negotiations (87)	Other
Meeting Cancelled (45)	Board Decision
No viable bids received (71)	Other
Non-configuous space/Split Exhibits (73)	Space constraints
Political Reasons (50)	Board Decision
Other (See Recommended Action Section) (90)	Other
Room Rates Too High (10)	Economic Reasons

JLLH notes that several of the categories as defined by San Francisco Travel are not necessarily mutually exclusive. For example, a common reason for the loss of business was due to "Board Decision". This could be the result of "Economic Factors" or "Dates not Available", both of which are their own separate categories. JLLH therefore advises that this analysis be considered in aggregate with other factors. None of San Francisco Travel's categories referred to displacement due to the impact of the on-going renovation, as such this was not given as a reason for any lost business.

The most common reason why a group was lost was due to a board decision (32% of lost groups). This category was followed by lack of suitable dates (17%), change in rotation (12%), economic reasons (11%) and first option went definite (11%). Another 8% of groups were lost due to Moscone space constraints.

The analysis found that no single category relating to Moscone Center's physical facility stood out as being the reason for the lion's share of lost business. Aside from "Board Decision", the distribution of reasons for lost business is relatively balanced.



Source: San Francisco Travel

JLLH further broke down the "Economic Reasons" category. Of the 99 responses in this category, 35 stated "Hotels too Expensive" and 28 stated "Convention Center Rates too Expensive". The remaining did not specify more detail.

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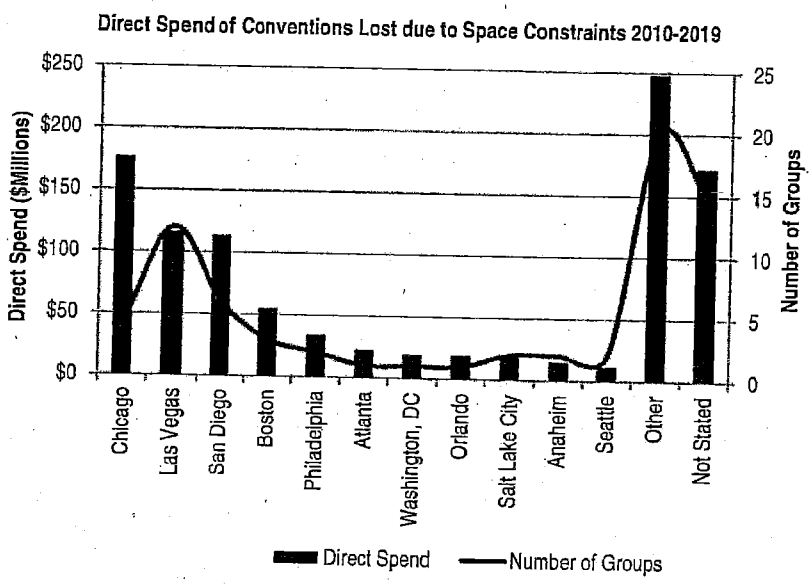
Additionally, JLLH took a closer look at the "Space Constraints" category. Of the 71 responses in this category, 36 were attributed to "Convention Center too Small". The "Non-contiguous space/Split Exhibits" category was only selected in two instances and was as such not plotted individually in the graph above.

In order to attempt to quantify the economic impact of groups lost due to space constraints at the Moscone Center, JLLH more closely analyzed which cities the Moscone Center lost groups chose in instances where the reason of "space constraint" was given.

Ranked by amount of foregone direct spend, the Moscone Center lost four groups to Chicago, resulting in an estimated loss of direct spend to the City of San Francisco of roughly $177 million. Chicago was followed by Las Vegas, which captured 12 groups lost from the Moscone Center due to space constraints, at an estimated foregone direct spend in San Francisco of roughly $116 million. San Diego was third, capturing six conventions with estimated direct spend of $114 million.

The other cities, as tracked in the report, are displayed in the graph below. The fact that Chicago, Las Vegas and San Diego were the primary cities which accommodated groups lost by the Moscone Center is consistent with commentary that JLLH gained from senior-level meeting planners of conventions which currently convene at the Moscone Center or have held events at there in the past.



Source: San Francisco Travel

In order to approximate the full direct spend of groups that were lost due to space constraints, JLLH recognized the need to cast a wider net and also evaluate the potential direct spend of groups lost for reasons other than "space constraints" as the different reasons influence each other and cannot simply be examined in isolation.

JLLH established a methodology whereby each of its consolidated list of nine reasons for loss of group was assigned a factor, and this factor was multiplied by the estimated direct spend for the groups lost to that particular reason. The assumed factors are displayed below:

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Reason - JLLH Adapted Categories	JLLH Assumed Factor in Being Related to Space Constraints	Direct Spend of Lost Business per Category ($M)	Attributed Result of Loss in Direct Spend ($M)
First Option Went Definite	5%	$ 1,112	$ 56
Board Decision	15%	$ 3,110	$ 467
Change in Rotation	15%	$ 1,276	$ 191
Dates Not Available	10%	$ 1,715	$ 172
Does Not Meet Center Requirements	0%	$ 455	$ -
Economic Reasons	0%	$ 931	$ -
Space constraints	100%	$ 950	$ 950
Other	25%	$ 887	$ 222
Total Assumed Loss in Direct Spend due to Space Constraints (Groups Lost from 2010-2019)			**$ 2,057**

Source: Jones Lang LaSalle Hotels

The analysis leads to the conclusion that the total assumed loss in direct spend resulting from Moscone Center space constraints and related categories is $2.1 billion for the years 2010/2011 through 2019/2020.

2.7 Macro Level Factors that Impact Historical Attendance

San Francisco is a unique destination that draws visitors to the city due to its renowned reputation, which often translates to attendance records for groups that hold meetings at the Moscone Center. From our analysis of the market, meetings with sales managers at convention hotels in San Francisco, and interviews with user groups that currently use the Moscone or have in the past, the following factors (exogenous to Moscone Center size and configuration) were identified that impact attendance:

- Demand shocks from economic and natural disasters, such as the Asian Financial Crisis, Dot-Com Bubble, 9/11 and the Loma Prieta Earthquake.
- Number of flights offered at San Francisco International Airport to both U.S. and international destinations.
- The compressed geography of San Francisco enhances the walkability from the hotels to the Moscone Center, which eases transportation planning and diminishes costs.
- San Francisco is a renowned and unique destination and offers major international tourist attractions. Many attendees bring their significant others, because the city offers many tourism activities.
- Cost and availability of accommodations within the city.
- Proximity of San Francisco to other tourist attractions, such as Wine Country and Monterey/Carmel.
- The year-round mild climate in San Francisco.
- Proximity to Silicon Valley's high-tech companies and South San Francisco as a growing hot-bed for the biotechnology firms.

2.8 Conclusions from Interviews with Competitive Convention Centers

In order to form a more comprehensive understanding of the possible impact of a convention center expansion, JLLH conducted interviews with seven competitive convention centers that have experienced a previous expansion and/or have plans for future expansions. The key findings from the interviews are below:

- National Trends in Convention Bookings
  - Attendance levels have remained relatively stagnant on a national basis as convention demand was shifted from one convention center to another instead of growing significantly.
  - Projecting annual attendance growth rates of 2% to 5% over next five years.
  - A number of annual conventions have been eliminated.
  - Saw attendance growth in 2011, but attendance has not returned to peak levels.

- Impact of Expansion

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  - Minimal disruptions were seen in previous expansions with only some noise complaints.
  - General consensus that convention centers cannot afford to displace business; therefore, development plans are structured to avoid disruption wherever possible.
  - Event planners will secure future events at the convention center as soon as expansion plans are finalized. Typically, the sales team will start selling the space two to two and one-half years in advance of the new space coming online.
  - Uptick in bookings was seen two to three years after the completion of the expansion.
- Expansion Improvements
  - Upgrades of existing technology, such as audio visual equipment and Wi-Fi throughout deemed a necessity.
  - Increase amount of contiguous space and ballroom space.
  - Connect every building either by underground passage or connecting bridge.
- Comments on Moscone Center
  - Advantages include San Francisco as a destination, international draw of city with a strong airlift, downtown location of Moscone Center, and the quality of hotels in the area.
  - Disadvantages include the high costs of holding an event in San Francisco and interrupted flow of the convention center with Moscone West as a standalone building.
- Important Factors to Consider for Expansion Plans
  - Flow of convention center as a whole; allow for flexible registration space as technology trends are shaping space requirements (due to online registration, etc.)
  - Fully understand details of construction schedule and communicate it clearly to convention sales team so groups' expectations are managed.
  - Design flexible space in order to adjust to changes in consumer needs.

Contrary to national trends, San Francisco as a unique destination has seen a year-over-year convention attendance growth of nearly 19% in FY 2010/2011 with 1,092,975 attendees, surpassing FY 2005/2006's level and slightly behind FY 2007/2008's peak of 1,279,000. From 1989 to 2011, San Francisco has seen a CAGR of 2.7% in convention attendance with year-over-year spikes of 25% following the two expansions with Moscone North and West's debut in 1992 and 2003 respectively. The growth of the San Francisco market has been attributed to several differentiating factors, including the tech boom, which has created new groups, such as Salesforce, that now hold meetings at the Moscone Center, and the prime location of San Francisco as a gateway city. Additional factors will be highlighted in Section 5.

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3 Survey of Competitive Environment and Potential for Expansion

JLLH conducted a detailed comparison and analysis of competitive convention centers in the U.S. Throughout this section, JLLH will continuously refer to 12 convention centers deemed primarily competitive to the Moscone Center. This list of competitive convention centers was compiled based on feedback from discussions and interviews with San Francisco Travel senior staff, Moscone Center executives, senior meeting planners of past and current Moscone Center groups and general managers of a number of convention centers across the country. In addition, JLLH reviewed the cities which frequently came up on the Moscone Center's lost business report.

Convention Center Name (Alphabetical Order)	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.
Anaheim Convention Center	Anaheim	**945,000**	815,000	130,000
Boston Convention and Exhibition Center	Boston	**676,000**	516,000	160,000
Ernest N. Morial Convention Center	New Orleans	**1,375,500**	1,100,000	275,500
Georgia World Congress Center	Atlanta	**1,708,400**	1,366,000	342,400
Las Vegas Convention Center	Las Vegas	**2,225,800**	1,984,800	241,000
Los Angeles Convention Center	Los Angeles	**867,000**	720,000	147,000
McCormick Place	Chicago	**3,200,000**	2,600,000	600,000
Miami Beach Convention Center	Miami Beach	**627,300**	502,800	124,500
Orange County Convention Center	Orlando	**2,533,000**	2,053,800	479,200
Pennsylvania Convention Center	Philadelphia	**1,000,000**	679,000	321,000
San Diego Convention Center	San Diego	**819,800**	615,700	204,100
Walter E Washington Convention Center	Washington, D.C.	**828,000**	703,000	125,000
Moscone Convention Center	**San Francisco**	**852,100**	**538,700**	**313,400**

Source: Jones Lang LaSalle Hotels based on convention centers' websites

3.1 Impact of Other Convention Center Expansions on Lodging Market

JLLH studied the impact that substantial expansions of competitive convention centers have had on their respective lodging markets. JLLH conducted this analysis for the 12 convention centers deemed most competitive to the Moscone Center. All convention centers in the study had at least 500,000 s.f. of saleable exhibit space and have undergone one or more substantial expansions—in most cases an addition of 200,000 or more square feet over the past 20 years.

For the 12 markets where these convention centers are located, along with San Francisco, JLLH computed the historic CAGR of hotel RevPAR for each of the cities. In most cases, JLLH had access to historic RevPAR data going back to 1987. JLLH used hotel revenue per available room as a metric to quantify hotel revenues. The selected RevPAR data largely pertains to hotel brands that typically serve a significant amount of group-related demand, such as Marriott, Hilton and Westin hotels and the sample is thus deemed representative. The properties in the sample are, in most cases, located in the downtown and thus highest-rated submarkets of the metropolitan areas.

JLLH then computed the RevPAR CAGR for two time periods: The three-year period beginning in the year after a substantial convention center expansion was completed, and the five-year period starting in the year after the substantial convention center expansion. JLLH conducted this analysis on an inflation-adjusted basis. JLLH then compared the long-term RevPAR CAGR for the market and with the RevPAR CAGR for the three and five years following the convention center expansion as defined above.

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For the markets in the analysis, real hotel RevPAR increased by an average of 0.5% per year over the historic time period reviewed. The analysis yielded a measurable impact that the various convention center expansions had: in the three years after an expansion was completed, real RevPAR increased on average by 3.1% per annum; in the five years after an expansion, real RevPAR increased on average by 0.7% per annum.

This represents a RevPAR growth premium (compared to if no expansion took place) of 2.6 percentage points per year in the three-year timeframe and 0.2 percentage points in the five-year timeframe. This analysis shows that an expansion of a convention center can enhance hotel RevPAR in the proximate market area. A similar analysis was conducted for San Francisco's core convention market hotels in Section 4.

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Convention Center Expansion Impact on Real Hotel RevPAR During Three- and Five-Year Post Expansion Periods

Year	Total U.S.	San Francisco	San Diego	Los Angeles	Chicago	Orlando[1]	Philadelphia[2]	Atlanta	Miami-Miami Beach	Anaheim	Washington, D.C.[3]	Boston	New Orleans	Las Vegas
1988	33.48	76.95	68.75	69.19	70.08	70.46	n/a	54.23	53.82	n/a	77.39	77.68	n/a	n/a
1989	33.61	72.58	68.11	70.88	68.73	77.16	n/a	55.88	56.44	n/a	79.73	81.42	n/a	n/a
1990	32.47	74.17	63.93	70.04	66.72	74.11	n/a	55.06	57.36	n/a	72.26	87.36	n/a	n/a
1991	30.27	67.07	62.38	61.93	61.57	69.96	66.15	51.34	54.12	n/a	68.42	79.03	n/a	n/a
1992	30.11	66.27	60.48	57.84	58.25	69.30	64.52	50.95	62.27	n/a	70.52	76.12	55.92	n/a
1993	30.35	69.82	59.59	60.05	61.42	66.55	62.34	55.37	57.94	n/a	75.63	79.33	54.55	n/a
1994	31.30	72.45	61.89	64.50	65.65	68.19	68.97	57.87	53.97	n/a	69.75	83.80	59.96	n/a
1995	32.08	74.64	66.11	63.37	68.38	69.86	71.15	60.18	59.19	n/a	72.31	86.57	61.06	n/a
1996	33.10	83.12	73.18	70.06	77.08	73.55	80.99	68.04	63.45	n/a	71.36	92.72	60.13	n/a
1997	33.89	91.54	81.07	74.99	83.26	78.32	86.95	64.33	69.71	n/a	75.65	99.25	61.74	n/a
1998	34.48	97.02	88.15	79.44	86.48	76.65	89.43	66.55	73.77	n/a	76.93	105.85	63.53	n/a
1999	34.64	97.83	86.86	85.87	88.23	76.26	93.72	68.16	81.85	n/a	80.10	106.18	65.91	n/a
2000	35.59	109.92	90.46	90.27	91.77	77.82	78.48	66.50	83.53	n/a	85.02	116.21	66.77	n/a
2001	32.11	84.08	81.08	70.15	74.39	64.87	66.88	58.45	72.79	n/a	75.35	89.88	58.88	n/a
2002	30.74	70.38	79.73	69.95	70.43	63.95	74.85	55.93	66.20	54.73	76.29	83.32	54.78	63.40
2003	30.20	68.80	80.95	68.99	73.44	59.44	67.88	49.70	72.09	56.93	74.60	79.45	50.68	67.55
2004	31.78	72.45	76.81	80.03	71.30	64.74	74.14	51.56	79.97	61.90	80.80	82.37	51.37	74.84
2005	33.43	77.42	84.34	86.39	77.54	67.46	78.39	54.54	91.99	69.28	89.38	84.00	53.96	84.02
2006	34.95	81.92	88.88	94.74	89.36	69.58	81.45	59.16	100.48	72.03	86.73	91.93	49.75	95.33
2007	35.97	87.70	87.08	103.65	91.21	73.10	83.12	59.65	112.17	75.58	91.49	97.29	43.51	103.33
2008	33.95	88.41	82.16	104.86	85.15	68.54	79.13	54.07	102.05	69.72	88.17	89.60	46.65	84.75
2009	28.41	71.91	65.61	79.63	65.80	53.27	67.81	43.32	75.21	56.13	83.92	74.51	41.44	62.90
2010	29.40	75.10	66.65	87.24	68.42	55.28	67.61	49.71	84.73	60.29	86.31	81.88	46.72	62.34
2011	30.86	85.62	70.35	96.99	71.49	57.44	72.08	47.72	96.51	63.73	87.32	84.65	47.40	71.04
Long-Term RevPAR CAGR	0.7%	0.5%	0.1%	1.5%	0.1%	-0.3%	0.4%	1.1%	2.0%	0.3%	0.5%	0.7%	-0.7%	0.7%
Long-Term GDP/GMP CAGR	2.6%	2.2%	3.1%	2.1%	2.0%	1.2%	1.1%	2.1%	2.0%	2.2%	2.2%	2.1%	2.1%	2.1%
Expansion I														
3-Year Post Expansion RevPAR CAGR		3.4%	-0.6%	4.2%	2.9%	-1.3%	8.4%	4.2%	4.2%	n/a	3.6%	7.6%	3.5%	n/a
5-Year Post Expansion RevPAR CAGR		7.0%	2.8%	5.3%	-2.8%	-4.6%	6.7%	3.8%	-1.5%	n/a	2.2%	-3.0%	1.8%	n/a
Expansion II														
3-Year Post Expansion RevPAR CAGR		6.3%	n/a	6.6%	-10.4%	3.7%	n/a	4.8%	n/a	6.4%	n/a	n/a	-9.4%	10.9%
5-Year Post Expansion RevPAR CAGR		5.1%	n/a	-3.1%	-5.7%	1.4%	n/a	4.7%	n/a	7.1%	n/a	n/a	-6.3%	-7.0%

Hotel RevPAR Analysis: Conclusion

Changes to RevPAR	
Long-Term CAGR	0.5%
3-Year Post Expansion RevPAR CAGR	3.1%
5-Year Post Expansion RevPAR CAGR	0.7%

Broader Economic Analysis: Conclusion

Changes to GDP/GMP	
Long-Term CAGR	2.6%
3-Year Post Expansion RevPAR CAGR	3.2%
5-Year Post Expansion RevPAR CAGR	3.3%

Impact of Expansion on RevPAR

Impact of Expansion on RevPAR

Denotes Expansion Completion Year

Note: Hotel RevPAR data displayed above is expressed in real terms (adjusted for inflation)

Note: For all markets with exception of Las Vegas, Anaheim and New Orleans, RevPAR is based on Upper Upscale, Luxury and Independents in Luxury Tier in downtown area; for Las Vegas, Anaheim and New Orleans data is based on all reporting properties in MSA

[1]The Orange County Convention Center in Orlando also marked a substantial expansion in 1989, but the analysis considers only its two largest expansions, which were completed in 1996 and 2003, respectively

[2]Pennsylvania Convention Center opened in 1993; its opening was treated the same way as expansions. The center was expanded in 2010, but three- and five-year time frames do not apply to this recent addition

[3]The Walter E. Washington Convention Center in Washington, D.C., the center was a new build in 2003 as opposed to an expansion

Source: Smith Travel Research for hotel RevPAR; LVCVA for Las Vegas hotel RevPAR; Bureau of Labor Statistics for Consumer Price Index; U.S. Bureau of Economic Analysis for GDP/GMP

COF

3.2 Comparison Matrix of Competitive Facilities

JLLH evaluated 12 competitive convention markets to draw comparisons with the Moscone Center. The primary purpose of this analysis was to help identify gaps in the market nationally and discern what shape the proposed Moscone Center should take and how the Moscone Center can fill a market niche to benefit from a competitive advantage. The recommended competitive positioning of the Moscone Center is discussed further Section 3.3.

Convention Center Name	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.	Largest Ballroom s.f.	Open Year	Expansion I Complete	Expansion II Complete	Expansion III Complete	Ratio of Meeting Space to Exhibit Space	Attendees (most recent year) per Exhibit Space s.f.	Exhibit Space Published Rent per s.f. per Day	Notes on Published Rates
Moscone Center	San Francisco	903,100	574,700	328,400	42,675	1981	1992	2003	n/a	1.7	2.5	$ 0.37	
San Diego Convention Center	San Diego	618,800	615,700	264,100	40,700	1989	2001	n/a	n/a	3.0	0.9	$ 0.16	Additional costs for move-in/out days
Los Angeles Convention Center	Los Angeles	857,000	720,000	147,000	11,200	1971	1993	1997	n/a	4.9	N/A	$ 0.32	N/A
McCormick Place	Chicago	3,200,000	2,600,000	600,000	100,000	1960	1996	2007	n/a	4.3	0.8	$ 1.70	Includes move-in/out days and discounts on meeting rooms
Orange County Convention Center	Orlando	2,533,000	2,053,600	479,200	61,200	1983	1989	1996	2003	4.3	0.6	N/A	N/A
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000	55,400	1993	2010	n/a	n/a	2.1	N/A	N/A	N/A
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400	33,000	1976	1992	2002	n/a	4.0	0.9	$ 1.70	Includes 5 move-in/out days and a number of other discounts and included services
Walter E Washington Convention Center	Washington, D.C.	826,000	703,000	125,000	52,000	1983	2003	n/a	n/a	5.6	1.4	$ 0.11	Additional costs for move-in/out days
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000	16,900	1959	1998	2004	n/a	8.2	2.3	$ 0.29	1 complimentary move-in or move-out day per paid show day for 250,000+SF show
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500	36,500	1985	1991	1999	n/a	4.0	N/A	N/A	N/A
Boston Convention and Exhibition Center	Boston	576,000	516,000	160,000	49,020	2004	n/a	n/a	n/a	3.2	N/A	N/A	N/A
Anaheim Convention Center	Anaheim	945,000	815,000	130,000	38,100	1967	1993	2000	n/a	6.3	1.4	$ 0.36	1 Complimentary move-in or move-out day is provided for each exhibit event date
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500	-	1957	1969	n/a	n/a	4.0	0.3	$ 0.70	For first 6 days, and $0.08 per net square foot for each additional day
Averages		1,338,500	1,021,908	316,192	40,592					4.2	1.3	$ 0.61	

Convention Center Name	City	Hotel Rooms within 1-Mile Radius[1]	Number of Hotels within 1-Mile Radius[1]	Exhibit Space s.f. per Hotel room within 1-Mile Radius[1]	Total Air Passenger Deplanements (2010)	Based on Airports	Gross Metro Product 2011, Chained 2005 $s, Millions	MSA Population, 2011	Government Per Diem Sept 2011-Oct 2012 Average	Hotel Room Tax Rate
Moscone Center	San Francisco	25,317	104	21	21,067,896	SFO, OAK	$ 315,991	4,399,600	$ 237	14.0%
San Diego Convention Center	San Diego	11,258	35	55	8,416,837	SAN	$ 159,533	3,152,500	$ 204	12.5%
Los Angeles Convention Center	Los Angeles	7,002	23	103	30,274,614	LAX, LGB	$ 689,349	12,930,800	$ 196	15.5%
McCormick Place	Chicago	1,082	3	2,403	40,651,585	ORD, MDW	$ 484,337	9,522,400	$ 230	16.4%
Orange County Convention Center	Orlando	14,440	33	142	16,940,010	MCO	$ 95,659	2,172,300	$ 159	12.5%
Pennsylvania Convention Center	Philadelphia	10,335	35	66	14,926,045	PHL	$ 317,003	5,997,200	$ 205	15.2%
Georgia World Congress Center	Atlanta	12,336	31	111	42,984,548	ATL	$ 250,554	5,369,500	$ 189	16.0%
Walter E Washington Convention Center	Washington, D.C.	9,510	34	74	30,748,197	BWI, IAD, DCA	$ 391,323	5,729,700	$ 273	14.5%
Las Vegas Convention Center	Las Vegas	29,561	28	67	18,829,150	LAS	$ 82,543	1,993,300	$ 170	12.0%
Ernest N. Morial Convention Center	New Orleans	19,138	70	57	4,071,582	MSY	$ 68,492	1,165,500	$ 198	13.4%
Boston Convention and Exhibition Center	Boston	2,664	6	194	13,541,787	BOS	$ 291,013	4,592,600	$ 254	14.4%
Anaheim Convention Center	Anaheim	15,606	61	52	5,723,549	SNA, LGB	n/a	n/a	$ 196	17.6%
Miami Beach Convention Center	Miami Beach	7,758	53	65	16,746,218	MIA	$ 239,009	5,646,400	$ 190	13.0%
Averages		12,772	49	263					$ 202	14.4%

Notes: [1] Based on hotels with 50+ rooms. Includes Lodging and Food and Incidentals

Source: Convention center websites, convention center managers, Smith Travel Research, Bureau of Transportation Statistic, IHS Global Insight, U.S. General Services Administration, hotel websites

In summary, the Moscone Center is smaller than the other 12 convention centers analyzed, on average, especially with regard to exhibit space. In terms of meeting space, the Moscone Center is more on par with the average of the sample, and the Moscone Center's largest ballroom is largely consistent with the sample average.

Compared to the other convention centers in the analysis, the Moscone Center shows a considerable imbalance in its ratio of exhibit space to meeting space: the Moscone Center has 1.7 s.f. of exhibit space per square foot of meeting space, while the set's average is 4.3 s.f. of exhibit space per square foot of meeting space—supporting the case for an addition to exhibit space at the Moscone Center. In addition, JLLH evaluated the number of annual attendees accommodated, for the most recent year available, per s.f. of exhibit space. The Moscone Center accommodated roughly two attendees per square foot of

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exhibit space in 2010/2011, exceeding the average of the set of competitive centers by a considerable amount: competitive convention centers accommodated on average 1.2 attendees per s.f. of exhibit space. This ratio analysis further underlines the high efficiency in space usage by the Moscone Center versus its competitive convention centers due to the high demand in exhibit space at the Moscone Center, as verified by the Moscone user groups' interviews.

While the average published rental rates vary from market to market, they must be considered in aggregate with the entire package offered by the city and JLLH as such did not assign much weight to the differences.

JLLH also counted the number of hotel rooms within a one-mile radius (deemed a walkable distance) for each of the convention centers. San Francisco ranks second after Las Vegas. The fact that the Moscone Center is located in downtown San Francisco is one of the driving factors for the high room stock proximate to the Center. Even though there are 25,300 hotel rooms within a one-mile radius of the Moscone Center, meeting planners of the Center's largest groups stated that their attendees in some cases have to stay as far away as Oakland and the San Francisco Airport submarket due to the generally high demand for San Francisco hotels from non-convention demand sources.

3.3 Evaluation of Additional Exhibit Space Warranted

Independently of the attendance projections from which the economic impact is calculated in section 5, JLLH attempted to demonstrate that a reasonable growth rate applied to the current level of attendees warrants the addition of exhibit space at the Moscone Center in the future. JLLH computed the average annual total attendance for the Moscone Center for the years since the opening of Moscone West and subsequently calculated the average attendees accommodated per square foot of available exhibit space to devise a utilization ratio.

JLLH then applied this exhibit space consumption per attendee to what it deemed a reasonable growth assumption (2.5% per year) in the number of annual attendees based on its research and interviews. The growth assumption is based on interviews with the convention center managers for the convention centers in two of the three largest cities, and the convention center manager of one of the three largest convention centers in the U.S. The annual growth rate projected by these professionals for the future averaged 3.0%, as is indicated in the table below.

Future y-o-y Overall Attendance Increase	Range
Convention center manager top-three U.S. city	2% - 3%
Convention center manager top-three U.S. city	2% - 4%
Convention center manager top-three largest U.S. convention center	2% - 5%
Average of interviews	3.0%
2012 Meetings Market Trends Survey	Flat
JLLH Weighted Average	2.5%

Source: Jones Lang LaSalle Hotels, based on convention center manager interviews and *2012 Meetings Market Trends Survey*

JLLH then layered in the results from the 2012 Meetings Market Trends Survey, where 47% of respondents expected flat performance for the next year. Based on this data point, JLLH adjusted the average of range garnered from the three interviews downward slightly, to what is considered to be a representative and reasonable attendance organic growth rate of 2.5% per year going forward. It should also be noted that although on a national basis, the number of conventions have remained relatively stable, San Francisco's uniqueness, with its city-center location, proven ability to break attendance records, and growth in existing and new sectors (ie. tech boom that created companies like Salesforce and Zynga) is expected to support positive growth in attendance figures at the minimal level of other top U.S. cities.

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To assess the reasonableness of this assumption, JLLH contrasted the figure with Moscone's historic attendance growth rate, computed from FY 1990/1991 through FY 2010/2011, which averaged 4.6%. As such, the future pace of growth is assumed to be more moderate than in the past twenty years; a notion which is consistent with information garnered from JLLH's interviews, along with other industry data sources.

In order to estimate the total exhibit space that may be needed with the growth in Total Attendees, we analyzed the historical Attendees per s.f. of Exhibit Space, which averaged 1.90 (long-term average) to 1.94 (recent five-year average). From our observation of Moscone's recent trends and interview results, there is an upward trend in attendees per s.f. of exhibit space; therefore, we have forecast a slight increase in efficiency of space of 2.0 for the projection period.

Moscone Center Attendance Projections: Market Case

	Total Attendees	Available s.f. of Exhibit Space	Attendees per s.f. of Exhibit Space
1989/1990	606,425	260,560	2.3
1990/1991	572,395	260,560	2.2
1991/1992	611,381	260,560	2.3
1992/1993	765,202	442,000	1.7
1993/1994	835,762	442,000	1.9
1994/1995	798,824	442,000	1.8
1995/1996	787,276	442,000	1.8
1996/1997	877,627	442,000	2.0
1997/1998	834,243	442,000	1.9
1998/1999	894,818	442,000	2.0
1999/2000	684,266	442,000	1.5
2000/2001	839,390	442,000	1.9
2001/2002	744,746	442,000	1.7
2002/2003	747,832	442,000	1.7
2003/2004	937,440	538,660	1.7
2004/2005	819,843	538,660	1.5
2005/2006	1,046,272	538,660	1.9
2006/2007	974,676	538,660	1.8
2007/2008	1,279,000	538,660	2.4
2008/2009	968,664	538,660	1.8
2009/2010	919,811	538,660	1.7
2010/2011	1,092,975	538,660	2.0
2011/2012F	1,025,377	512,689	2.0
2012/2013F	1,053,873	526,937	2.0
2013/2014F	1,085,885	542,942	2.0
2014/2015F	1,109,218	554,609	2.0
2015/2016F	1,141,980	570,990	2.0
2016/2017F	1,175,710	587,855	2.0
2017/2018F	1,199,709	599,855	2.0
2018/2019F	1,229,935	614,967	2.0
2019/2020F	1,247,319	623,660	2.0
2020/2021F	1,279,493	639,746	2.0
2021/2022F	1,318,255	659,128	2.0

Average Annual Growth in Attendees (JLLH Assumption)
2.5%

Additional Exhibit Space s.f. Needed by 2021/2022 120,468

Various Averages: Attendees per s.f. of Exhibit Space

Average Moscone N/S	1.91
Average Moscone N/S/W	1.87
Long-Term Average	1.90
Recent 5-Year Average	1.94

Note: The light red rows pertain to historic expansion years
Note: JLLH assumptions are in blue font
Source: San Francisco Travel, Jones Lang LaSalle Hotels

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As displayed in the table above, applying this growth rate per the above methodology, JLLH demonstrated that by FY 2021/2022, the organic growth in attendance (assuming no expansion) would potentially warrant an additional 120,500 s.f. of exhibit space. The result shows that the City will be under supplied to support the attendance demand generated from the organic growth if there is no expansion at the Moscone Center. Having independently demonstrated that growth in attendees is indeed expected to warrant the addition of exhibit (and other supporting space), JLLH continued its analysis with regard to determining the optimal expansion scenario.

JLLH also assessed the capacity to retain and grow demand through non-expansionary measures such as property configuration or marketing. Based on its tour of the Moscone Center, JLLH did not find that permanent changes can be made to the existing space which would yield in a more efficient layout and/or flow of space. Based on its meetings with San Francisco Travel, JLLH did not identify any apparent changes that could be made to the bureau's marketing strategy which would result in a material increase in attendance assuming static facility layout.

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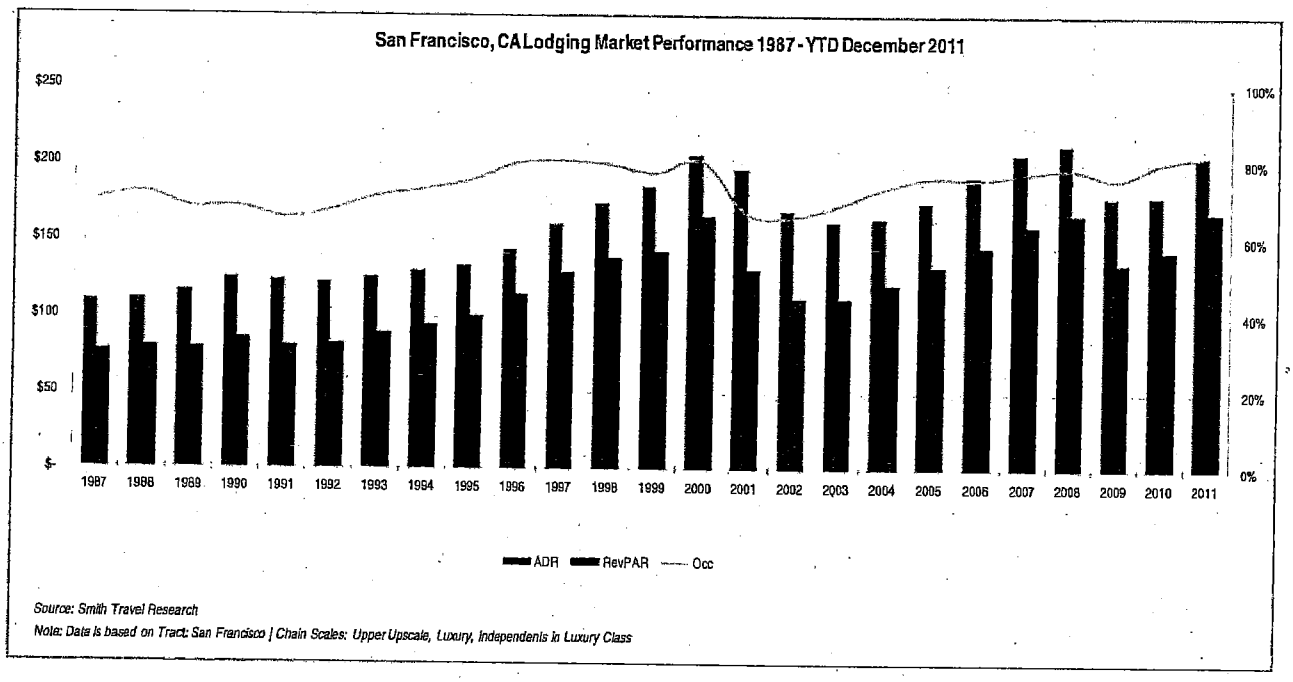
4 Analysis of San Francisco Lodging Market

4.1 San Francisco Lodging Market Overview – Historic Performance

Hotel benchmark includes three key terms: occupancy, average daily rate (ADR), revenue per available room (RevPAR). RevPAR is an indicator of both occupancy and ADR. Occupancy is the percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available. ADR is a measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold. RevPAR is the total room revenue divided by total rooms available, or the product of occupancy and ADR.

San Francisco posts higher overall occupancy rates than many other U.S. gateway markets. Though the market suffered more than the average of other major markets during the double-hit of the tech bust and the events of 9/11, San Francisco has consistently shown above-average growth in occupancy rates, especially since 2007, partly due to the minimal supply increases. By year-end 2011, not only did occupancy continue its trend, but the ADR has grown significantly; posting 2.1% growth in occupancy and 14.7% growth in ADR among the city's set of upper upscale and luxury hotels.

Despite the year-over-year growth in ADR, on an inflation-adjusted basis, ADRs remained below previous peak 2000 levels in 2008—an anomaly not witnessed in many other large U.S. markets. However, the spread of ADR between San Francisco and the average of the other top U.S. gateway markets has begun to lessen notably. The gains in occupancy and ADR have led to a jump in revenue per available room (RevPAR) of 17.2% for the city's upper upscale and luxury hotels, among the highest of any major U.S. market.



Source: Smith Travel Research

Note: Data is based on Tract: San Francisco | Chain Scales: Upper Upscale, Luxury, Independents in Luxury Class

4.2 Existing Hotel Inventory

According to Smith Travel Research, there are currently 224 hotels in San Francisco with a total of 34,257 guest rooms, roughly 25,000 of which are within walking distance of the Moscone Center. No new supply has entered San Francisco since 2008, a stark contrast to other major U.S. gateway markets. The following table summarizes the number of hotels and total room count for San Francisco by chain scale.

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San Francisco Current Inventory by Chain Scale				
Chain Scale	No. of Hotels	%	Room Count	%
Independents	139	62%	10,624	31%
Luxury Chains	14	6%	4,804	14%
Upper Upscale Chains	37	17%	14,499	42%
Upscale Chains	3	1%	887	3%
Upper Midscale Chains	9	4%	2,363	7%
Midscale Chains	4	2%	266	1%
Economy Chains	18	8%	814	2%
Total	**224**		**34,257**	

Source: Smith Travel Research

San Francisco has the highest number of independent/unbranded hotels as a proportion of total hotel stock among U.S. gateway markets. Historically, independent hotels' ADR performance has been more volatile, but San Francisco's strong occupancy levels, second only to New York, support the level of independent hotels that exist in the market.

4.3 New Supply Pipeline

The lack of recent supply openings affirms the exceedingly high barriers to entry in the San Francisco hotel market and explains investors' high interest in acquiring existing hotels, as seen from the abundant transactions over the past 18 months. Over the last ten years, the hotel room supply in San Francisco has grown on average by 1.0% annually, considerably below nationwide growth. The most recent hotel openings occurred in 2008, with the opening of the 550-key InterContinental in February and the 53-room Fairmont Heritage Place in August. The following table presents the total new supply inventory that entered the San Francisco market since 2000. The only hotel opening expected in 2012 is the 22-room Inn at the Presidio.

New Supply to San Francisco by Year			
Year	No. of Hotels	Room Count	% Chg
2000	1	104	0.3%
2001	4	1,023	3.3%
2002	1	362	1.1%
2003	2	698	2.2%
2004	0	0	0.0%
2005	2	460	1.4%
2006	1	86	0.3%
2007	1	33	0.1%
2008	2	603	1.8%
2009	1	80	0.2%
2010	0	0	0.0%
2011	0	0	0.0%
2012	1	22	0.1%
CAGR ('00-'06)		1.4%	
CAGR ('00-'12)		0.9%	

Source: Smith Travel Research

While the supply pipeline has shrunk greatly across the country, most gateway cities still experience a backlog of new rooms that are expected to open by 2013. As an example 2,900 rooms were introduced in New York in 2011 and an additional 1,050 rooms are expected to open in 2012. The complete lack of new supply in San Francisco in the near term will significantly strengthen the potential for growth in average daily rates in the city, as seen from the significant year-to-date growth in 2011.

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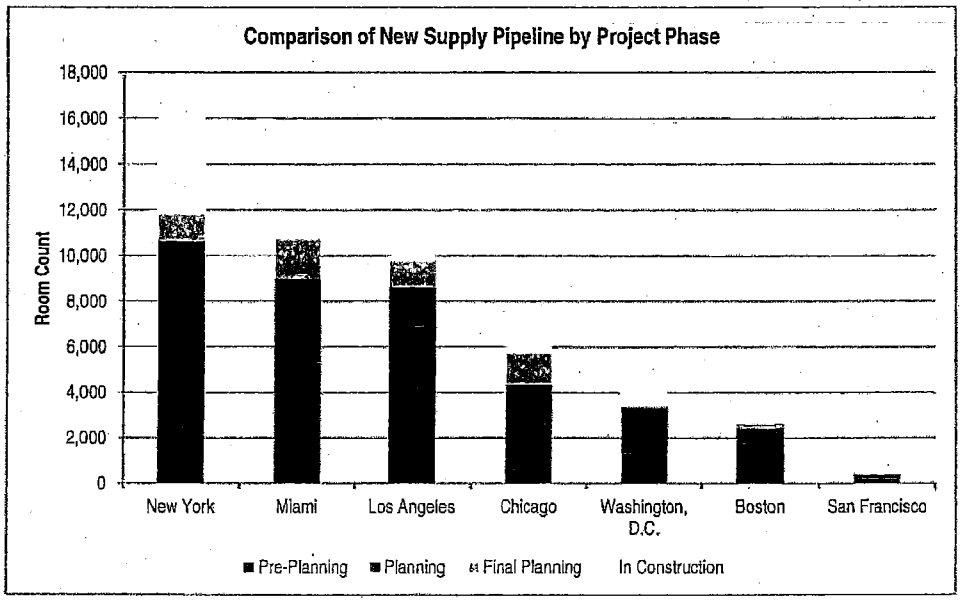

Source: Smith Travel Research

4.4 Performance by Submarket

In the past ten years, supply growth has been concentrated around the Moscone Center. New large full service hotels have typically entered the market south of Market Street by the Moscone Center because this district had the highest amount of buildable space. As these new developments increased, the Nob Hill submarket, which was previously the center of development for luxury hotels, has become less attractive. As the Moscone Center becomes the center of development, room rates in this area grew at a greater pace than in some of the other submarkets. The Moscone area, within South of Market ("SoMA"), therefore accommodates more hotel demand and group business while the Nob Hill area has a greater share of leisure transient room nights.

The Financial District continues to lead with the highest ADR, followed by Union Square/Nob Hill/Moscone, Fisherman's Wharf, and Civic Center/Van Ness. From full-year 1998 to 2011, the Union Square/Nob Hill/Moscone submarket achieved the highest RevPAR growth on a compounded annual growth rate of 2.1%. The following table summarizes San Francisco historical performance by submarket as provided by PKF.

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San Francisco Historical Performance by Submarket

Occupancy

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR (98-04)	CAGR (98-11)
Union Square/Nob Hill/Moscone	79.9%	79.4%	79.7%	66.7%	62.9%	66.9%	73.8%	74.8%	75.7%	77.9%	78.8%	75.1%	79.0%	81.7%	-1.3%	0.2%
Financial District	84.3%	84.2%	87.0%	68.6%	66.8%	70.9%	75.6%	75.9%	75.3%	80.2%	77.8%	75.9%	80.1%	84.2%	-1.8%	0.0%
Fisherman's Wharf	85.6%	85.5%	85.0%	69.6%	72.6%	75.2%	76.8%	80.4%	79.2%	76.6%	81.0%	76.9%	82.5%	83.3%	-1.8%	-0.2%
Civic Center/Van Ness	79.4%	82.2%	83.8%	69.8%	63.8%	69.0%	69.0%	73.4%	76.6%	78.1%	80.1%	73.3%	78.8%	79.4%	-2.3%	0.0%
San Francisco Overall	**80.7%**	**80.7%**	**81.7%**	**67.7%**	**64.6%**	**67.9%**	**73.2%**	**75.7%**	**76.4%**	**78.0%**	**79.2%**	**75.2%**	**79.5%**	**81.9%**	**-1.6%**	**0.1%**

ADR

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR (98-04)	CAGR (98-11)
Union Square/Nob Hill/Moscone	$153.66	$160.80	$173.26	$168.21	$156.32	$148.94	$160.30	$173.18	$184.62	$191.91	$200.81	$169.66	$170.25	$196.10	0.7%	1.9%
Financial District	$191.03	$209.50	$222.81	$214.51	$168.30	$158.28	$186.85	$198.99	$215.81	$238.75	$245.84	$188.84	$194.32	$224.14	-0.4%	1.2%
Fisherman's Wharf	$142.65	$151.61	$169.55	$153.94	$124.45	$116.46	$123.60	$133.82	$145.44	$161.60	$166.61	$136.57	$141.31	$164.29	-2.4%	1.1%
Civic Center/Van Ness	$98.87	$104.15	$124.29	$117.93	$95.53	$86.83	$94.45	$91.73	$98.99	$107.59	$114.36	$106.08	$106.62	$120.77	-0.8%	1.6%
San Francisco Overall	**$147.44**	**$155.11**	**$169.74**	**$162.51**	**$145.74**	**$138.31**	**$147.23**	**$156.55**	**$167.63**	**$183.42**	**$190.28**	**$160.40**	**$161.99**	**$187.90**	**0.0%**	**1.9%**

RevPAR

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR (98-04)	CAGR (98-11)
Union Square/Nob Hill/Moscone	$122.77	$127.68	$138.09	$112.20	$98.33	$99.64	$118.30	$129.54	$139.76	$150.28	$158.24	$127.41	$134.50	$160.15	-0.6%	2.1%
Financial District	$161.04	$176.40	$193.84	$147.15	$112.42	$112.22	$141.26	$151.03	$162.50	$191.48	$191.26	$143.33	$155.65	$188.75	-2.2%	1.2%
Fisherman's Wharf	$122.11	$129.63	$144.12	$107.14	$90.35	$87.58	$94.92	$107.59	$115.19	$123.79	$134.95	$105.02	$116.58	$136.79	-4.1%	0.9%
Civic Center/Van Ness	$78.50	$85.61	$104.16	$82.32	$60.95	$59.91	$65.17	$67.33	$75.83	$84.03	$91.60	$77.76	$84.02	$95.87	-3.1%	1.5%
San Francisco Overall	**$118.98**	**$125.17**	**$138.68**	**$110.02**	**$94.15**	**$93.91**	**$107.77**	**$118.51**	**$128.07**	**$143.07**	**$150.70**	**$120.62**	**$128.78**	**$153.95**	**-1.6%**	**2.0%**

Source: PKF

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For comparison purposes, the following table summarizes the market-wide RevPAR growth for San Francisco and the competitive convention cities. With the lack of new supply and strong market fundamentals, San Francisco saw an extraordinary year-over-year RevPAR growth of 19.5%, the market's leader, at $154.

RevPAR Growth for San Francisco and Competitive Convention Cities			
	2010	2011	% Change
San Francisco	$128.78	$153.95	19.5%
Las Vegas	$76.31	$88.08	15.4%
Miami-Hialeah	$101.36	$115.65	14.1%
Los Angeles-Long Beach	$79.01	$88.33	11.8%
Orlando	$57.98	$63.51	9.5%
Philadelphia	$69.16	$75.72	9.5%
Anaheim	$73.44	$80.40	9.5%
Chicago	$69.67	$75.81	8.8%
Boston	$97.18	$105.11	8.2%
San Diego	$81.02	$86.83	7.2%
New Orleans	$74.70	$78.38	4.9%
Atlanta	$47.59	$48.91	2.8%
Washington, D.C.	$96.16	$97.60	1.5%

Source: Smith Travel Research, PKF, Las Vegas CVB

4.5 Moscone Center Impact on Hotel Performance

San Francisco Travel provided JLLH with a list of "Level 4" hotels, which are considered as convention headquarters hotels due to their room size (200+ guest rooms) and meeting space (over 10,000 s.f.). JLLH filtered the Level 4 hotels further by extracting the hotels with fewer than 400 guest rooms. The filter resulted in the following convention hotels in the market:

San Francisco Core Convention Hotels Facilities					
Hotel	Affiliated Date	Open Date	Room Count	Total Meeting Space	Largest Meeting Space
Westin St. Francis	1/1998	3/1904	1,195	51,840	10,700
Fairmont San Francisco	4/1907	4/1907	591	55,000	11,362
Luxury Collection Palace Hotel	12/1909	12/1909	553	51,266	8,964
Hotel Whitcomb	8/2007	6/1919	459	14,467	6,300
Kimpton Sir Francis Drake Hotel	1/2009	6/1928	416	14,956	3,081
Hilton San Francisco Union Square	8/1964	8/1964	1,908	140,698	29,637
Hilton San Francisco Financial Dist	1/2006	11/1970	542	18,655	4,396
Grand Hyatt San Francisco	1/1973	1/1973	659	30,268	7,056
Hyatt Regency San Francisco	5/1973	5/1973	802	65,543	17,064
Holiday Inn San Francisco Golden Gateway	3/1974	3/1974	499	18,079	5,600
Westin San Francisco Market Street	4/2007	4/1983	676	24,486	9,040
Parc 55 Wyndham San Francisco Union Square	5/2010	5/1984	1,013	30,859	5,670
Hotel Nikko San Francisco	1/1991	10/1987	532	23,250	6,658
Marriott San Francisco Marquis	10/1989	10/1989	1,499	168,506	39,621
W Hotel San Francisco	5/1999	5/1999	404	16,482	3,430
InterContinental San Francisco	2/2008	2/2008	550	36,731	6,800

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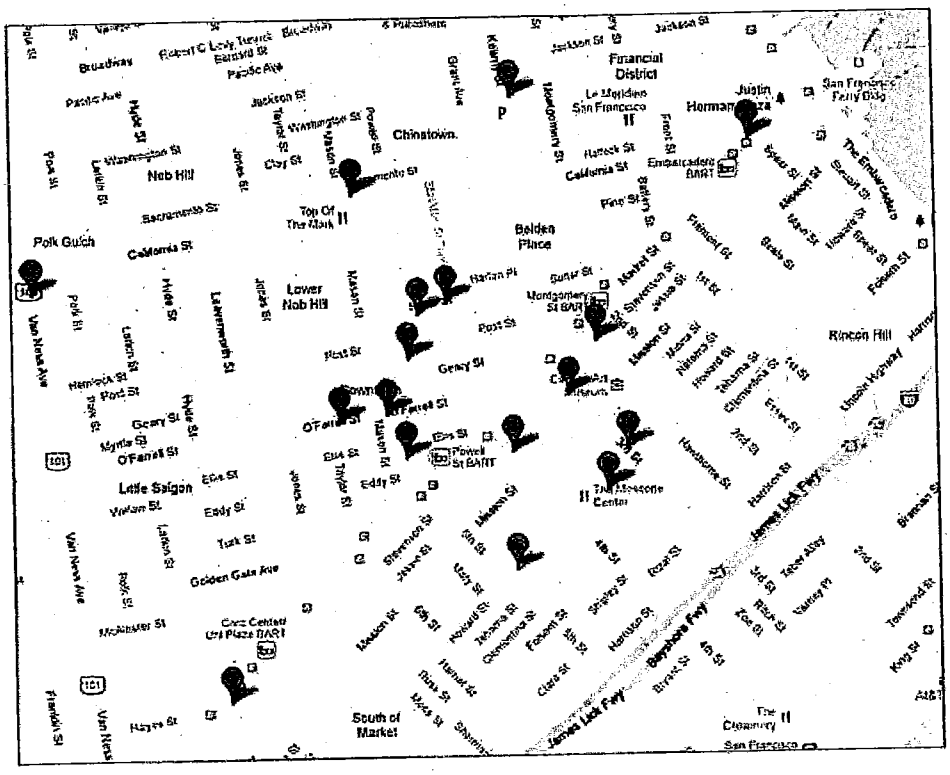

Due to the density of the San Francisco market, the hotels in the previous list are located in various submarkets, although the highest concentration is located in SoMa and Union Square. As the largest hotel closest to the Moscone Center, the Marriott San Francisco Marquis offers the highest amount of meeting space within the set, although the Hilton San Francisco Union Square has the highest room count. Despite its large size, the Marriott Marquis maintains an annual occupancy slightly above the market average and an average daily rate roughly 10% above the market average for core convention hotels in San Francisco. The following chart presents lodging market performance for the core convention hotels since 1987.

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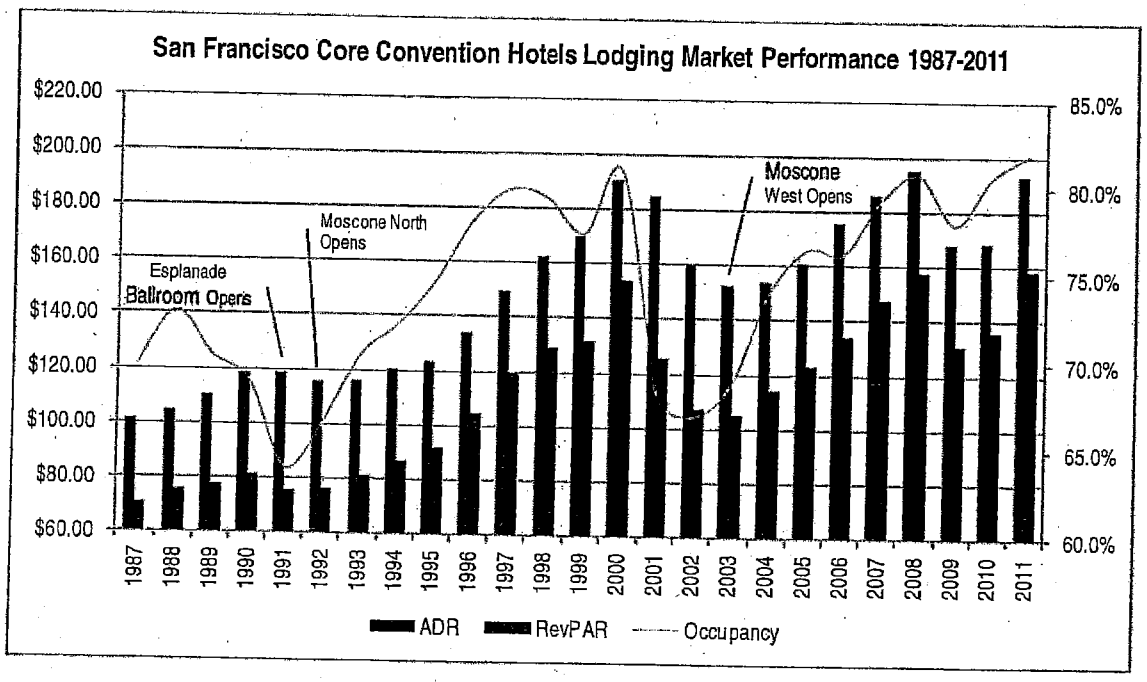

Source: Smith Travel Research

The Moscone Center underwent the following major expansions since the opening of Moscone South in 1981:

- 1992: Opening of Moscone North
- 2003: Opening of Moscone West

JLLH analyzed the impact to RevPAR three to five years after the year of expansion on an inflation-adjusted basis, computing a three-year and five-year real RevPAR CAGR following the years after the aforementioned expansions. The expansions' impact on real RevPAR is displayed in detail in the below table:

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San Francisco Core Convention Hotels Lodging Market Performance

Year	Supply	Demand	Revenue	Occupancy	ADR	RevPAR	Occ % Chg	ADR % Chg	RevPAR % Chg	Real RevPAR	Real RevPAR % Chg
1987	3,464,789	2,413,169	$245,567,855	69.6%	$101.76	$70.88					
1988	3,607,295	2,621,699	$274,230,750	72.7%	$104.60	$76.02	4.3%	2.8%	7.3%	$78.42	
1989	3,745,203	2,628,677	$290,753,105	70.2%	$110.61	$77.63	-3.4%	5.7%	2.1%	$75.56	-3.7%
1990	4,154,430	2,856,301	$339,060,580	68.8%	$118.71	$81.61	-2.0%	7.3%	5.1%	$81.38	7.7%
1991	4,154,430	2,649,926	$315,684,290	63.8%	$119.13	$75.99	-7.2%	0.4%	-6.9%	$67.54	-17.0%
1992	4,154,430	2,759,006	$318,202,527	66.4%	$115.33	$76.59	4.1%	-3.2%	0.8%	$74.87	10.9%
1993	4,154,430	2,920,487	$339,453,208	70.3%	$116.23	$81.71	5.9%	0.8%	6.7%	$84.74	13.2%
1994	4,154,430	2,991,375	$361,031,188	72.0%	$120.69	$86.90	2.4%	3.8%	6.4%	$90.17	6.4%
1995	4,154,430	3,093,408	$380,710,412	74.5%	$123.07	$91.64	3.4%	2.0%	5.5%	$94.06	4.3%
1996	4,154,430	3,239,570	$433,829,335	78.0%	$133.92	$104.43	4.7%	8.8%	14.0%	$115.93	23.2%
1997	4,154,430	3,316,084	$495,870,497	79.8%	$149.53	$119.36	2.4%	11.7%	14.3%	$133.64	15.3%
1998	4,154,430	3,294,486	$535,061,572	79.3%	$162.41	$128.79	-0.7%	8.6%	7.9%	$136.98	2.5%
1999	4,256,595	3,291,360	$560,082,320	77.3%	$170.17	$131.58	-2.5%	4.8%	2.2%	$131.54	-4.0%
2000	4,309,385	3,484,168	$662,964,250	80.9%	$190.28	$153.84	4.6%	11.8%	16.9%	$174.69	32.8%
2001	4,282,893	2,913,689	$538,010,849	68.0%	$184.65	$125.62	-15.9%	-3.0%	-18.3%	$99.03	-43.3%
2002	4,292,620	2,872,196	$459,783,498	66.9%	$160.08	$107.11	-1.7%	-13.3%	-14.7%	$89.61	-9.5%
2003	4,309,920	2,965,629	$453,752,788	68.8%	$152.99	$105.28	2.9%	-4.4%	-1.7%	$101.07	12.8%
2004	4,309,920	3,192,677	$491,479,972	74.1%	$153.94	$114.03	7.6%	0.6%	8.3%	$120.47	19.2%
2005	4,184,668	3,201,890	$516,171,754	76.5%	$161.21	$123.35	3.3%	4.7%	8.2%	$129.27	7.3%
2006	4,297,510	3,279,237	$576,629,299	76.3%	$175.84	$134.18	-0.3%	9.1%	8.8%	$141.63	9.6%
2007	4,297,510	3,409,082	$633,283,204	79.3%	$185.76	$147.36	4.0%	5.6%	9.8%	$157.61	11.3%
2008	4,481,210	3,621,277	$706,823,165	80.8%	$195.19	$157.73	1.9%	5.1%	7.0%	$162.81	3.3%
2009	4,498,260	3,508,327	$588,884,440	78.0%	$167.85	$130.91	-3.5%	-14.0%	-17.0%	$109.08	-33.0%
2010	4,498,260	3,627,440	$612,076,039	80.6%	$168.73	$136.07	3.4%	0.5%	3.9%	$139.19	27.6%
2011	4,493,032	3,683,667	$712,058,110	82.0%	$193.30	$158.48	1.7%	14.6%	16.5%	$179.56	29.0%

Source: Smith Travel Research, Bureau Labor of Statistics

Expansion I (Moscone North)	
3-Year Post Expansion RevPAR CAGR	5.4%
5-Year Post Expansion RevPAR CAGR	12.1%

Expansion II (Moscone West)	
3-Year Post Expansion RevPAR CAGR	8.4%
5-Year Post Expansion RevPAR CAGR	7.8%

Long-Term Average (All Years)	
Real RevPAR CAGR 1988 - 2011	6.6%

The three-year post expansion real RevPAR CAGR ranged from 5.4% to 8.4% and the five-year post expansion real RevPAR CAGR ranged from 7.8% to 12.1%. These growth rates generally exceed the 6.6% long-term real RevPAR CAGR that the city's core convention center hotels experienced, and as such support that significant convention space expansions in San Francisco have led to higher real RevPAR growth than is witnessed in non-expansion periods, on average. Despite this positive note, it should also be noted that the two expansions also coincided with a recovery period after an economic downturn from the Loma Prieta earthquake in 1989 and the Dot-Com Bubble and 9/11 in 2000 and 2001, which may enhance the growth rate.

4.6 Regression Analysis of Moscone Attendance on Hotel Performance and Local Economy

JLLH performed a regression analysis between convention attendance and hotel demand, RevPAR, retail sales revenues, wage and salary disbursements, gross metro product, air passenger traffic, leisure and hospitality employment and hotel tax revenues. The hotel demand and RevPAR data for the selected core convention hotel set was used along with air passenger traffic data at San Francisco International Airport and economic data specifically for San Francisco County.

In the analysis, we performed both a correlation test and a linear regression. Correlation quantifies the degree to which two variables are related, but does not fit a line through the data points. The correlation coefficient determines how much one variable tends to change when the other variable does. It ranges from -1 (inverse relationship) to +1 (positive relationship), and a 0 means there is no relationship. Linear regression finds the best line that predicts the outcome from the constant variable. The fit is quantified with R^2, which is the square of the correlation coefficient. The value ranges from 0 to 1; a perfect fit would be equivalent to a value of 1.

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The following tables present the data used for the regression analysis and the results of the correlation and linear regression tests.

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Fiscal Year	No. of Events	Convention Attendance	Hotel Demand	Real RevPAR	SF County Leisure & Hospitality Employment	SF Hotel Tax Revenues	Hotel Tax Rate	Gross Metro Product (Mil. $)	SF County Wage and salary disbursements (Mil. $)	Retail sales: Total, (Mil. $)	SFO Total Airport Passengers
1989/1990	48	606,425	2,732,220	$77.30	n/a	n/a	n/a	$36,044	$18,876	$6,664	n/a
1990/1991	59	572,395	2,672,889	$77.56	n/a	n/a	n/a	$38,452	$19,379	$6,847	n/a
1991/1992	58	611,381	2,706,555	$75.61	54,700	$72,030,000	11.0%	$39,484	$19,876	$6,749	n/a
1992/1993	65	765,202	2,859,199	$80.07	55,700	$76,250,000	11.0%	$39,593	$20,499	$6,771	n/a
1993/1994	67	835,762	2,951,213	$83.43	56,900	$86,480,000	12.0%	$40,498	$20,974	$7,010	n/a
1994/1995	74	798,824	3,084,491	$90.71	60,900	$94,100,000	12.0%	$41,989	$21,819	$7,239	n/a
1995/1996	72	787,276	3,117,998	$95.39	61,900	$102,960,000	12.0%	$44,664	$23,169	$7,621	n/a
1996/1997	68	877,627	3,317,700	$113.36	67,700	$137,650,000	14.0%	$47,943	$25,147	$8,212	n/a
1997/1998	80	834,243	3,313,002	$123.91	69,800	$150,160,000	14.0%	$51,297	$27,589	$8,942	40,514,461
1998/1999	86	894,818	3,274,929	$130.97	74,000	$161,520,000	14.0%	$54,906	$30,529	$9,688	39,994,532
1999/2000	72	684,266	3,445,126	$143.16	74,400	$182,100,000	14.0%	$59,408	$34,835	$10,607	40,984,461
2000/2001	82	839,390	3,274,276	$148.79	75,400	$186,380,000	14.0%	$61,899	$37,702	$11,264	39,481,008
2001/2002	67	744,746	2,753,942	$109.19	72,300	$132,230,000	14.0%	$61,053	$36,076	$11,294	31,606,059
2002/2003	73	747,832	2,864,997	$102.39	71,200	$128,590,000	14.0%	$60,530	$33,861	$11,471	29,780,463
2003/2004	94	937,440	3,162,960	$112.83	71,900	$148,230,000	14.0%	$61,801	$34,236	$11,918	31,628,256
2004/2005	115	819,843	3,177,229	$115.18	73,400	$157,950,000	14.0%	$65,014	$36,249	$12,503	33,200,760
2005/2006	119	1,046,272	3,208,835	$128.47	75,300	$179,470,000	14.0%	$69,242	$39,089	$13,154	33,564,798
2006/2007	119	974,676	3,321,572	$138.24	76,800	$199,770,000	14.0%	$73,412	$42,629	$13,839	34,346,413
2007/2008	120	1,279,000	3,525,393	$155.06	80,600	$210,340,000	14.0%	$77,391	$45,185	$14,430	37,121,365
2008/2009	108	968,664	3,513,193	$142.42	80,600	$219,800,000	14.0%	$78,225	$44,372	$13,987	36,733,910
2009/2010	92	919,811	3,621,242	$132.65	77,000	$210,000,000	14.0%	$78,217	$43,826	$13,550	38,448,243
2010/2011	121	1,092,975	3,677,706	$147.86	78,300	$212,500,000	14.0%	$80,003	$45,766	n/a	39,980,029

Source: San Francisco Travel, Smith Travel Research, State of California Employment Development Department, U.S. Bureau of Economic Analysis (BEA), U.S. Census Bureau (BOC), Moody's Analytics Estimate, SFO Airport

Correlation	Convention Attendance
SF County Gross Metro Product	0.76
Hotel Demand-Core Convention Center Area	0.75
SF County Wage & Salary Disbursements	0.74
Real RevPAR-Core Convention Center Area	0.73
SF County Retail Sales	0.72
SF Hotel Tax Revenues	0.68
SF County Leisure & Hospitality Employment	0.64
SFO Total Airport Passengers	0.11

Regression (R^2)	Convention Attendance
SF County Gross Metro Product	0.5752
Hotel Demand-Core Convention Center Area	0.5647
SF County Wage & Salary Disbursements	0.5469
Real RevPAR-Core Convention Center Area	0.5341
SF County Retail Sales	0.5165
SF Hotel Tax Revenues	0.4625
SF County Leisure & Hospitality Employment	0.4102
SFO Total Airport Passengers	0.0120

The highest correlation was observed between convention center attendance and San Francisco County gross metro product, hotel demand for core convention area hotels and San Francisco County wage & salary disbursements, all of which exhibited a correlation of 0.70 and above, exhibiting the relatively strong relationship between the convention attendance and hotel-related and economic factors in San Francisco.

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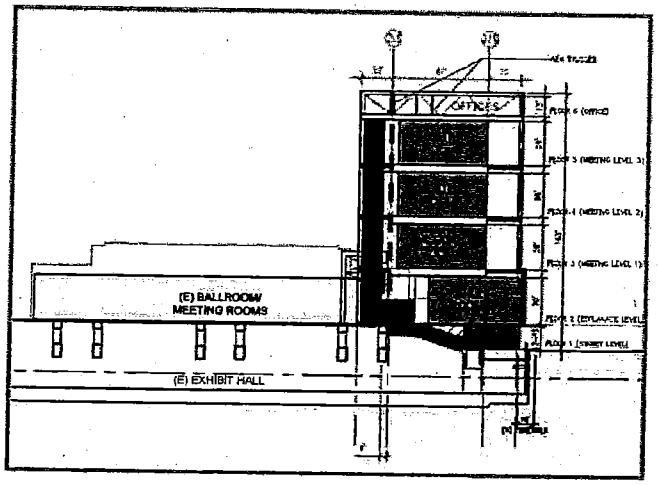
5 Description of Three Expansion Schemes

JLLH reviewed Tom Eliot Fisch's preliminary design (dated November 30, 2011) for three expansion schemes. It is important to note that the analysis made in this report is based on Tom Eliot Fisch's preliminary design. In the Expansion Cost Benefit Analysis, JLLH analyzed various combinations of the following three schemes:

- Third Street Addition: 6-story building totaling 260,000 gross s.f.
- Howard Street Connection: Underground conversion of space, which will create 107,000 s.f. of exhibit space.
- Moscone East: 4-story building (1 below grade) totaling 264,000 gross s.f. with additional air rights for hotel or office space.

5.1 Third Street Addition

The Third Street Addition includes a six-story building adjacent to the existing Esplanade Ballroom in Moscone South. The expansion scenario includes one floor of retail, four floors of meeting rooms, and one floor of offices totaling nearly 260,000 gross square feet. The Third Street Addition will add 99,700 s.f. of meeting rooms and 37,800 s.f. of office space. The Third Street Addition will only exist when combined with the Howard Street Connection, since it will replace some of the meeting space loss from the conversion to exhibit space with the Howard Street Connection. In addition, it should be built prior to the Howard Street Connection in order to accommodate displaced demand during the construction of the Howard Street Connection.



Source: Tom Eliot Fisch

5.2 Howard Street Connection

Howard Street Connection expansion comprises of an underground conversion of space, which will repurpose Hall E (38,600 s.f.), Gateway Ballroom (27,500 s.f.), and café, storage, and circulation area (30,000 s.f.). in addition, the conversion will enable a net gain of 10,900 s.f. of unexcavated area. The expansion is expected to provide a total of 107,000 s.f. of exhibit space. Due to structural limitations, the connection will comprise of lower ceiling height at several segments of the tunnel, ranging from a low of 11 feet to a high of 23 feet. It should be noted that the Howard Street Connection expansion will only exist with a combined expansion of either the Third

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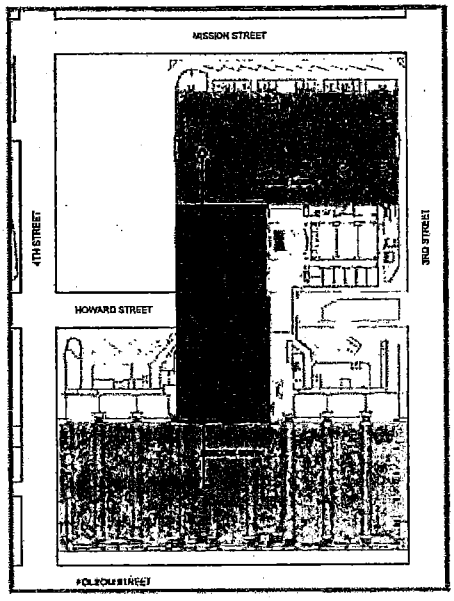
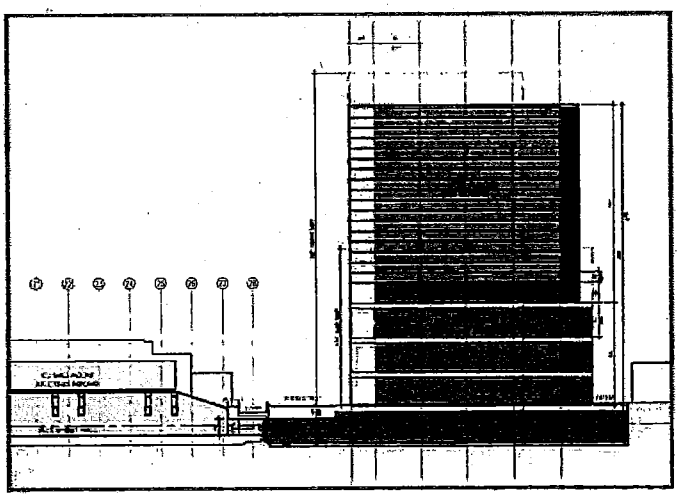
Street Addition and/or Moscone East expansion, and should always be built after Third Street Addition and/or Moscone East in order to accommodate displaced demand from loss of meeting space.



Source: Tom Eliot Fisch

5.3 Moscone East

Moscone East expansion comprises of the demolition of the Third Street Garage to a building with one level of underground exhibit space (which will be contiguous to Moscone South's exhibit hall), three levels of meetings rooms, and a hotel or office space on top. Moscone East is expected to add 102,650 s.f. of exhibit space, 67,500 s.f. of meeting rooms, and at least 292,875 s.f. of hotel or office space. The connecting ramp from Moscone South's exhibit hall to Moscone East's exhibit hall will require a seven-foot decline. Moscone East can be considered as a separate expansion scenario or combined with either Howard Street Connection or both Howard Street Connection and Third Street Addition.



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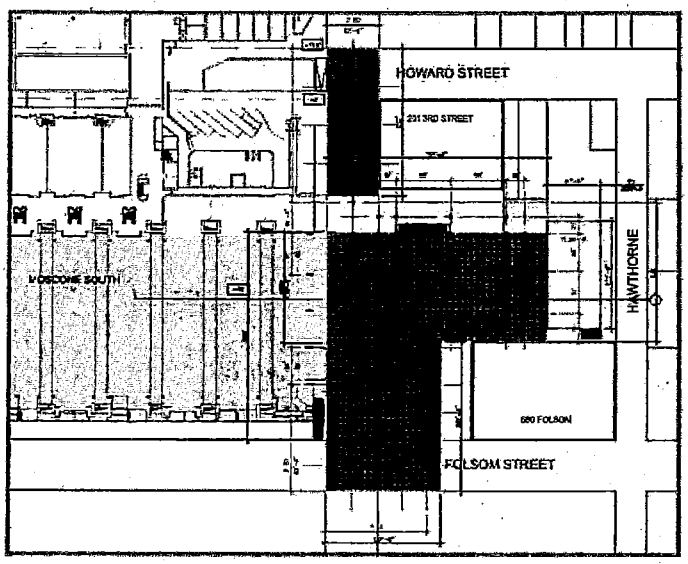

Source: Tom Eliot Fisch

5.4 Pros & Cons

JLLH weighted the pros and cons of each of the three individual expansion options on a high-level basis before more closely evaluating economic impact.

Expansion Scenario	Pros	Cons
Third Street Addition	On City-owned property	
	One level of meeting rooms are connected to Esplanade Ballroom, which will provide a good flow	
	Adds meeting space with natural light	Does not add exhibit space, nor does it add any contiguous space
	Relatively overall lower Construction cost, compared to other expansion scenarios	Meeting rooms are long and narrow (linear meeting space vs. flexible, general session space), and cannot be used for general session space, which needs a minimum of ~45,000 s.f.
	"Stacked" meeting space is favored by meeting planners	
	Existing User Group were very much in favor of additional meeting space being created	Construction expected to displace some groups
	Can potentially provide air rights for office space	

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Expansion Scenario	Pros	Cons
Howard Street Connection	On City-owned property	Segments of the connection will have a lower ceiling height, which decreases the marketability of the space
	Addresses lack of contiguous exhibit space	Underground, no natural light
	Flexibility of space, which can be used as an extension for both Moscone North or South	Construction expected to displace some groups, since it will close down Gateway Ballroom and Hall E
	Construction cost is lower than Moscone East	Higher cost to construct compared to the other expansion scenarios
		City does not currently own all property
		Will only be directly connected to Moscone South; therefore, there may be accessibility issues to Moscone North
Moscone East	Addresses lack of contiguous exhibit space	Meeting rooms are too long and narrow (linear meeting space vs. flexible, general session space), and cannot be used for general session space, which needs a minimum of ~45,000 s.f.
	Little disruption of existing booked business	The connecting ramp with the 7' drop will decrease the marketability of the space
	Could be used for self-contained events and marketed as a stand-alone space like Moscone West	The exhibit space that extends onto Folsom and Third (beyond Moscone South) will be less desirable, because it is "out-of-sight" from Moscone South
	Will provide air rights for hotel or office space	Utilities on Clementine and Kaplan may need to be relocated
	Will increase the marketability of San Francisco with a bigger expansion.	Traffic flow of loading docks may be impacted, since the existing loading docks will also be used for East
		Loss of 506 existing parking spaces

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5.5 Phasing

As we analyze all the possible combinations of the expansion scenarios, it is important to note that certain phasing is required for operational efficiencies. As mentioned previously, Third Street Addition and Howard Street Connection expansion cannot exist by itself. Third Street Addition and Howard Street Connection can either be combined as one scenario and/or built along with Moscone East in order to support the displaced demand during the construction period. Also, since the construction of the Howard Street Connection will impact the operations of both Hall E and the Gateway Ballroom, it needs to come after another aforementioned expansion.

5.6 Conclusions from Interviews with Moscone User Groups

JLLH conducted interviews with eleven Moscone Center user groups who may require more space in the future, in order to obtain comments from these groups on their current and future convention needs, suggestions on how to increase the competitiveness of the Moscone Center going forward and specific comments on the Tom Eliot Fisch's preliminary expansion plans. The interviews' salient points are summarized in the following:

- San Francisco
  - Walkability of San Francisco.
  - Strong airlift with regard to domestic and international destinations.
  - San Francisco attracts more attendees, especially with regard to international attendees.
- Lodging Market
  - Risk of not having sufficient number of quality hotel rooms to accommodate large groups.
  - Tend to need to contract room blocks with a higher number of hotels in San Francisco versus other cities.
- Competitive convention center markets in U.S include Chicago, Las Vegas, New Orleans, San Diego, Los Angeles, Boston, Orlando and Atlanta.
- Pros of Moscone Center
  - Location: In San Francisco and within the city limits.
  - Favorable partnership with San Francisco hotels.
  - Moscone's proximity to the company's headquarters.
  - Renovation with upgraded technology and meeting space.
  - Users stated that they favor the layout and finishes of Moscone West.
- Cons of Moscone Center
  - Lack of connection between Moscone West to North and South.
  - Lack of contiguous space as exhibit halls are separated among the three buildings.
  - Arches in the exhibit space add restriction to the viewing and usage of the space.
  - Do not like 100-series meeting rooms due to the tight corridors and small size of the rooms.
- Desired Changes to the Moscone Center
  - Add 100,000 to 150,000 s.f. of contiguous exhibit space.
  - Add additional meeting space in North and South (flexible space).
  - Add more natural light in hallways and around meeting space.
  - Connect existing exhibit halls in North and South.
  - Connect buildings with either a sky bridge or underground passage.
  - Convention center expansion ideally would correspond with additional adjacent or connected hotel rooms.

Out of the eleven user groups, four groups prefer all three expansions, three groups prefer Third Street Addition and Howard Street Connection, two groups prefer Third Street Addition and Moscone East, and two groups prefer Moscone East. Of the four user groups that would like all three expansions, three of them mentioned that their secondary choice would be Third Street Addition and Moscone East, because the combination add the most

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additional space, while one group would prefer Third Street Addition and Howard Street, because the connection between the existing buildings must be fluid prior to adding another building. The following highlights specific comments for each of the scenario:

- Third Street Addition
  - In general, the user groups like to see additional and new meeting space, especially when it is connected to the existing buildings. They would prefer them to be flexible, similar to Moscone West, with moving airwalls and high ceilings. A suggestion was to also have airwalls that separate pre function space from meeting space in order to have flexibility to decrease or increase pre function space.
  - There was a suggestion to maximize the area of the meeting space by building over the Esplanade Ballroom, since many suggested that the size of the Esplanade Ballroom works very well for a general session.
  - Three user groups interviewed expressed negative reviews of the existing 100 series meeting rooms for its lack of flexibility and small size.
  - The majority of user groups mentioned that stacked meeting space is preferable over a large one-floor layout, because it increases the perception that the attendee's walking distance from one meeting room to the next is shorter. In addition, if the meeting rooms are concentrated in one area, it makes it easier for event planners to manage and monitor meetings. Stacked space also allows more natural light in, which is a plus for several user groups.
  - One user group felt that the meeting space looked long and narrow, and would prefer a similar meeting space to the Esplanade Ballroom.
  - 50% of user groups interviewed mentioned that it is definitely beneficial for one floor of meeting space to have a connection with the Esplanade Ballroom, because that will be a great transition from a general session to a breakout session.
  - One event planner suggested adding windows to the meeting space, because they felt that attendees are focused longer with natural light, which is why Moscone West is preferable.
  - Two of the user groups mentioned that it was important that the meeting space has minimal number of columns.
- Howard Street Connection
  - There is a strong sentiment of concern about the change in ceiling height, especially when it goes down to 11 foot. Typically, groups need a minimum of 25-foot high ceilings for exhibit space.
  - The concern with the decline in ceiling height is that it creates the perception that the exhibit hall has ended, rather than a continuous space, so an attraction needs to be added to move traffic pass the two sections with 11-foot ceilings.
  - In addition, one user group mentioned that the flow changes directions from east to west to north to south when going from Moscone North to Moscone South.
  - One user group also did not like the shape of the entire exhibit space from Moscone North to South as there are sections to both Moscone North and South that are not aligned with the width of the Howard Street Connection. The same user group also mentioned that the escalators entering the middle of the hall will also be an odd entrance.
  - One user group felt that the exhibit space in Howard Street Connection would be more valuable than Moscone East, because it is located all on one floor rather than separated by a declining ramp and change in sight line.
  - Three user groups mentioned that if all three expansions cannot be done, then Howard Street Connection needs to be done before Moscone East, because the connection between the existing buildings need to be completely fluid prior to adding an additional building.

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  - There was a suggestion to add an airwall to separate Moscone North from South when needed, because one of the groups normally have a keynote speaker in Moscone North and would like it separated from the rest of the exhibit space.
- Moscone East
  - Four groups felt that the ramp (connecting Moscone South to East) will diminish some sellable exhibit space, and also changes the sight line, which decreases the space's perception of contiguous space. One user group referred to the Georgia World Congress Center as it has a similar descending layout, which appeared difficult to draw attendees down, which makes the space less valuable. For this reason, one user group does not consider the exhibit space between Moscone South and Moscone East as contiguous space due to the change in sight line; the event planner emphasized the importance of perception. One event planner noted that the space around the ramp is still usable space, because the ceiling height is still high at the ramp.
  - One event planner mentioned that the exhibit space's flow is better with Moscone East compared to Howard Street Connection, because it is all one direction, versus the awkward shape going from Moscone North to South through the Howard Street Connection, which will require the flow to switch from east to west to north to south.
  - Three groups were concerned about the rectangular section of Moscone East's exhibit space that went out towards Folsom Street since it does not align with Moscone South and may be less desirable. A suggestion was to add an attraction in that area, like a café or special exhibit, in order to move the crowd to that area. Two user groups also mentioned that the rectangular block is not a concern, because attendees can enter from the north side of Moscone East, where they will see the rectangular block, and it can also be used for ancillary services.
  - All of the user groups found the addition of the hotel beneficial, because it enhances the convention package and adds another hotel close in the area, which provides easy access for both attendees and exhibitors. A higher room count may alleviate the number of hotels in the room block.
  - Two groups felt that one of Moscone East's disadvantages is its lack of connection to Moscone North, and the addition of another standalone building to Moscone Center.
  - One user group noted that because Moscone East exhibit space is connected underground to Moscone South, it will provide the perception of one building instead of two separate buildings, which enhances the continuous perception.
  - 20% of user groups emphasized the importance of adding loading docks for Moscone East, since the traffic is already crowded. A supplier of convention recommended that Moscone East should have 8-10 of its own laoding docks in order to prevent a reduction of utilization of the building with longer move-in/move-out days and increase in costs for exhibitors with a farther distance in loading dock.
  - In terms of phasing, two groups suggested adding Moscone East first, since there is more flexibility to add the Howard Street Connection and Third Street Addition later on as it is part of the existing buildings.

5.7 Filling Market Niche with Expansion

JLLH examined how the proposed expansion could fill a market niche which would lead to a competitive advantage. JLLH drew its analysis on interviews with senior-level staff from San Francisco Travel, Moscone Center executives, senior-level meeting planners who have used the Moscone Center and online research of competitive facilities.

The purpose of the detailed competitive analysis (in Section 3) was to determine how an expansion of the Moscone Center could offer facilities that will make the market more competitive among its peer set, to realize

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operational efficiencies and economies and to most effectively yield manage the facility, all with the purpose of distinguishing the complex from its competitive set to be able to retain and grow core clients.

Below is a broad assessment of high-impact points that should be considered in the proposed Moscone Center expansion:

San Francisco as a destination has significant draw and allure. The consensus among senior meeting planners was that their San Francisco rotation often garners the highest attendance of any city in the country. San Francisco ranks particularly favorably among international conventioneers due to the direct air linkages.

San Francisco is gateway to Asia, boding well for technology and medical meetings in particular, which are attracting a growing number of Asian attendees. As such, the Moscone Center benefits from being in a marquis location which in itself forms a significant competitive advantage in attracting conventions.

Many large convention centers, like the Moscone Center, were built in phases and, due to space constraints, often do not have the most ideal flow and layout. The senior-level meeting planners that JLLH interviewed spoke favorably of the layout and scale of the convention centers in Orlando, Boston and New Orleans, but aside from these three, the meeting planners cited few "must replicate" physical characteristics of other convention centers.

Favorable aspects of competitive convention centers to be considered in the Moscone Center expansion include:

- Allow for natural light where possible.
- The additional exhibit space should be contiguous with the Moscone Center's largest exhibit hall.
- Any additional buildings should be physically connected with Moscone North/South.
- A number of competitive convention centers have not had a substantial renovation in recent years; as such the buildings' technological outfitting is often below state-of-the art standards. Due to the Moscone Center's proximity to Silicon Valley, any expansion should be of the highest technology standard, and this should be marketed and promoted to meeting planners. The expansion should include technology elements such as Wi-Fi throughout that are not present at all other convention centers.
- Additionally, commensurate with San Francisco's positioning as an upscale international gateway market, JLLH deemed that the corporations and associations that hold conventions at the Moscone Center often have attendees of a higher demographic segment and education level than the average conventioneer in the country. As such, the level of finishes in the expanded facility should be at the upper level of what Moscone Center's competitive set currently offers.

Overall, meeting planners are requesting both additional exhibit space and meeting space, although it is important to have more exhibit space, because that is their source of revenues and the main determinant factor in choosing a convention center. Although there are limitations in the expansion designs, it is important to enhance the attendees' perception of the space with creative designs in order to maximize the flow of the conventions. All of the user groups we have interviewed supported the expansion, and most support all three expansions in order to maximize both exhibit and meeting space at the Moscone Center.

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6 Expansion Economic Impact Analysis

JLLH conducted a comprehensive economic impact analysis of various Moscone Center expansion scenarios to determine the optimal expansion of the current facilities. This takes into account the economic impact that is expected to generate from the incremental visitor spending and the Moscone Center's Net Operating Income from operations.

6.1 Evaluation of Various Expansion Scenarios

JLLH projected the growth in attendance for a variety of expansion scenarios as summarized below:

Moscone Center Expansion Scenarios		
Scenario	**Component(s)**	**Saleable Space (s.f.)**
1	Moscone East Construction	170,150
2	Third Street Addition and Howard Street Connector Expansion	206,700
3	Third Street Addition and Moscone East Construction	269,850
4	Howard Street Connector Expansion and Moscone East Construction	277,150
5	All Three Expansions	376,850

The table below outlines the assumed construction dates and duration of the various scenarios, along with the specifics of the expansions. The starting date for construction was given by San Francisco Travel as FY 2014/2015. In the plans provided by San Francisco Travel, the Howard Street Connector Expansion was deemed to be part of the Third Street Addition (in total, the Moscone North/South expansion) project. JLLH assumed that the Third Street addition would be constructed during the first two thirds of the overall expansion timeframe, and that the Howard Street Connector expansion would take place during the last third of the overall Moscone North/South expansion timeframe.

Assumed Construction Timeline			
	Howard Street Connector	**Third Street Addition**	**Moscone East Construction**
Start Construction	4/30/16	7/1/2014	7/1/2014
Open for Use	3/30/17	4/30/2016	12/29/2017

Summary of Construction			
	Howard Street Connector	**Third Street Addition**	**Moscone East Construction**
Location	Connection between Moscone North and South	Vertically stacked above Moscone South	Separate building across from Moscone South on Third Street
Exhibit Space s.f.	107,000	-	102,650
Meeting Space s.f.	-	99,700	67,500
Total Saleable Space	**107,000**	**99,700**	**170,150**

6.2 Methodology of Attendance Projections based on Expansion Scenario

JLLH first calculated organic growth rates in Moscone Center attendance assuming no expansion in space. An assumed growth rate of 2.5% per annum was applied to the total attendance figures for FY 2010/2011.

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Based on this methodology, JLLH calculated that attendance would rise to 1.434 million in FY 2021/2022. This attendance level yielded a ratio of 2.7 attendees per square foot of exhibit space, deemed as infeasible, since the ratio from FY 1989/1990 to FY 2011/2011 averaged 1.9.

JLLH as such added an attrition factor to the model, capping future attendance per square foot of exhibit space at a ratio of 2.2. When accounting for attrition, the organic growth scenario yielded annual attendance of 1.207 million in FY 2021/2022. For purposes of the 15-year net economic impact, JLLH took this attendance figure, deemed to be a stabilized figure, and applied it to all years from FY 2022/2023 through FY 2025/2026.

A space utilization ratio of 2.2 marks an increase on the historic ratio. JLLH deems the increase reasonable because meeting planners of the Moscone Center's largest groups unanimously stated that they can make the space work up to a certain point of growth in attendance. This implies that groups strive to keep making more efficient use of the space available.

Based on this analysis, JLLH concluded that it is unlikely that Moscone Center attendance will decline if the convention center is not expanded. While the absence of an expansion may result in the loss of several of the center's largest groups to other cities, JLLH expects that San Francisco Travel will be able to manage demand accordingly and accommodate another group, or multiple smaller groups in the time blocks made available by such lost groups. While the replaced business may have a lesser economic impact on the city, JLLH did not lower any projected attendance figures due to the presumed loss of any groups that are turned away due to space constraints.

JLLH subsequently calculated attendance projections for the three expansion scenarios detailed below, along with all possible combinations thereof. In its methodology, JLLH took the organic attendance growth figures (capped at a space utilization rate of 2.2 as described above), and calculated the induced demand, expressed as number of induced groups multiplied by average historic group size. JLLH also made assumptions as to the expected number of groups displaced during the construction of each of the expansion scenarios based on insight garnered during interviews with competitive convention center managers, among other factors.

For all expansion scenarios, JLLH computed average space utilization ratios and considered these when determining the reasonableness of assumed attendance growth rates. The attendance projection summary table (Appendix 7.3) highlights the average attendance per square foot of exhibit space for each expansion scenario.

JLLH also evaluated the potential for demand dilution for each of the expansion scenarios. Demand dilution refers to the risk of a group preferring a certain space over another space of the Moscone Center. JLLH believes that if a group is of the appropriate size to be self-contained in Moscone West, they will often favor this space, but larger groups that require the full facility will use it as needed to accommodate their exhibitors and attendees. As such, JLLH does not expect that demand dilution will become a material challenge, and did not consider this matter further when determining the recommended expansion scenario.

The final projected attendance figure for each of the expansion cases thus represents organic growth, plus induced demand, minus displaced demand. These projections were used as the basis of determining the economic impact of the incremental attendance figures of the various expansion scenarios.

6.3 Calculation of Economic Impact of Expansion Scenarios

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JLLH calculated the economic impact that various expansion scenarios are expected to yield based on the increased attendance levels associated with the expansion, The IRR of the associated construction costs against the incremental economic impact was used in formulating JLLH's final recommendation.

In order to estimate economic impact, JLLH relied on the IMPLAN software and data package, which uses multipliers based on data from the Bureau of Labor Statistics, the U.S. Census, and other agencies to describe and quantify economic changes. IMPLAN is considered a comprehensive and reliable source by economists and makes use of multipliers to provide estimates of economic activity associated with some other economic activity or changes to an activity level. JLLH used 2010 IMPLAN data (which represents the latest year available) for San Francisco County in the economic impact analysis; therefore, the multipliers are specific to the market at hand.

IMPLAN's multipliers consist of three types of impact: direct, indirect, and induced effects. **Direct effects** are those related to the initial spending in the economy, and **indirect effects** measure the additional businesses needed to purchase goods and services to produce the product purchased by the direct effect. **Induced effects** are the response by an economy to the initial change causing further local economic activity. Each of these effects is categorized into employment, labor income, value-added, or output as defined below:

- **Employment**: Annual average full-time and part-time jobs throughout the economy that are needed, directly and indirectly, to deliver $1 million of output.
- **Labor Income**: All forms of employment income, including Employee Compensation (wages and benefits) and Proprietary Income. Proprietary Income encompasses payments received by self-employed individuals as well as income.
- **Value-Added**: Represents the sum of Labor Income, Other Property Type Income, and Indirect Business Taxes. Other Property Type Income consists of payments from rents, royalties and dividends, and Indirect Business Taxes consist primarily of excise and sales taxes paid by individuals to businesses. These taxes occur during the normal operations of these businesses, but do not include taxes on profit or income.
- **Output**: The total value of the industry production; intermediate purchases plus value-added. Output incorporates all of the components in Labor Income and Value-Added.

In computing the full economic impact per the above-referenced methodology, JLLH computed the impact of **incremental Moscone Center Net Operating Income** and **incremental visitor spending** as described below.

Moscone Center Facility Impact

JLLH analyzed trends in Moscone Center facility revenues, expenses and operating income to incorporate the impact of attendance on the financial performance of the convention center under various expansion scenarios. In order to estimate a 15-year economic impact from visitor spending, JLLH also added in the Convention Center Net Income attributable to incremental attendance resulting from the expansion.

A profit margin ranging from -13.2% (similar to FY 2010/2011) to -4.0% was applied to the forecast Adjusted Gross Income (AGI) for the convention center operations to obtain a forecast for Convention Center Net Income throughout the forecast horizon for the seven scenarios. JLLH determined that there is not an attendance level that will result in breakeven profitability. Moscone Center operations are expected to continue to yield a slight loss as they have in the past, but a positive trend will be seen as fixed costs are distributed among a larger area of operations.

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Visitor Spending Impact

In order to estimate the incremental revenues from visitor spending, JLLH calculated the net difference in attendance between each of the five scenarios and the base case of no expansion. The 2010/2011 Moscone Annual Report (latest data available) aggregated three attendee origin categories: National/International, State/Regional, and Local. In order to estimate the percent of total out-of-town attendees, we have assumed that 100% of National/International and State/Regional attendees are from out of town, while assuming that all Local attendees are from within the San Francisco area. This results in a total out-of-town percentage of 99%.

Moscone Attendance Regions: FY 2010/2011			
	FY 2010/2011 Figures	JLLH Assumed	Total Out-of-Town %
National/International	78%	100%	78%
State/Regional	22%	100%	22%
Local	1%	0%	0%
Total			**99%**

Source: Moscone Annual Report

JLLH relied on San Francisco Travel's 2010 statistics (latest year available) on the visitor spending by segment and average length of stay in order to derive the revenue generated per visitor for various categories, indicated in the below table. The detailed calculation based on expansion Scenario 5 is contained in Appendix 7.4.

Spending by Visitor Segment (SF Hotel/Motel Visitor): 2010		
Category	$/Day/Person	$ per Person at 3.5 Days
Lodging	$86.41	$302.44
Restaurants in Hotels	$19.25	$67.38
All Other Restaurants	$40.91	$143.19
Retail	$37.20	$130.20
Entertainment & Sightseeing	$24.17	$84.60
Local Transportation	$8.95	$31.33
Gas/Auto Services	$13.09	$45.82
Car Rental	$4.53	$15.86
Exhibitor/Assoc. Expends	$36.91	$129.19
Total Spending	**$271.43**	**$950.01**
Length of Stay	3.5	

Source: San Francisco Travel Association, JLLH

The increase (or loss) in attendance for all seven scenarios compared to the base (no expansion) scenario were converted to incremental revenues according to the average spending per category data accumulated by San Francisco Travel. Because the "Exhibitor/Assoc. Expends" sector included anything an exhibitor/association would spend during their time in San Francisco (i.e. lodging, restaurants, etc.), JLLH assumed that this sector has been accounted for in the economic impact through the allocation for the remaining sectors.

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Category	IMPLAN Sectors IMPLAN Sector	IMPLAN Description
Lodging	411	Hotels and motels, including casino hotels
Restaurants in Hotels	411	Hotels and motels, including casino hotels
All Other Restaurants	413	Food services and drinking places
Retail	329	Retail - General Merchandise
Entertainment & Sightseeing	338	Scenic and sightseeing transportation and support activities for transportation
Local Transportation	336	Transit and ground passenger transportation
Gas/Auto Services	326	Retail - Gasoline stations
Car Rental	362	Automotive equipment rental and leasing
Construction	34	Construction of new nonresidential commercial and health care structures

Source: JLLH, IMPLAN

Spend pertaining to the Lodging and Restaurants in the Hotels sector was applied only the net *out-of-town* attendees, while the remaining sectors were attributed to *all* net attendees.

The average spend per person at 3.5 days (from 2010) was inflated to the specific years in which the expanded space opened (which started earliest from 2014/2015 depending on the construction schedule for the scenario). The calculation for expansion Scenario 5 is detailed in Appendix 7.5. This calculation was repeated for all five scenarios.

6.4 Economic Impact Summary

The following table presents the net economic impact (Moscone Center Net Operating Income and Visitor Spending Impact) and the change in employment for all five scenarios based on the projection period through FY 2025/2026. The detailed calculations for all five scenarios are displayed in Appendix 7.6.

Economic Impact - Visitor Spending & Moscone Center Facility				
Ranking	Scenario	Components	Net Economic Impact	Change in Employment
1	5	All Three Expansions	$1,434,098,880	6,878
2	4	Howard Street Connector Expansion and Moscone East Construction	$1,331,026,465	6,616
3	3	Third Street Addition and Moscone East Construction	$802,700,493	3,682
4	2	Third Street Addition and Howard Street Connector Expansion	$734,402,886	3,480
5	1	Moscone East Construction	$699,631,255	3,412

Based on the economic impact analysis from visitor spending and taking into account the Net Operating Income from the Moscone Center operations, Scenario 5 with all three expansions yielded the highest net economic impact with the highest change in employment.

Impact on Hotel Market Occupancy

JLLH projected hotel demand starting in 2011/2012 over a future 10-year period, assuming no supply increases to core convention center lodging area, to demonstrate how undergoing the expansion (assuming Scenario 5) likely warrants the addition of new hotel supply in the future.

As presented in Section 4 of this report, the correlation of Moscone Center convention attendance to hotel demand among the set of convention center hotels equals 0.75. JLLH as such calculated the projected hotel demand level annual percent change from 2011/2012 onward by adding the convention attendance percent change multiplied by 75% with the long-term average demand percent change multiplied by 25%. Note that hotel demand and hotel supply are expressed on total room night (annual) basis.

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This calculation yields a CAGR in hotel demand of 2.6% for the years in the forecast horizon, notably above the historic 1.4%, suggesting that the increased exhibit space square footage built in the Howard Street Connector and Moscone East will yield higher hotel demand.

San Francisco Core Convention Hotels - Future Occupancy Projection Based on Recommended Expansion Scenario

Fiscal Year	Convention Attendance (Scenario 5)	% Change	Hotel Supply	Projected Hotel Total Room Night Demand	% Hotel Room Night Change	Accomodated Room Night Demand	Actual Projected Occupancy	Unaccommodated Room Night Demand
1989/1990	606,425		4,016,522	2,732,220		2,732,220	68.0%	
1990/1991	572,395	-5.6%	4,154,430	2,672,889	-2.2%	2,672,889	64.3%	
1991/1992	611,381	6.8%	4,154,430	2,706,555	1.3%	2,706,555	65.1%	
1992/1993	765,202	25.2%	4,154,430	2,859,199	5.6%	2,859,199	68.8%	
1993/1994	835,762	9.2%	4,154,430	2,951,213	3.2%	2,951,213	71.0%	
1994/1995	798,824	-4.4%	4,154,430	3,084,491	4.5%	3,084,491	74.2%	
1995/1996	787,276	-1.4%	4,154,430	3,117,998	1.1%	3,117,998	75.1%	
1996/1997	877,627	11.5%	4,154,430	3,317,700	6.4%	3,317,700	79.9%	
1997/1998	834,243	-4.9%	4,154,430	3,313,002	-0.1%	3,313,002	79.7%	
1998/1999	894,818	7.3%	4,179,867	3,274,929	-1.1%	3,274,929	78.4%	
1999/2000	684,266	-23.5%	4,307,545	3,445,126	5.2%	3,445,126	80.0%	
2000/2001	839,390	22.7%	4,306,445	3,274,276	-5.0%	3,274,276	76.0%	
2001/2002	744,746	-11.3%	4,269,452	2,753,942	-15.9%	2,753,942	64.5%	
2002/2003	747,832	0.4%	4,309,920	2,864,997	4.0%	2,864,997	66.5%	
2003/2004	937,440	25.4%	4,309,920	3,162,960	10.4%	3,162,960	73.4%	
2004/2005	819,843	-12.5%	4,291,020	3,177,229	0.5%	3,177,229	74.0%	
2005/2006	1,046,272	27.6%	4,197,414	3,208,835	1.0%	3,208,835	76.4%	
2006/2007	974,676	-6.8%	4,297,510	3,321,572	3.5%	3,321,572	77.3%	
2007/2008	1,279,000	31.2%	4,380,010	3,525,393	6.1%	3,525,393	80.5%	
2008/2009	968,664	-24.3%	4,498,260	3,513,193	-0.3%	3,513,193	78.1%	
2009/2010	919,811	-5.0%	4,498,260	3,621,242	3.1%	3,621,242	80.5%	
2010/2011	1,092,975	18.8%	4,497,632	3,677,706	1.6%	3,677,706	81.8%	
2011/2012F	1,115,319	2.0%	4,497,632	3,747,232	1.9%	3,747,232	83.3%	
2012/2013F	1,146,315	2.8%	4,497,632	3,838,762	2.4%	3,838,762	85.4%	
2013/2014F	1,181,134	3.0%	4,497,632	3,939,982	2.6%	3,838,762	87.6%	101,221
2014/2015F	1,165,344	-1.3%	4,497,632	3,914,355	-0.7%	3,838,762	87.6%	75,593
2015/2016F	1,172,290	0.6%	4,497,632	3,945,753	0.8%	3,838,762	87.6%	106,991
2016/2017F	1,216,891	3.8%	4,497,632	4,072,540	3.2%	3,838,762	87.6%	233,779
2017/2018F	1,376,424	13.1%	4,497,632	4,488,186	10.2%	3,838,762	87.6%	649,424
2018/2019F	1,453,618	5.6%	4,497,632	4,693,238	4.6%	3,838,762	87.6%	854,476
2019/2020F	1,484,495	2.1%	4,497,632	4,784,778	2.0%	3,838,762	87.6%	946,016
2020/2021F	1,505,080	1.4%	4,497,632	4,851,584	1.4%	3,838,762	87.6%	1,012,823
2021/2022F	1,525,665	1.4%	4,497,632	4,918,633	1.4%	3,838,762	87.6%	1,079,871

Correlation 1989/1990 - 2010/2011		Total Hotel Room Night Demand Change	
Convention Attendance, Hotel Demand	0.75	CAGR 1989/1990 - 2010/2011	1.4%
		CAGR 2011/2012 - 2021/2022	2.8%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

Based on the projection methodology detailed in the body of the report, the rise in hotel demand amid steady supply will yield a projected occupancy rate of 87.6% in FY 2013/2014. An analysis of long-term trends in San Francisco and other lodging markets evidences that annual hotel occupancy rarely exceeds mid 80s occupancy levels given the periods of lower demand such as holidays. As such, it is considered unlikely that occupancy would grow above this level, resulting in a considerable amount of unaccommodated hotel room night demand as displayed in the table. If no new room supply is introduced to the market, JLLH estimates a potential loss in economic benefit (from visitor spending) of

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approximately $15 million for FY 2013/2014 and increasing each additional year with the loss in unaccommodated demand for the market as a whole.

JLLH believes that, based on the incremental convention center attendance resulting from the recommended expansion, there is strong evidence to suggest that the market be able to support the addition of new hotel stock over the medium term. The addition of hotel rooms, whether part of an official convention center headquarters hotel, or another hotel in the local area, will have an additional positive impact on area employment and tax revenues beyond what is quantified in this report.

It should be noted that the above analysis only pertains to the Core Convention Hotels, which are the preferred hotels for meeting planners' room block, but there is an additional 22,000 hotel rooms which can be used during the compression period. From our Moscone User Group interviews, the complaint in the San Francisco hotel supply was not due to the lack of supply, but it was specifically for the number of quality supply and the high number of hotels in the room versus other cities, like Las Vegas, due to the great supply of smaller, boutique hotels in the City.

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7 Appendices

7.1 Glossary

- **Average Daily Rate (ADR):** A measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold.
- **Chain Scales:** Seven segments defined by Smith Travel Research based on actual average room rates. Independent hotels, regardless of their room rates are included as a separate chain scale category. The chain scale segments are: Luxury Chains, Upper Upscale Chains, Upscale Chains, Upper Midscale Chains, Midscale Chains, Economy Chains, and Independents.
- **Compounded Annual Growth Rate (CAGR):** The year-over-year growth rate of a measure over a period of time.
- **Internal Rate of Return (IRR):** The rate of return used in capital budgeting to measure and compare the profitability of investments by making the net present value of all cash flows from a project equal to zero.
- **Net Present Value (NPV):** The sum of the present value of all cash flows, both incoming and outgoing.
- **Occupancy:** The percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available.
- **Revenue per Available Room (RevPAR):** The total room revenue divided by total rooms available. Occupancy multiplied by ADR is equal to RevPAR.
- **Smith Travel Research (STR):** STR tracks supply and demand data for the hotel industry within the U.S. and globally.

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7.2 Moscone Center Existing Facility SWOT Analysis

Moscone Center Strength, Weakness, Opportunity and Threat Analysis

Strengths

- Draw of San Francisco as a destination, strong airlift
- Proximity to high-quality hotel inventory
- Proximity to significant number of country's high-tech companies
- Professional and dedicated convention sales team

Weaknesses

- Constraints on physical expansion: limited ability to expand vertically and create more venues with natural lighting
- Some parts of convention center are in need of renovation
- Lack of adjoining or adjacent headquarters hotel
- Limited staging area for trucks delivering exhibitors' equipment

Opportunities

- Addition of contiguous exhibit space to better accommodate groups that are outgrowing the current facility

Threats

- Loss of convention rotations to other cities
- Expansion of convention centers in San Diego and Los Angeles
- Increases to cost structure with regard to union labor, hotel rates, air travel

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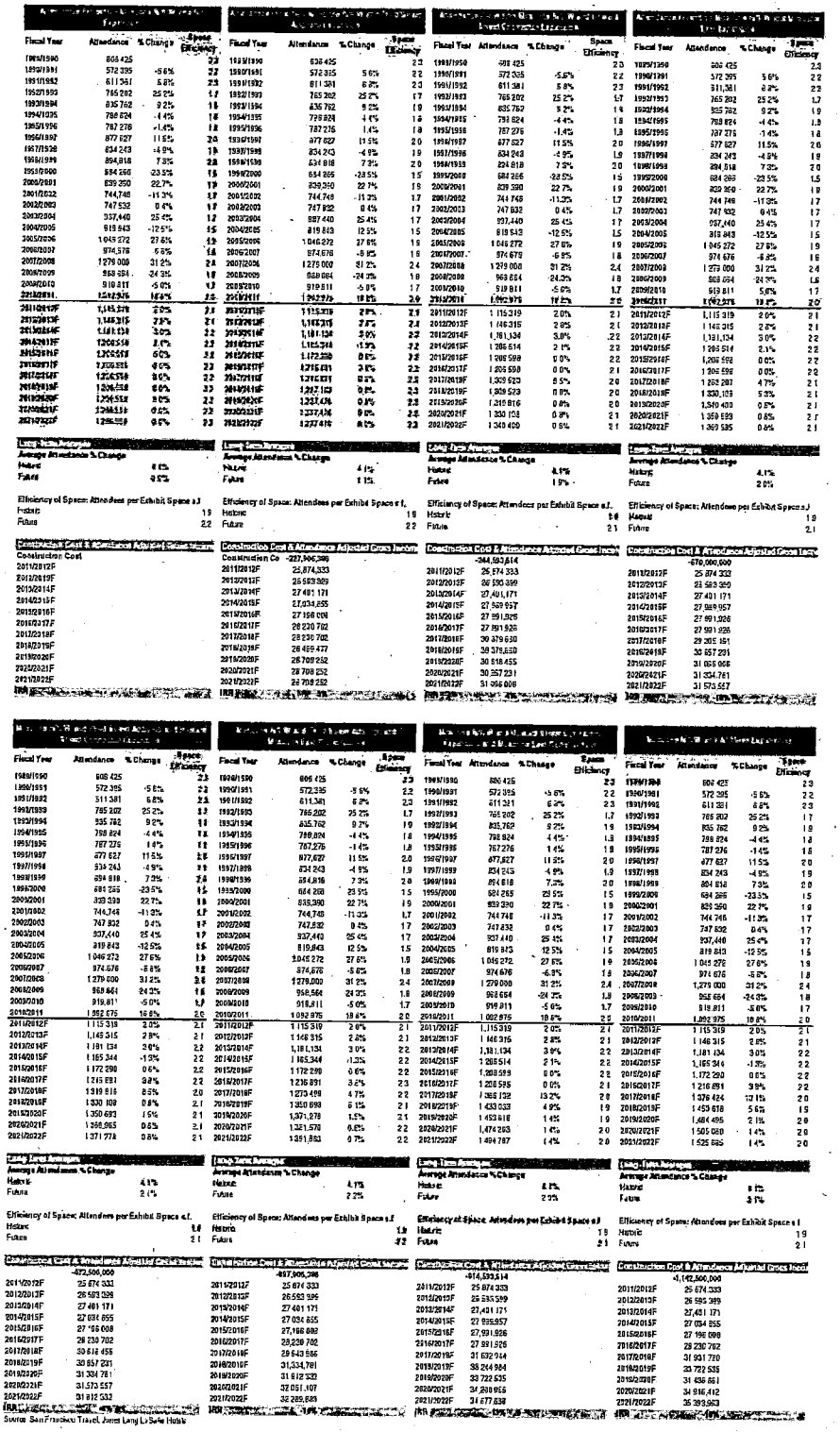
7.3 Summary Attendance Projection Pro-Forma

The table below shows JLLH's detailed attendance projections for each expansion scenario. It should be noted that two scenarios, Third Street Addition on its own and Howard Street Connector on its own, presented below were removed from the Economic Impact Analysis, since they will not be considered on their own.



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7.4 Visitor Spend Impact based on Incremental Attendance

The below table details the visitor spending impact resulting from the incremental attendance projected in Scenario 5, which pertains to All Three Expansions. For each fiscal year, the incremental attendance figures are multiplied by the average per person spend figures for each of the categories as provided by San Francisco Travel. The tables for the other six expansion scenarios are saved in JLLH's project files.

Scenario 5: Moscone NEW and All Three Expansions

2014/2015			
Category	$/Person	Net Attendees	Net Difference
Lodging	$350.61	-40,936	-$14,352,254
Restaurants in Hotels	$78.11	-40,936	-$3,197,325
All Other Restaurants	$165.89	-41,170	-$6,833,814
Retail	$150.94	-41,170	-$6,214,075
Entertainment & Sightseeing	$98.07	-41,170	-$4,037,479
Local Transportation	$36.31	-41,170	-$1,495,053
Gas/Auto Services	$53.11	-41,170	-$2,186,620
Car Rental	$18.36	-41,170	-$756,714
2015/2016			
Category	$/Person	Net Attendees	Net Difference
Lodging	$361.12	-34,113	-$12,319,017
Restaurants in Hotels	$80.45	-34,113	-$2,744,371
All Other Restaurants	$170.97	-34,308	-$5,865,690
Retail	$155.47	-34,308	-$5,333,749
Entertainment & Sightseeing	$101.01	-34,308	-$3,465,503
Local Transportation	$37.40	-34,308	-$1,283,254
Gas/Auto Services	$54.71	-34,308	-$1,876,849
Car Rental	$18.93	-34,309	-$649,513
2016/2017			
Category	$/Person	Net Attendees	Net Difference
Lodging	$371.96	10,234	$3,806,576
Restaurants in Hotels	$82.86	10,234	$848,011
All Other Restaurants	$176.10	10,292	$1,812,498
Retail	$160.13	10,292	$1,648,128
Entertainment & Sightseeing	$104.04	10,292	$1,070,840
Local Transportation	$38.53	10,292	$396,526
Gas/Auto Services	$56.35	10,292	$579,946
Car Rental	$19.50	10,292	$200,700
2017/2018			
Category	$/Person	Net Attendees	Net Difference
Lodging	$383.12	169,860	$64,692,762
Restaurants in Hotels	$85.35	168,860	$14,411,939
All Other Restaurants	$181.38	169,826	$30,803,407
Retail	$164.93	169,826	$28,009,942
Entertainment & Sightseeing	$107.16	169,826	$18,198,933
Local Transportation	$39.68	169,826	$6,738,951
Gas/Auto Services	$58.04	169,826	$9,856,187
Car Rental	$20.08	169,826	$3,410,888
2018/2019			
Category	$/Person	Net Attendees	Net Difference
Lodging	$394.61	245,614	$96,921,519
Restaurants in Hotels	$87.91	245,614	$21,591,705
All Other Restaurants	$186.82	247,019	$46,149,104
Retail	$169.88	247,019	$41,963,986
Entertainment & Sightseeing	$110.38	247,019	$27,265,310
Local Transportation	$40.87	247,019	$10,096,174
Gas/Auto Services	$59.78	247,019	$14,766,360
Car Rental	$20.69	247,019	$5,110,131
2019/2020			
Category	$/Person	Net Attendees	Net Difference
Lodging	$406.45	276,316	$112,307,810
Restaurants in Hotels	$90.55	276,316	$25,019,388
All Other Restaurants	$192.43	277,897	$53,475,275
Retail	$174.98	277,897	$48,625,769
Entertainment & Sightseeing	$113.69	277,897	$31,593,678
Local Transportation	$42.10	277,897	$11,698,942
Gas/Auto Services	$61.57	277,897	$17,110,519
Car Rental	$21.31	277,897	$5,921,364
2020/2021			
Category	$/Person	Net Attendees	Net Difference
Lodging	$418.64	296,784	$124,245,715
Restaurants in Hotels	$93.26	296,784	$27,678,857
All Other Restaurants	$198.20	298,482	$59,159,498
Retail	$180.23	298,482	$53,794,508
Entertainment & Sightseeing	$117.10	298,482	$34,951,969
Local Transportation	$43.36	298,482	$12,942,496
Gas/Auto Services	$63.42	298,482	$18,929,304
Car Rental	$21.95	298,482	$6,550,783
2021/2022			
Category	$/Person	Net Attendees	Net Difference
Lodging	$431.20	317,251	$136,798,816
Restaurants in Hotels	$96.06	317,251	$30,475,376
All Other Restaurants	$204.15	319,066	$65,136,647
Retail	$185.63	319,066	$59,229,609
Entertainment & Sightseeing	$120.61	319,066	$38,483,324
Local Transportation	$44.66	319,066	$14,250,134
Gas/Auto Services	$65.32	319,066	$20,841,517
Car Rental	$22.61	319,066	$7,212,638

Source: Jones Lang LaSalle Hotels, based on IMPLAN data

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7.5 Total Visitor Spend Economic Impact based on IMPLAN Multipliers

The below table details the full economic impact from visitor spending resulting from the incremental additional attendance levels as projected in Scenario 5, which pertains to All Three Expansions. The tables for the other four scenarios are saved in JLLH's project files.

	Scenario 5 Visitor Spending Impact (in 2012 $)				
2014/2015	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	-203.10	-$8,488,756	-$11,651,099	-$13,744,480
	Indirect Effect	-22.6	-$1,770,518	-$2,640,316	-$3,842,543
	Induced Effect	-36.9	-$2,418,823	-$4,089,016	-$5,881,637
	Total Effect	**-262.70**	**-$12,678,096**	**-$18,380,430**	**-$23,468,660**
2015/2016	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	-170.50	-$7,140,742	-$9,799,862	-$11,519,712
	Indirect Effect	-19	-$1,482,731	-$2,212,076	-$3,219,069
	Induced Effect	-31	-$2,032,776	-$3,436,398	-$4,942,914
	Total Effect	**-220.50**	**-$10,656,249**	**-$15,448,336**	**-$19,681,696**
2016/2017	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	42.70	$1,605,876	$2,225,405	$3,476,073
	Indirect Effect	5.7	$447,042	$667,221	$970,883
	Induced Effect	7.4	$485,106	$820,091	$1,179,615
	Total Effect	**55.80**	**$2,538,024**	**$3,712,717**	**$5,626,571**
2017/2018	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	707.60	$26,642,427	$36,921,340	$57,693,989
	Indirect Effect	94.8	$7,413,434	$11,069,417	$16,106,060
	Induced Effect	122.9	$8,045,893	$13,601,876	$19,564,865
	Total Effect	**925.20**	**$42,101,753**	**$61,592,633**	**$93,364,914**
2018/2019	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,038.60	$39,108,824	$54,197,156	$84,839,314
	Indirect Effect	139.3	$10,893,834	$16,267,854	$23,669,212
	Induced Effect	180.4	$11,813,419	$19,971,016	$28,726,202
	Total Effect	**1,358.20**	**$61,816,077**	**$90,436,026**	**$137,234,728**
2019/2020	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,179.50	$44,414,839	$61,550,252	$96,524,662
	Indirect Effect	158.3	$12,385,026	$18,497,091	$26,911,909
	Induced Effect	204.9	$13,419,248	$22,685,728	$32,631,029
	Total Effect	**1,542.70**	**$70,219,113**	**$102,733,070**	**$156,067,600**
2020/2021	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,278.90	$48,157,411	$66,736,722	$104,851,747
	Indirect Effect	171.9	$13,443,233	$20,080,209	$29,214,376
	Induced Effect	222.2	$14,553,399	$24,603,050	$35,388,895
	Total Effect	**1,673.00**	**$76,154,043**	**$111,419,981**	**$169,455,019**
2021/2022	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,380.00	$51,967,000	$72,016,064	$113,359,939
	Indirect Effect	185.7	$14,522,757	$21,695,646	$31,563,713
	Induced Effect	239.9	$15,708,409	$26,555,636	$38,197,484
	Total Effect	**1,805.60**	**$82,198,166**	**$120,267,346**	**$183,120,536**

Source: Jones Lang LaSalle Hotels, based on IMPLAN data

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7.6 Annual Incremental Economic Impact by Expansion Scenario

The two tables below depict the annual incremental economic impact for each of the five expansion scenarios.

	Convention ADI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Total Economic Impact	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0
2014/2015F	$0	-13.2%	$0	$0	$0	$0
2015/2016F	$0	-13.2%	$0	$0	$0	$0
2016/2017F	$0	-13.2%	$0	$0	$0	$0
2017/2018F	$1,313,265	-11.0%	-$6,227	$31,121,699	$31,115,411	$31,115,411
2018/2019F	$2,865,304	-8.0%	-$11,116	$68,617,363	$68,606,247	$68,606,247
2019/2020F	$3,104,089	-7.0%	-$9,366	$75,143,658	$75,134,292	$75,134,292
2020/2021F	$3,342,855	-7.0%	-$10,087	$81,805,872	$81,795,785	$81,795,785
2021/2022F	$3,581,631	-7.0%	-$10,807	$88,606,711	$88,595,904	$88,595,904
2022/2023F						$88,595,904
2023/2024F						$88,595,904
2024/2025F						$88,595,904
2025/2026F						$88,595,904
Net Economic Impact						$859,531,255

	Convention ADI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Total Economic Impact	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$23,463,226	-$23,463,226
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$19,677,167	-$19,677,167
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$5,625,439	$5,625,439
2017/2018F	$2,626,529	-8.0%	-$9,057	$62,243,276	$62,234,219	$62,234,219
2018/2019F	$2,865,304	-7.0%	-$8,646	$68,617,363	$68,608,717	$68,608,717
2019/2020F	$3,342,855	-6.0%	-$8,646	$80,923,940	$80,915,294	$80,915,294
2020/2021F	$3,581,631	-6.0%	-$9,263	$87,649,147	$87,639,884	$87,639,884
2021/2022F	$3,820,406	-6.0%	-$9,881	$94,513,826	$94,503,945	$94,503,945
2022/2023F						$94,503,945
2023/2024F						$94,503,945
2024/2025F						$94,503,945
2025/2026F						$94,503,945
Net Economic Impact						$734,402,888

	Convention ADI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Total Economic Impact	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$23,463,226	-$23,463,226
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$19,677,167	-$19,677,167
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$5,625,439	$5,625,439
2017/2018F	$1,552,049	-8.0%	-$5,352	$36,780,117	$36,774,765	$36,774,765
2018/2019F	$3,342,855	-7.0%	-$10,087	$80,053,592	$80,043,505	$80,043,505
2019/2020F	$3,829,406	-6.0%	-$8,294	$92,484,503	$92,476,209	$92,476,209
2020/2021F	$4,059,181	-5.0%	-$8,749	$99,335,702	$99,326,953	$99,326,953
2021/2022F	$4,297,957	-5.0%	-$9,263	$106,328,054	$106,318,791	$106,318,791
2022/2023F						$106,318,791
2023/2024F						$106,318,791
2024/2025F						$106,318,791
2025/2026F						$106,318,791
Net Economic Impact						$862,760,493

	Convention ADI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Total Economic Impact	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0
2014/2015F	$0	-13.2%	$0	$0	$0	$0
2015/2016F	$0	-13.2%	$0	$0	$0	$0
2016/2017F	$0	-11.0%	$0	$0	$0	$0
2017/2018F	$3,701,018	-8.0%	-$12,763	$87,706,435	$87,693,672	$87,693,672
2018/2019F	$5,253,058	-7.0%	-$15,850	$125,798,501	$125,782,651	$125,782,651
2019/2020F	$5,730,609	-5.0%	-$12,351	$138,728,755	$138,714,404	$138,714,404
2020/2021F	$6,208,160	-5.0%	-$13,380	$151,925,190	$151,911,810	$151,911,810
2021/2022F	$6,685,710	-5.0%	-$14,409	$165,399,195	$165,384,786	$165,384,786
2022/2023F						$165,384,786
2023/2024F						$165,384,786
2024/2025F						$165,384,786
2025/2026F						$165,384,786
Net Economic Impact						$1,331,025,485

	Convention ADI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Total Economic Impact	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$23,463,226	-$23,463,226
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$19,677,167	-$19,677,167
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$5,625,439	$5,625,439
2017/2018F	$3,939,794	-7.0%	-$11,888	$93,364,914	$93,353,026	$93,353,026
2018/2019F	$5,730,609	-5.0%	-$12,351	$137,234,728	$137,222,377	$137,222,377
2019/2020F	$6,440,935	-4.0%	-$11,116	$156,067,606	$156,056,484	$156,056,484
2020/2021F	$6,924,488	-4.0%	-$11,939	$169,455,019	$169,443,080	$169,443,080
2021/2022F	$7,407,936	-4.0%	-$12,763	$183,120,536	$183,107,773	$183,107,773
2022/2023F						$183,107,773
2023/2024F						$183,107,773
2024/2025F						$183,107,773
2025/2026F						$183,107,773
Net Economic Impact						$1,434,856,860

Source: Jones Lang LaSalle Hotels; IMPLAN

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7.7 Change in Employment by Expansion Scenario

The below table details the change in employment based on each of the five expansion scenarios.

Scenario 1 Employment

	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	-	-	-	-	-	-	-
2015/2016F	-	-	-	-	-	-	-
2016/2017F	-	-	-	-	-	-	-
2017/2018F	236	32	41	236	32	41	309
2018/2019F	519	70	90	519	70	90	679
2019/2020F	568	76	99	568	76	99	743
2020/2021F	617	83	107	617	83	107	808
2021/2022F	668	90	116	668	90	116	874
							3,412

Scenario 2 Employment

	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	472	63	82	472	63	82	617
2018/2019F	519	70	90	519	70	90	679
2019/2020F	612	82	106	612	82	106	800
2020/2021F	662	89	115	662	89	115	865
2021/2022F	727	96	124	727	96	124	946
							3,480

Scenario 3 Employment

	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	279	37	48	279	37	48	364
2018/2019F	606	81	105	606	81	105	792
2019/2020F	699	94	121	699	94	121	914
2020/2021F	750	101	130	750	101	130	981
2021/2022F	810	108	139	810	108	139	1,057
							3,682

Scenario 4 Employment

	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	-	-	-	-	-	-	-
2015/2016F	-	-	-	-	-	-	-
2016/2017F	-	-	-	-	-	-	-
2017/2018F	665	89	115	665	89	115	869
2018/2019F	952	128	165	952	128	165	1,245
2019/2020F	1,048	141	182	1,048	141	182	1,371
2020/2021F	1,147	154	199	1,147	154	199	1,500
2021/2022F	1,247	168	217	1,247	168	217	1,631
							6,816

Scenario 5 Employment

	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	708	95	123	708	95	123	925
2018/2019F	1,039	139	180	1,039	139	180	1,358
2019/2020F	1,180	158	205	1,180	158	205	1,543
2020/2021F	1,279	172	222	1,279	172	222	1,673
2021/2022F	1,380	186	240	1,380	186	240	1,806
							8,678

Source: Jones Lang LaSalle Hotels, IMPLAN

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Appendix E

Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecast"

JONES LANG
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MOSCONE CONVENTION CENTER EXPANSION IMPACT

Draft San Francisco Lodging Market Forecasting Study Prepared for *San Francisco Tourism Improvement District Management Corporation*

June 21, 2012



June 21, 2012

Ms. Lynn Farzaroli
Senior Manager
TID/Foundation
San Francisco Travel
201 Third Street, Suite 900
San Francisco, CA 94103

Re: San Francisco Lodging Market – Forecasting Study

Dear Ms. Farzaroli:

Jones Lang LaSalle Hotels ("JLLH"), a division of Jones Lang LaSalle Americas, Inc, is pleased to submit herewith our comprehensive preliminary draft in connection with performing a Lodging Market Forecasting Study for the San Francisco market as it relates to the proposed expansion of the Moscone Center. The information gleaned from the review process of San Francisco's existing hotel inventory and historical performance, impact of previous and other comparable convention center expansions, along with JLLH's experience in the hotel, convention and real estate sector collectively form the basis of the conclusions, recommendations and 32-year lodging forecast presented in this report.

Please do not hesitate to contact us if you have any questions regarding the report.

Respectfully submitted,

Jones Lang LaSalle Hotels,
a division of Jones Lang LaSalle Americas, Inc.

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1 Executive Summary

1.1 Scope of Work

Jones Lang LaSalle Hotels ("JLLH") has been engaged by TID/Foundation ("Client") to perform a lodging market forecasting study in connection with the proposed expansion of the Moscone Center located in San Francisco, California. Pursuant to our engagement, JLLH has completed the following tasks and scope of work:

Market Research

- We have conducted an analysis of the San Francisco existing hotel inventory, lodging supply and development trends over the past 25 years.
- We have analyzed the market's historical hotel performance over the past 25 years, which highlights market cycles and events which may have impacted lodging performance during the analyzed period.
- We have reviewed the correlation that Moscone Center's past expansions, events and activities have had on lodging performance for the overall City of San Francisco and, specifically, for Zone 1 and 2 Hotels.

Comparable Convention Center Research

- We researched and studied the relationship that other convention center expansions had on their respective lodging markets.

Forecast

- We have prepared a forecast of Revenue per Available Room ("RevPAR") for 32 years following the Moscone Center's expansion, assuming a completion of future expansions such as: expansions to Moscone East, Third Street Addition, and Howard Street Connector.

1.2 Definitions

For the lodging market forecast, we have separated the hotels in the City of San Francisco into two groups, as defined by the Client below:

- **Zone 1 Tourist Hotels ("Zone 1"):** All tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay.
- **Zone 2 Tourist Hotels ("Zone 2"):** All tourist hotels with addresses west of the Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street.

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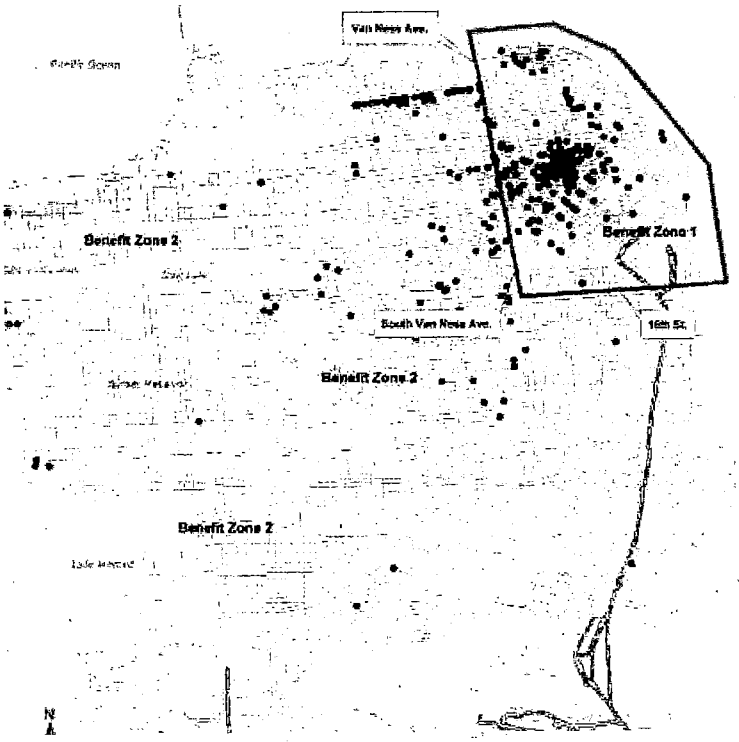

Source: SF Tourism Improvement District

1.3 Overall Conclusion

From our analysis of the last two major expansions that occurred at the Moscone Center in 1992 and 2003, we have observed the following:

- There is a strong correlation between Convention Attendance and Zone 1 Supply, Convention Attendance and Zone 1 Demand, Convention Space and Zone 1 Supply, and Convention Space and Zone 1 Demand. This shows that Moscone Center does impact hotel supply and demand for hotels in Zone 1, while Zone 2 is not as directly correlated to convention activity due to its locations and less reliance on groups from its smaller room stock.

- Zone 1 and Zone 2 Hotels mirror a similar trend throughout the years, although Zone 1 has a higher RevPAR than both Zone 2 and Total U.S. Urban.

- In terms of demand, both Zone 1 and Zone 2's CAGR surpassed Total U.S. Urban's average during the post expansion years. During Expansion I, Zone 1 saw a higher 3-year CAGR than Zone 2, and during Expansion II, Zone 2 saw a higher CAGR. The first expansion brought a new higher rated business to the immediate hotels around the Moscone Center (Zone 1), but since those hotels were saturated by the time of the second expansion, Zone 2 had a greater incremental increase as the benefit is spread further out with more meeting capacity for the city.

- Beyond demand and room rates (ADR) and RevPAR, hotels can capture additional revenues from food and beverage, convention services, spa and other ancillary facilities. As discussed, the types of hotel existing and likely to be developed in Zone 1 are significantly different from those located in Zone 2. As displayed in the above table, there is a much higher concentration of Upscale & Above hotels in Zone 1 (in terms of room count), and a much higher ratio of Midscale, Economy, & Independent hotels in Zone 2

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(in terms of room count). Zone 1 comprises of predominantly Upscale & Above hotels (70.5%), as Zone 2 comprises of primarily Midscale, Economy, and Independent hotels (78.4%).

- Based on our analysis of lodging types in San Francisco, we have concluded that Upscale and Above chain hotels, the majority representative of the inventory of hotels located in Zone 1, achieve RevPAR premiums that are 50% to 60% greater than midscale, economy, and independent hotels in San Francisco representative of those located in Zone 2. However, our in-depth analysis of hotel operating statements for over 50 hotels in San Francisco indicates Upscale and Above chain hotels in San Francisco achieve 50% to 80% greater profit per available room premiums than the midscale, economy and independent hotels in San Francisco.

- From JLLH's experience, sales and marketing, and in particular sales and marketing of expanded convention facilities, is necessary in maximizing lodging performance.

From the aforementioned analyses, we have established the following conclusions:

- Historic trends clearly indicate that future expansions of the Moscone Center should have significant positive impact on the Revenue per Available Room (RevPAR) of hotels in Zone 1 and Zone 2; however, Zone 1 is expected to achieve three times RevPAR benefit as Zone 2.

- We have concluded that both zones are expected to gain incremental benefit from the proposed Moscone expansion, but Zone 1 is expected to achieve four times the Profit per available room benefit of Zone 2.

- Based on our analysis, the lodging sector is expected to be the greatest beneficiary in increased revenue dollars when compared to the other sectors on an individual basis as a result of the proposed Moscone expansions.

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2 San Francisco Lodging Market

2.1 Market Overview

San Francisco is a major gateway to Europe, Asia, and Australia, and the San Francisco International Airport ("SFO") is the tenth busiest airport in the U.S. The San Francisco lodging market posts higher overall occupancy rates than many other U.S. gateway markets. The city is home to numerous international renowned tourist attractions, including Fisherman's Wharf, the Golden Gate Bridge, Alcatraz, wine country, among many others. In addition, the economy and commercial real estate market is thriving with the influx of start-up companies and the technology boom, including companies like Zynga and Salesforce. According to latest data provided by San Francisco Travel, the city hosted 15.9 million visitors in 2010 and these visitors spent $8.3 billion in local businesses.

2.2 Existing Hotel Inventory

According to Smith Travel Research, there are currently 224 hotels in San Francisco with a total of 34,257 guest rooms, roughly 25,000 of which are within walking distance of the Moscone Center. No new supply has entered San Francisco since 2008, a stark contrast to other major U.S. gateway markets. The following table summarizes the number of hotels and total room count for San Francisco by chain scale.

San Francisco Current Inventory by Chain Scale

Chain Scale	No. of Hotels	%	Room Count	%
Independents	139	62%	10,624	31%
Luxury Chains	14	6%	4,804	14%
Upper Upscale Chains	37	17%	14,499	42%
Upscale Chains	3	1%	887	3%
Upper Midscale Chains	9	4%	2,363	7%
Midscale Chains	4	2%	266	1%
Economy Chains	18	8%	814	2%
Total	**224**		**34,257**	

Source: Smith Travel Research

San Francisco has the highest number of independent/unbranded hotels as a proportion of total hotel stock among U.S. gateway markets. Historically, independent hotels' ADR performance has been more volatile, but San Francisco's strong occupancy levels, second only to New York, support the level of independent hotels that exist in the market.

2.3 New Supply Pipeline

The lack of recent supply openings affirms the exceedingly high barriers to entry in the San Francisco hotel market and explains investors' high interest in acquiring existing hotels, as seen from the abundant transactions over the past 18 months. Over the last ten years, the hotel room supply in San Francisco has grown on average by 1.0% annually (CAGR or compound annual growth rate), considerably below nationwide growth. The most recent hotel openings occurred in 2008, with the opening of the 550-key InterContinental in February and the 53-room Fairmont Heritage Place in August. The following table presents the total new supply inventory that entered the San Francisco market since 2000. The only hotel opening expected in 2012 is the 22-room Inn at the Presidio, which debut in April 2012.

The following tables display the potential hotels projects in the pipeline in the early planning stage and the historical new supply growth trends.

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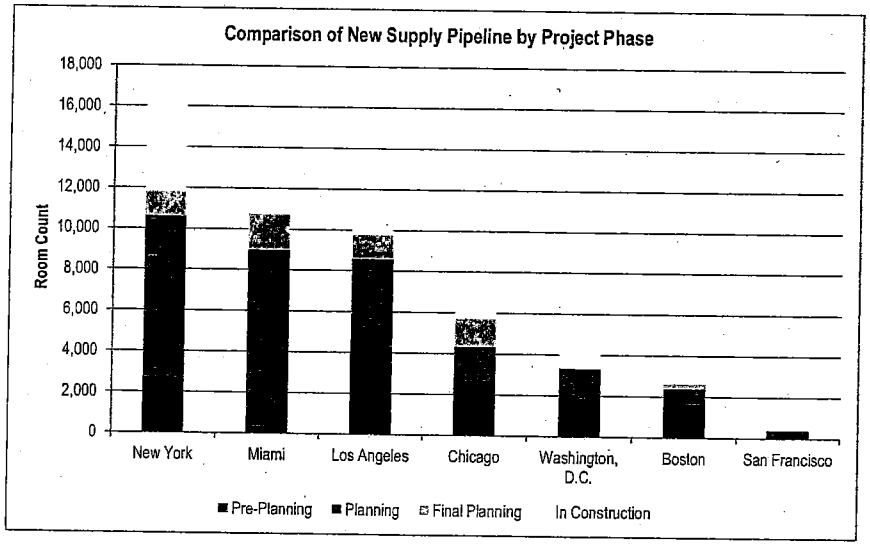
San Francisco New Supply Pipeline					
Hotel Name	Address	Room Count	Projected Opening Date	Chain Scale	Project Phase
Unamed Hotel & Transbay	Mission St. & 1st St.	N/A	N/A	Independent	Planning
Unnamed Hotel	942 Mission St	172	N/A	Independent	Planning
Hotel SoMa	690 5th St	75	N/A	Independent	Planning
Unnamed Hotel	Yerba Buena Island	50	N/A	Independent	Pre-Planning

Source: Smith Travel Research

New Supply to San Francisco by Year			
Year	No. of Hotels	Room Count	% Chg
2000	1	104	0.3%
2001	4	1,023	3.3%
2002	1	362	1.1%
2003	2	698	2.2%
2004	0	0	0.0%
2005	2	460	1.4%
2006	1	86	0.3%
2007	1	33	0.1%
2008	2	603	1.8%
2009	1	80	0.2%
2010	0	0	0.0%
2011	0	0	0.0%
2012	1	22	0.1%
CAGR (00-06)			1.4%
CAGR (00-12)			0.9%

Source: Smith Travel Research

While the supply pipeline has shrunk greatly across the country, most gateway cities still experience a backlog of new rooms that are expected to open by 2013. As an example 2,900 rooms were introduced in New York in 2011 and an additional 1,050 rooms are expected to open in 2012. The complete lack of new supply in San Francisco in the near term will significantly strengthen the potential for growth in average daily rates in the city, as seen from the significant year-to-date growth in 2011.



Source: Smith Travel Research

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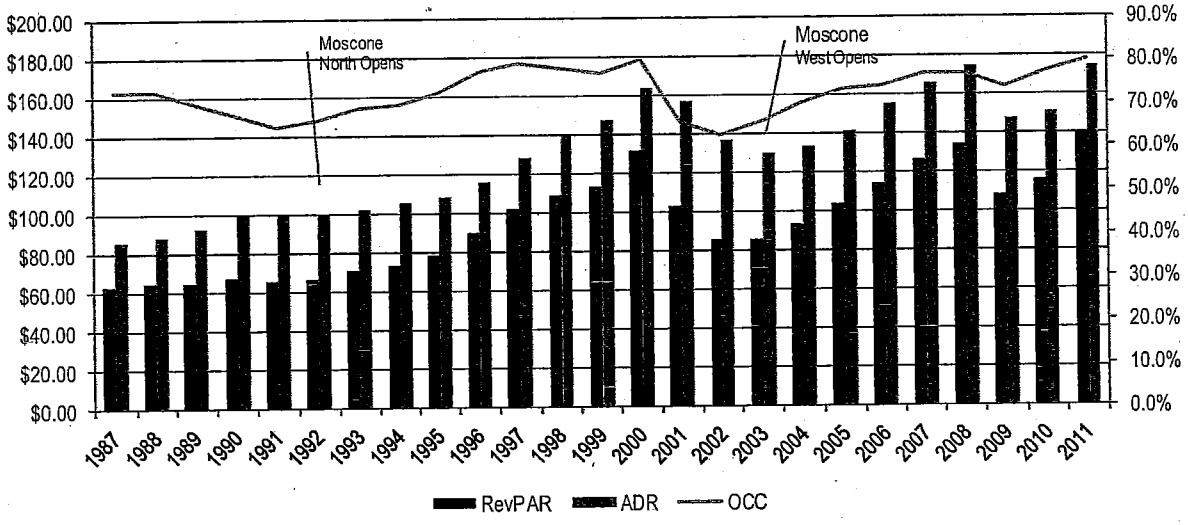
2.4 San Francisco Historical Hotel Performance

Hotel benchmark includes three key terms: occupancy, average daily rate (ADR), revenue per available room (RevPAR). RevPAR is an indicator of both occupancy and ADR. Occupancy is the percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available. ADR is a measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold. RevPAR is the total room revenue divided by total rooms available, or the product of occupancy and ADR.

The following table presents the market's lodging performance since 1987:

San Francisco Lodging Market Performance, 1987-2011



Source: Smith Travel Research

San Francisco posts higher overall occupancy rates than many other U.S. gateway markets. Though the market suffered more than the average of other major markets during the double-hit of the tech bust and the events of 9/11, San Francisco has consistently shown above-average growth in occupancy rates partly due to the minimal supply increases. By year-end 2011, not only did occupancy peak at 80%, but the ADR has grown significantly; posting 15.6% growth in ADR among the market.

Despite the year-over-year growth in ADR, on an inflation-adjusted basis, ADRs remained below previous peak 2000 levels in 2008—an anomaly not witnessed in many other large U.S. markets. However, the spread of ADR between San Francisco and the average of the other top U.S. gateway markets has begun to lessen notably. The gains in occupancy and ADR have led to a jump in revenue per available room (RevPAR) of 19.7% for the market, among the highest of any major U.S. market.

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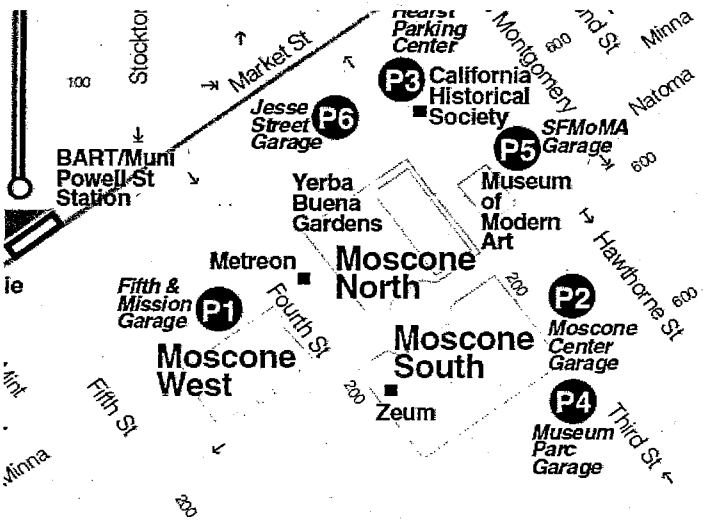
3 Moscone Center Expansions

3.1 Moscone Center Overview

The Moscone Center is located in San Francisco's SOMA / Yerba Buena district. The convention center is comprised of three main buildings, Moscone North and Moscone South, which are connected underground, and Moscone West, a free-standing building. The three buildings comprise of approximately two million square feet of building area. The center is named after George R. Moscone, a former mayor of San Francisco. There are approximately 25,000 hotel rooms within walking distance of the convention center.

Moscone South opened in 1981, and consists of 260,600 s.f. of exhibit space in Halls A, B and C. Moscone North opened in 1992, adding 181,400 s.f. of exhibit space in Halls D and E. This addition is connected to Moscone South via underground corridors and meeting space. The latest addition to the center is Moscone West, a stand-along building located one-half block to the west of the other two buildings. Moscone West features 96,700 s.f. of exhibit space on the first level.



Source: Moscone Center website

The Moscone Center is owned by the City and County of San Francisco. The Moscone Center is privately managed by SMG, an entertainment and convention center venue manager. Convention business for the center is booked by San Francisco Travel which serves as the city's conventions and visitors' bureau.

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3.2 Marketing

We were provided with the historical convention marketing expenses used to promote the city of San Francisco, as summarized in the following table.

San Francisco Convention Marketing Expenses		
Fiscal Year	Total	% Change
1992/1993	$1,329,000	-
1993/1994	$1,307,000	-1.7%
1994/1995	$1,483,000	13.5%
1995/1996	$1,650,000	11.3%
1996/1997	$1,866,000	13.1%
1997/1998	$2,005,000	7.4%
1998/1999	$2,087,000	4.1%
1999/2000	$2,515,000	20.5%
2000/2001	$2,388,000	-5.0%
2001/2002	$2,390,000	0.1%
2002/2003	$2,620,000	9.6%
2003/2004	$2,776,000	6.0%
2004/2005	$2,705,000	-2.6%
2005/2006	$2,695,000	-0.4%
2006/2007	$2,662,000	-1.2%
2007/2008	$3,270,000	22.8%
2008/2009	$3,995,000	22.2%
2009/2010	$4,085,000	2.3%
2010/2011	$4,883,000	19.5%
2011/2012	$5,646,000	15.6%

Source: Client

From JLLH's experience, sales and marketing, and in particular sales and marketing of expanded convention facilities, is necessary in maximizing lodging performance.

3.3 Moscone Center Expansion Impact on Hotel Performance

The Moscone Center underwent the following major expansions since the opening of Moscone South in 1981:

- May 1992: Opening of Moscone North, which added 53,410 sq.ft. of meeting space and 181,400 sq.ft. of exhibit space
- June 2003: Opening of Moscone West, which added 199,432 sq.ft. of meeting space and 99,660 sq.ft. of exhibit space

The following tables summarize San Francisco's lodging performance (grouped by Zone 1 and Zone 2) compared to Total U.S. Urban cities during the years prior and post expansions.

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San Francisco Expansion Analysis

Year	Supply			Demand			Real Revenue			OCC			Real ADR			Real RevPAR		
	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2
1987	208,176,268	9,117,798	1,192,569	134,841,264	6,653,357	909,858	-	-	-	64.8	73.0	76.3	-	-	-	-	-	-
1988	213,799,871	9,386,407	1,195,740	138,444,662	6,861,031	891,083	$9,207,750,349	$599,524,168	$59,257,698	64.8	73.1	74.5	$66.44	$87.28	$66.56	$43.02	$63.79	$49.55
1989	216,804,567	9,677,813	1,206,440	140,649,346	6,836,870	843,843	$9,290,014,017	$595,288,642	$54,491,815	64.9	70.6	69.9	$65.93	$86.97	$64.82	$42.78	$61.34	$45.15
1990	220,796,968	10,131,807	1,224,088	142,579,928	6,866,405	837,866	$9,260,860,160	$618,423,409	$51,166,639	64.6	67.8	68.4	$64.79	$89.95	$61.32	$41.83	$60.73	$41.74
1991	220,932,167	10,255,202	1,226,035	138,663,548	6,620,199	843,328	$8,640,835,375	$574,050,789	$50,310,336	62.8	64.6	68.8	$62.23	$86.74	$59.89	$39.00	$55.66	$40.97
1992	222,519,962	10,263,177	1,226,035	140,579,713	6,823,656	841,500	$8,622,731,540	$567,452,176	$48,315,773	63.2	66.5	68.6	$61.23	$83.11	$57.64	$38.63	$54.98	$39.35
1993	222,651,601	10,189,271	1,226,035	143,283,434	7,064,402	872,396	$8,790,539,239	$586,607,903	$48,421,987	64.4	69.3	71.2	$61.21	$82.90	$55.66	$39.36	$57.25	$39.43
1994	221,934,603	10,201,767	1,241,048	147,423,649	7,135,768	880,832	$9,199,057,475	$599,206,133	$47,668,339	66.4	69.9	71.0	$62.21	$83.81	$54.25	$41.33	$58.41	$38.34
1995	222,564,180	10,246,443	1,248,380	149,405,578	7,460,728	907,324	$9,577,533,149	$623,393,995	$49,465,118	67.1	72.8	72.7	$63.89	$83.30	$54.61	$42.91	$60.49	$39.55
1996	224,915,104	10,257,504	1,244,285	152,966,286	7,969,457	965,365	$10,254,994,404	$694,186,790	$56,193,673	68.0	77.7	77.6	$66.77	$86.67	$58.22	$45.44	$67.29	$45.07
1997	228,432,540	10,255,770	1,256,055	155,250,597	8,154,511	1,014,095	$10,976,012,156	$770,952,135	$63,978,021	68.0	79.5	80.7	$70.39	$94.03	$63.03	$47.88	$74.75	$50.83
1998	232,265,410	10,170,015	1,264,360	156,893,230	7,933,375	1,003,145	$11,736,474,524	$805,531,925	$66,956,128	67.5	78.0	79.3	$74.47	$101.03	$66.69	$50.33	$78.77	$52.84
1999	236,948,344	10,251,044	1,264,360	158,752,658	7,877,109	1,024,853	$12,235,727,874	$827,697,438	$69,987,266	67.0	76.8	81.1	$76.71	$104.57	$68.20	$51.42	$80.28	$55.23
2000	242,365,494	10,408,410	1,259,866	164,612,960	8,343,477	1,040,560	$13,125,171,116	$947,870,598	$74,734,708	67.9	80.2	82.6	$79.26	$112.86	$71.70	$53.88	$90.51	$59.19
2001	249,522,460	10,503,577	1,240,217	156,071,037	6,872,582	855,491	$11,578,079,302	$720,941,846	$56,569,120	62.5	65.4	69.0	$73.87	$104.89	$66.44	$46.13	$68.19	$45.54
2002	253,199,719	10,840,063	1,228,590	157,155,480	6,817,541	743,568	$11,222,237,483	$610,016,940	$41,331,566	62.1	62.9	60.5	$71.09	$89.48	$56.02	$44.05	$55.88	$33.60
2003	255,117,493	10,900,893	1,228,590	159,490,707	7,209,195	768,740	$10,985,913,624	$602,219,951	$38,896,499	62.5	66.1	62.6	$68.56	$83.42	$50.94	$42.79	$54.85	$31.62
2004	256,094,717	11,011,017	1,222,170	167,293,666	7,769,150	817,193	$11,899,984,093	$646,180,555	$41,506,586	65.3	70.6	66.9	$70.71	$82.91	$51.06	$46.17	$58.25	$33.92
2005	253,432,415	10,870,462	1,217,640	172,268,032	8,001,742	873,566	$12,748,591,280	$685,076,124	$45,255,286	68.0	73.6	71.7	$73.50	$85.26	$51.97	$49.99	$62.58	$37.13
2006	251,141,981	11,045,257	1,218,510	171,370,724	8,165,708	906,236	$13,520,770,517	$746,978,746	$48,171,781	68.2	73.9	74.4	$78.37	$91.04	$53.26	$53.52	$67.12	$39.49
2007	253,761,161	11,026,393	1,184,790	173,348,506	8,431,968	916,516	$14,441,152,091	$802,227,746	$51,318,450	68.3	76.5	77.4	$82.72	$94.60	$56.09	$56.56	$72.21	$43.30
2008	258,398,178	11,086,329	1,184,790	171,236,378	8,469,979	959,032	$14,233,626,229	$816,639,845	$57,092,632	66.3	76.4	80.9	$82.58	$95.86	$59.54	$54.71	$73.09	$48.17
2009	265,459,705	11,120,905	1,184,790	163,898,171	8,194,333	874,415	$12,041,819,851	$668,053,331	$44,829,570	61.7	73.7	73.8	$72.98	$81.04	$51.25	$45.06	$59.61	$37.82
2010	269,945,653	11,142,028	1,178,706	176,841,301	8,635,883	882,500	$13,109,497,439	$707,491,517	$45,095,567	65.5	77.5	74.9	$73.55	$81.37	$51.08	$48.22	$63.01	$38.25
2011	273,541,194	11,113,442	1,174,205	184,728,101	8,924,865	907,935	$13,958,639,614	$820,150,769	$54,751,095	67.5	80.3	77.3	$74.87	$91.19	$60.24	$50.65	$73.23	$46.62
Long-term CAGR*	1.4%	0.8%	-0.1%	1.8%	1.2%	0.0%	1.0%	1.4%	0.3%	0.2%	0.4%	0.3%	0.5%	0.2%	-0.4%	0.7%	0.3%	0.0%

*Denotes Expansion Completion Year

Source: Smith Travel Research, Jones Lang LaSalle Hotels

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San Francisco Expansion Analysis (Year-over-Year % Change)																		
	Supply			Demand			Real Revenue			OCC			Real ADR			Real RevPAR		
Year	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2
1987	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1988	2.7%	2.9%	0.3%	2.7%	3.1%	-2.1%	-	-	-	-	-	-	-	-	-	-	-	-
1989	1.4%	3.1%	0.9%	1.6%	-0.4%	-5.3%	0.9%	-0.7%	-8.0%	0.2%	-3.4%	-6.2%	-0.8%	-0.3%	-2.6%	-0.6%	-3.8%	-8.9%
1990	1.8%	4.7%	1.5%	1.4%	0.4%	-0.7%	-0.3%	3.9%	-6.1%	-0.5%	-4.0%	-2.1%	-1.7%	3.4%	-5.4%	-2.2%	-1.0%	-7.5%
1991	0.1%	1.2%	0.2%	-2.7%	-3.6%	0.7%	-6.7%	-7.2%	-1.7%	-2.8%	-4.7%	0.6%	-3.9%	-3.6%	-2.3%	-6.7%	-8.3%	-1.8%
1992	0.7%	0.1%	0.0%	1.4%	3.1%	-0.2%	-0.2%	-1.1%	-4.0%	0.6%	2.9%	-0.3%	-1.6%	-4.2%	-3.7%	-1.0%	-1.2%	-4.0%
1993	0.1%	-0.7%	0.0%	1.9%	3.5%	3.7%	1.9%	3.4%	0.2%	1.9%	4.2%	3.8%	0.0%	-0.2%	-3.4%	1.9%	4.1%	0.2%
1994	-0.3%	0.1%	1.2%	2.9%	1.0%	1.0%	4.6%	2.1%	-1.6%	3.1%	0.9%	-0.3%	1.6%	1.1%	-2.5%	5.0%	2.0%	-2.8%
1995	0.3%	0.4%	0.6%	1.3%	4.6%	3.0%	4.1%	4.0%	3.8%	1.1%	4.1%	2.4%	2.7%	-0.6%	0.7%	3.8%	3.6%	3.1%
1996	1.1%	0.1%	-0.3%	2.4%	6.8%	6.4%	7.1%	11.4%	13.6%	1.3%	6.7%	6.7%	4.5%	4.1%	6.6%	5.9%	11.2%	14.0%
1997	1.6%	0.0%	0.9%	1.5%	2.3%	5.0%	7.0%	11.1%	13.9%	0.0%	2.3%	4.0%	5.4%	8.5%	8.3%	5.4%	11.1%	12.8%
1998	1.7%	-0.8%	0.7%	1.1%	-2.7%	-1.1%	6.9%	4.5%	4.7%	-0.7%	-1.9%	-1.7%	5.8%	7.4%	5.8%	5.1%	5.4%	4.0%
1999	2.0%	0.8%	0.0%	1.2%	-0.7%	2.2%	4.3%	2.8%	4.5%	-0.7%	-1.5%	2.3%	3.0%	3.5%	2.3%	2.1%	1.9%	4.5%
2000	2.3%	1.5%	-0.4%	3.7%	5.9%	1.5%	7.3%	14.5%	6.8%	1.3%	4.4%	1.8%	3.3%	7.9%	5.1%	4.8%	12.7%	7.2%
2001	3.0%	0.9%	-1.6%	-5.2%	-17.6%	-17.8%	-11.8%	-23.9%	-24.3%	-8.0%	-18.5%	-16.5%	-6.8%	-7.1%	-7.3%	-14.4%	-24.7%	-23.1%
2002	1.5%	3.2%	-0.9%	0.7%	-0.8%	-13.1%	-3.1%	-15.4%	-26.9%	-0.6%	-3.8%	-12.3%	-3.8%	-14.7%	-15.7%	-4.5%	-18.1%	-26.2%
2003	0.8%	0.6%	0.0%	1.5%	5.7%	3.4%	-2.1%	-1.3%	-5.9%	0.6%	5.1%	3.5%	-3.6%	-6.8%	-9.1%	-2.9%	-1.8%	-5.9%
2004	0.4%	1.0%	-0.5%	4.9%	7.8%	6.3%	8.3%	7.3%	6.7%	4.5%	6.8%	6.9%	3.1%	-0.6%	0.2%	7.9%	6.2%	7.3%
2005	-1.0%	-1.3%	-0.4%	3.0%	3.0%	6.9%	7.1%	6.0%	9.0%	4.1%	4.2%	7.2%	3.9%	2.8%	1.8%	8.3%	7.4%	9.5%
2006	-0.9%	-1.6%	0.1%	-0.5%	2.0%	3.7%	6.1%	9.0%	6.4%	0.3%	0.4%	3.8%	6.6%	6.8%	2.5%	7.1%	7.3%	6.4%
2007	1.0%	-0.2%	-2.8%	1.2%	3.3%	1.1%	6.8%	7.4%	6.5%	0.1%	3.5%	4.0%	5.6%	3.9%	5.3%	5.7%	7.6%	9.6%
2008	1.8%	0.5%	0.0%	-1.2%	0.5%	4.6%	-1.4%	1.8%	11.3%	-2.9%	-0.1%	4.5%	-0.2%	1.3%	6.2%	-3.3%	1.2%	11.2%
2009	2.7%	0.3%	0.0%	-4.3%	-3.3%	-8.8%	-15.4%	-18.2%	-21.5%	-6.9%	-3.5%	-8.8%	-11.6%	-15.5%	-13.9%	-17.6%	-18.4%	-21.5%
2010	1.7%	0.2%	-0.5%	7.9%	5.4%	0.9%	8.9%	5.9%	0.6%	6.2%	5.2%	1.5%	0.8%	0.4%	-0.3%	7.0%	5.7%	1.1%
2011	1.3%	-0.3%	-0.4%	4.5%	3.3%	2.9%	6.5%	15.9%	21.4%	3.1%	3.6%	3.2%	1.8%	12.1%	17.9%	5.0%	16.2%	21.9%

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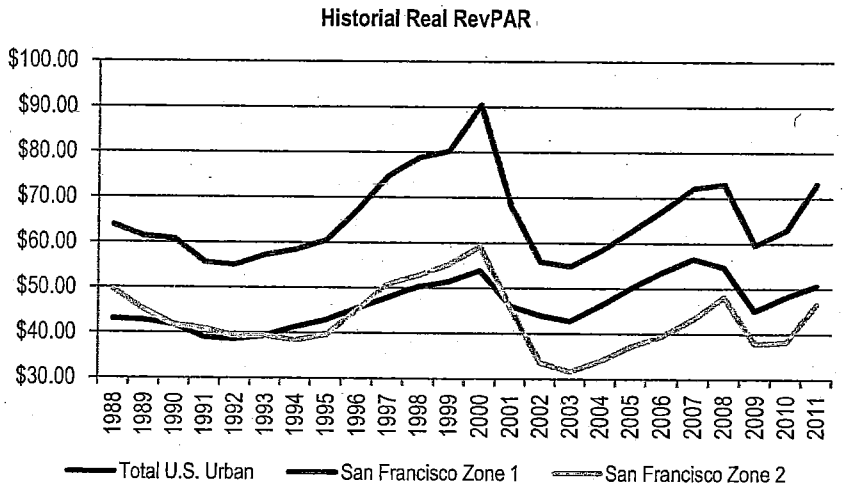
In order to analyze the relationship between lodging performance for the two hotel zones and Moscone convention space and convention attendance, we have calculated the correlation between these variables, as presented in the subsequent table.

Correlation with Convention Space												
	Zone 1						Zone 2					
	Supply	Demand	Real Revenue	OCC	Real ADR	Real RevPAR	Supply	Demand	Real Revenue	OCC	Real ADR	Real RevPAR
Meeting Space	0.86	0.74	0.33	0.33	-0.18	0.05	-0.53	-0.06	-0.39	0.10	-0.60	-0.32
Exhibit Space	0.87	0.77	0.46	0.37	0.00	0.20	-0.13	0.11	-0.23	0.16	-0.51	-0.21
Total Space	0.90	0.79	0.41	0.37	-0.10	0.13	-0.35	0.03	-0.32	0.14	-0.58	-0.28
Correlation with Convention Attendance												
	Zone 1						Zone 2					
	Supply	Demand	Real Revenue	OCC	Real ADR	Real RevPAR	Supply	Demand	Real Revenue	OCC	Real ADR	Real RevPAR
Attendance	0.73	0.80	0.45	0.54	-0.01	0.26	-0.57	0.24	-0.08	0.41	-0.34	-0.01

In addition, historical RevPAR was converted into real values in order to analyze trends without the fluctuations of inflation, as shown in the following chart.



Source: Smith Travel Research

From the above analyses, we have observed the following trends:

- There is a strong correlation between Convention Attendance and Zone 1 Supply, Convention Attendance and Zone 1 Demand, Convention Space and Zone 1 Supply, and Convention Space and Zone 1 Demand. Moscone Center previous expansions has increased convention attendance, at the very least contributing to and at the very most driving demand for hotels in Zone 1, while Zone 2 is not as directly correlated to convention activity due to its locations and less reliance on groups from its smaller room stock.

- Throughout the historic period, the long-term CAGR for Zone 1 was a positive 0.8% as Zone 2 experienced a negative 0.1% with a declining trend in supply. The decrease in hotel supply in Zone 2 results primarily from existing hotels being converted to other uses such as condominiums and multi-family units. When this type of gentrification takes place, it is typically the older properties that

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underperform their peer group and thus when they are removed from inventory, impact the aggregate performance numbers of the market overall.

- As availability of space decreases in the urban city, the annual average growth rate in supply for both zones decrease throughout the latter historical years.

- Zone 1 and Zone 2 Hotels mirror a similar trend throughout the past 25 years, although Zone 1 has a higher RevPAR than both Zone 2 and Total U.S. Urban.

- In terms of demand, both Zone 1 and Zone 2's CAGR surpassed Total U.S. Urban's average during the post expansion years. During Expansion I, Zone 1 saw a higher 3-year CAGR than Zone 2, and during Expansion II, Zone 2 saw a higher CAGR. What we observed is that as Zone 2 decreased inventory and as occupancy exceeds 70% and even approaches 80%, the impact of increased convention attendance is greater on ADR than it is on occupancy. By way of example, an unoccupied room that is filled with a new visitor (even one paying only $100 in room rate) has a greater impact than a previously occupied room which is able to increase room rate by increasing the premium earned on the room. The first expansion brought a new higher rated business to the immediate hotels around the Moscone Center (Zone 1), but since those hotels were largely occupied by the time of the second expansion, Zone 2 had a greater incremental increase as the benefit is spread further out with more meeting capacity for the city. However, although both zones should benefit either directly or by compression from future expansions, since both zones are currently achieving strong occupancy and Zone 1's hotels are in better position to increase rates to a larger extent than Zone 2 properties, we anticipate the impact of the future expansions to be greater for Zone 1 than Zone 2.

JLLH also analyzed historical operating performance by chain scale (as defined by Smith Travel Research) and composition of hotels in the two zones in order to compare the difference between potential Profit PAR.

The following table summarizes San Francisco's historical performance, which are categorized into two groups for two different years.

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SAN FRANCISCO Operating Performance by Chain Scale								
	Midscale, Economy & Independents (Peak Performance)		Midscale, Economy & Independents (Low Performance)		Upscale & Above (Peak Performance)		Upscale & Above (Low Performance)	
	PAR	*POR*	*PAR*	*POR*	*PAR*	*POR*	*PAR*	*POR*
REVENUES								
Rooms	$42,665	$151.24	$33,057	$128.39	$64,587	$224.67	$53,342	$192.40
Food & Beverage	$5,291	$18.76	$5,265	$20.45	$24,560	$85.44	$22,419	$80.86
Telephone	$240	$0.85	$190	$0.74	$751	$2.61	$672	$2.42
Rentals and Other Income	$2,313	$8.20	$1,523	$5.92	$1,766	$6.14	$2,038	$7.35
Other Income	$1,614	$5.72	$1,656	$6.43	$2,619	$9.11	$2,239	$8.08
Total Revenues	$52,124	$184.77	$41,691	$161.93	$94,283	$327.97	$80,710	$291.11
DEPARTMENTAL EXPENSES								
Rooms Expense	$15,058	$53.38	$14,296	$55.52	$20,628	$71.76	$19,559	$70.55
Food & Beverage Expense	$5,314	$18.84	$5,097	$19.80	$21,604	$75.15	$20,646	$74.47
Telephone Expense	$633	$2.24	$716	$2.78	$841	$2.93	$858	$3.10
Other Income Expense	$376	$1.33	$408	$1.58	$1,705	$5.93	$1,404	$5.07
Total Departmental Expenses	$21,382	$75.79	$20,517	$79.69	$44,778	$155.77	$42,468	$153.17
Total Departmental Income	$30,742	$108.97	$21,174	$82.24	$49,505	$172.21	$38,242	$137.93
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$5,371	$19.04	$4,928	$19.14	$8,150	$28.35	$7,484	$27.00
Sales & Marketing	$3,757	$13.32	$3,209	$12.46	$5,648	$19.65	$5,131	$18.51
Franchise Fee	$569	$2.02	$596	$2.31	$242	$0.84	$270	$0.97
Property Operations and Maintenance	$2,731	$9.68	$2,606	$10.12	$4,340	$15.10	$4,170	$15.04
Utilities	$1,850	$6.56	$1,690	$6.56	$2,829	$9.84	$2,713	$9.78
Total Undistributed Expenses	$14,279	$50.62	$13,028	$50.60	$21,209	$73.78	$19,767	$71.30
Gross Operating Profit	$16,463	$58.36	$8,146	$31.64	$28,296	$98.43	$18,475	$66.64
Management Fee	$1,950	$6.91	$1,592	$6.18	$2,987	$10.39	$2,208	$7.96
Income Before Fixed Charges	$14,513	$51.44	$6,554	$25.46	$25,310	$88.04	$16,267	$58.67
FIXED CHARGES								
Real Estate Taxes	$1,274	$4.52	$1,396	$5.42	$2,809	$9.77	$3,419	$12.33
Insurance	$951	$3.37	$954	$3.70	$1,981	$6.89	$2,137	$7.71
Rent	$1,238	$4.39	$247	$0.96	$1,909	$6.64	$1,090	$3.93
Other Fixed Charges	$3,096	$10.98	$1,100	$4.27	$631	$2.20	$1,175	$4.24
Total Fixed Charges	$6,559	$23.25	$3,696	$14.36	$7,331	$25.50	$7,821	$28.21
EBITDA*	$7,954	$28.19	$2,858	$11.10	$17,979	$62.54	$8,446	$30.46
Less: Replacement Reserves (FF&E)	$743	$2.63	$370	$1.44	$1,783	$6.20	$1,738	$6.27
Net Operating Income**	$7,211	$25.56	$2,488	$9.66	$16,196	$56.34	$6,708	$24.19

*USALI 10th Edition refers to "EBITDA" as "NOI" **USALI 10th Edition refers to "NOI" as "Adjusted NOI"

Source: Smith Travel Research

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The following table summarizes the composition of hotels in the two designated zones.

Zone 1 Hotels Composition Chain Scale	% Ratio
Luxury Chains	15.1%
Upper Upscale Chains	45.2%
Upper Midscale Chains	6.9%
Upscale Chains	3.2%
Midscale Chains	0.3%
Economy Chains	1.6%
Independents	27.5%
Upscale & Above	70.5%
Midscale, Economy, & Independents	29.5%

Zone 2 Hotels Composition Chain Scale	% Ratio
Luxury Chains	0.0%
Upper Upscale Chains	16.5%
Upper Midscale Chains	5.1%
Upscale Chains	0.0%
Midscale Chains	1.4%
Economy Chains	11.4%
Independents	65.6%
Upscale & Above	21.6%
Midscale, Economy, & Independents	78.4%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

From the two previous tables, we have observed the following trends:

- Beyond demand and room rates (ADR) and RevPAR, hotels can capture additional revenues from food and beverage, convention services, spa and other ancillary facilities. As discussed, the types of hotel existing and likely to be developed in Zone 1 are significantly different from those located in Zone 2. As displayed in the above table, there is a much higher concentration of Upscale & Above hotels in Zone 1 (in terms of room count), and a much higher ratio of Midscale, Economy, & Independent hotels in Zone 2 (in terms of room count). Zone 1 comprises of predominantly Upscale & Above hotels (70.5%), as Zone 2 comprises of primarily Midscale, Economy, and Independent hotels (78.4%).

- Based on our analysis of lodging types in San Francisco, we have concluded that Upscale and Above chain hotels, the majority representative of the inventory of hotels located in Zone 1, achieve RevPAR premiums that are 50% to 60% greater than midscale, economy, and independent hotels in San Francisco representative of those located in Zone 2. However, our in-depth analysis of hotel operating statements for over 50 hotels in San Francisco indicates Upscale and Above chain hotels in San Francisco achieve 50% to 80% greater profit per available room premiums than the midscale, economy and independent hotels in San Francisco.

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3.4 Moscone Center Proposed Expansion Plans

According to Tom Eliot Fisch's preliminary design (dated November 30, 2011), the Moscone Center proposed expansion includes three expansion schemes. The three schemes are listed below:

- Third Street Addition: 6-story building totaling 260,000 gross s.f.
- Howard Street Connection: Underground conversion of space, which will create 107,000 s.f. of exhibit space.
- Moscone East: 4-story building (1 below grade) totaling 264,000 gross s.f. with additional air rights for hotel or office space.

The table below outlines the assumed construction dates and duration of the various scenarios, along with the specifics of the expansions. The starting date for construction was given by San Francisco Travel as FY 2014/2015. In the plans provided by San Francisco Travel, the Howard Street Connector Expansion was deemed to be part of the Third Street Addition (in total, the Moscone North/South expansion) project. JLLH assumed that the Third Street addition would be constructed during the first two thirds of the overall expansion timeframe, and that the Howard Street Connector expansion would take place during the last third of the overall Moscone North/South expansion timeframe. It should be noted that these are only preliminary plans, and specific programming may change with the recently chosen project architect, although there is little capacity for changes in total square footage, which is what our analysis is based on.

Assumed Construction Timeline

	Howard Street Connector	Third Street Addition	Moscone East Construction
Start Construction	4/30/16	7/1/2014	7/1/2014
Open for Use	3/30/17	4/30/2016	12/29/2017

Summary of Construction

Location	Howard Street Connector: Connection between Moscone North and South	Third Street Addition: Vertically stacked above Moscone South	Moscone East Construction: Separate building across from Moscone South on Third Street
Exhibit Space s.f.	107,000	-	102,650
Meeting Space s.f.	-	99,700	67,500
Total Saleable Space	**107,000**	**99,700**	**170,150**

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4 Comparable Convention Center Expansions

4.1 Comparable Convention Center Overview

Jones Lang LaSalle Hotels based on convention centers' websites JLLH conducted a detailed comparison and analysis of competitive convention centers in the U.S. Throughout this section, JLLH will continuously refer to 12 convention centers deemed primarily competitive to the Moscone Center. This list of competitive convention centers was compiled based on feedback from discussions and interviews with San Francisco Travel senior staff, Moscone Center executives, senior meeting planners of past and current Moscone Center groups and general managers of a number of convention centers across the country. In addition, JLLH reviewed the cities which frequently came up on the Moscone Center's lost business report.

Convention Center Name (Alphabetical Order)	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.
Anaheim Convention Center	Anaheim	**945,000**	815,000	130,000
Boston Convention and Exhibition Center	Boston	**676,000**	516,000	160,000
Ernest N. Morial Convention Center	New Orleans	**1,375,500**	1,100,000	275,500
Georgia World Congress Center	Atlanta	**1,708,400**	1,366,000	342,400
Las Vegas Convention Center	Las Vegas	**2,225,800**	1,984,800	241,000
Los Angeles Convention Center	Los Angeles	**867,000**	720,000	147,000
McCormick Place	Chicago	**3,200,000**	2,600,000	600,000
Miami Beach Convention Center	Miami Beach	**627,300**	502,800	124,500
Orange County Convention Center	Orlando	**2,533,000**	2,053,800	479,200
Pennsylvania Convention Center	Philadelphia	**1,000,000**	679,000	321,000
San Diego Convention Center	San Diego	**819,800**	615,700	204,100
Walter E Washington Convention Center	Washington, D.C.	**828,000**	703,000	125,000
Moscone Convention Center	San Francisco	**852,100**	538,700	313,400

Source: Jones Lang LaSalle Hotels based on convention centers' websites

4.2 Comparison Matrix of Competitive Facilities

JLLH evaluated 12 competitive convention markets in order to analyze similarities and differences between San Francisco and the competitive convention markets and their respective expansions.

Other convention centers with similar size expansions as the proposed Moscone Center's expansions, ranging from approximately 150,000 to 250,000 in additional exhibit space, include the following:

- San Diego Convention Center (2001)
- Los Angeles Convention Center (1997)
- Pennsylvania Convention Center (2010)
- Anaheim Convention Center (1991, 2001)
- Miami Beach Convention Center (1989)

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Convention Center Name	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.	Largest Ballroom s.f.	Open Year	Expansion I Complete	Expansion II Complete	Expansion III Complete	Hotel Rooms within 1-Mile Radius[1]	Number of Hotels within 1-Mile Radius[1]	Total Air Passenger Traffic (2011)	Based on Airports	Gross Metro Product 2011, Chained 2005 $s, Millions	MSA Population, 2011
Moscone Convention Center	San Francisco	852,100	538,700	310,400	42,675	1981	1992	2003	n/a	12,317	60	50,312,001	SFO, OAK	$ 315,99	4,399,300
San Diego Convention Center	San Diego	819,800	615,700	204,100	40,706	1989	2001	n/a	n/a	11,258	35	16,890,722	SAN	$ 159,533	3,152,900
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000	11,200	1971	1993	1997	n/a	7,002	23	64,977,485	LAX, LGB	$ 689,349	12,930,800
McCormick Place	Chicago	3,200,000	2,600,000	600,000	100,000	1960	1996	2007	n/a	1,062	4	66,793,091	ORD, MDW	$ 464,337	9,522,400
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200	61,200	1983	1989	1996	2003	14,440	33	35,426,006	MCO	$ 95,659	2,172,300
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000	55,400	1993	2010	n/a	n/a	10,335	35	30,839,176	PHL	$ 317,003	5,997,200
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400	33,000	1976	1992	2002	n/a	12,336	31	92,389,023	ATL	$ 250,554	5,369,500
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000	52,000	1983	2003	n/a	n/a	9,510	34	64,426,735	BW, IAD, DCA	$ 391,323	5,723,700
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000	16,900	1959	1997	2003	n/a	28,561	28	41,479,814	LAS	$ 82,543	1,993,300
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500	36,500	1985	1991	1999	n/a	19,136	70	9,546,890	MSY	$ 66,492	1,165,500
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000	40,020	2004	n/a	n/a	n/a	2,664	6	28,907,938	BOS	$ 291,013	4,592,600
Anaheim Convention Center	Anaheim	945,000	815,000	130,000	36,100	1967	1991	2001	n/a	15,606	61	11,724,441	SNA, LGB	$ 187,491	3,055,700
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500	-	1957	1989	n/a	n/a	7,758	53	18,417,513	MIA	$ 239,009	5,646,400
Average		1,358,300	1,091,308	266,992	40,592					12,770	40				

Note: [1]Based on hotels with 50+ rooms

Source: Convention center website, website research, Smith Travel Research, Bureau of Transportation Statistics, IHS Global Insight, Moody's economy.com

							Expansion I				Expansion II					Expansion III		
Center Name	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.	Largest Ballroom s.f.	CC Open Year	Year Complet e	Added Meeting Space s.f.	Added Exhibit Space s.f.	RevPAR Growth (3-Yr CAGR)	Notes	Year Complet e	Added Meeting Space s.f.	Added Exhibit Space s.f.	RevPAR Growth (3-Yr CAGR)	Notes	Year Complete	Added Meeting Space s.f.	Added Exhibit Space s.f.	Notes/Sou rce
Moscone Convention Center	San Francisco	718,200	538,700	179,500	42,675	1981	1992	53,410	181,400	3.4%	Moscone North	2003	199,432	96,660	6.3%	Moscone West				
San Diego Convention Center	San Diego	819,800	615,700	204,100	40,706	1989	2001	100,333	276,363	-0.6%	$216M expansion									
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000	11,200	1971	1993	43 meeting rooms	347,000	4.2%		1997		152,000	6.6%					
McCormick Place	Chicago	3,200,000	2,600,000	600,000	100,000	1960	1996	160,000	840,000	2.9%		2007	250,000	460,000	-10.4%					
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200	61,200	1983	1989	73,179	344,799	-1.3%		1996	245,898	750,600	3.7%		2003		950,282	
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000	55,400	1993	2010	157,000	239,000	8.4%										
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400	33,000	1976	1992	47 meeting rooms	67,500	4.2%		2002	29 meeting rooms	418,500	4.8%					
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000	52,000	1983	2003	125,000	703,000	3.6%	$685M new build. Marriot Marquis (1,200 rooms broke ground in Q1 2011)									
Las Vegas Convention Center	Las Vegas	2,226,800	1,984,800	241,000	16,900	1959	1997		403,077	n/a	addition of North Halls	2003		908,496	12.9%	South Hall was added				
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500	36,500	1985	1991	549,127	340,208	3.5%	"doubled building in size"	1999	876,334	401,049	-9.4%	major expansion				
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000	40,020	2004														
Anaheim Convention Center	Anaheim	945,000	815,000	130,000	36,100	1967	1991		143,474	n/a	Costs $6 million	2001	119,423	220,133	6.4%					
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500	-	1957	1989	62,250	251,400	4.2%	Doubled in size via $92 million renovation									

Source: Convention center website, website research, Convention Center Staff, CVB

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4.3 Impact of Other Convention Center Expansions on Lodging Market

JLLH studied the impact that substantial expansions of competitive convention centers have had on their respective lodging markets. JLLH conducted this analysis for the 12 convention centers deemed most competitive to the Moscone Center. All convention centers in the study had at least 500,000 s.f. of saleable exhibit space and have undergone one or more substantial expansions—in most cases an addition of 200,000 or more square feet over the past 20 years.

For the 12 markets where these convention centers are located, along with San Francisco, JLLH computed the historic CAGR of hotel RevPAR for each of the cities. In most cases, JLLH had access to historic RevPAR data going back to 1987. JLLH used hotel revenue per available room as a metric to quantify hotel revenues. The selected RevPAR data largely pertains to hotel brands that typically serve a significant amount of group-related demand, such as Marriott, Hilton and Westin hotels and the sample is thus deemed representative. The properties in the sample are, in most cases, located in the downtown and thus highest-rated submarkets of the metropolitan areas.

JLLH then computed the RevPAR CAGR for two time periods: The three-year period beginning in the year after a substantial convention center expansion was completed, and the five-year period starting in the year after the substantial convention center expansion. JLLH conducted this analysis on an inflation-adjusted basis. JLLH then compared the long-term RevPAR CAGR for the market and with the RevPAR CAGR for the three and five years following the convention center expansion as defined above.

For the markets in the analysis, real hotel RevPAR increased by an average of 0.5% per year over the historic time period reviewed. The analysis yielded a measurable impact that the various convention center expansions had: in the three years after an expansion was completed, real RevPAR increased on average by 3.2% per annum; in the five years after an expansion, real RevPAR increased on average by 0.7% per annum. When real hotel RevPAR for just the five convention centers listed in Section 4.2 with similar expansion size as the proposed Moscone Center expansions, there was a three-year CAGR of 4.7%.

This represents a RevPAR growth premium (compared to if no expansion took place) of 2.7 percentage points per year in the three-year timeframe (or 4.2 percentage points for just the five selected convention centers) and 0.2 percentage points in the five-year timeframe. This analysis shows that an expansion of a convention center can enhance hotel RevPAR in the proximate market area.

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Convention Center Expansion Impact on Real Hotel RevPAR During Three- and Five-Year Post Expansion Periods

Year	Total U.S.	San Francisco	San Diego	Los Angeles	Chicago	Orlando[1]	Philadelphia[2]	Atlanta	Miami-Miami Beach	Anaheim	Washington, D.C.[3]	Boston	New Orleans	Las Vegas
1988	33.46	76.95	68.75	69.19	70.08	70.46	n/a	54.23	53.82	n/a	77.39	77.68	n/a	n/a
1989	33.61	72.58	68.11	70.88	68.73	77.16	n/a	55.88	56.44	n/a	79.73	81.42	n/a	n/a
1990	32.47	74.17	63.93	70.04	66.72	74.11	n/a	55.06	57.36	n/a	72.26	87.36	n/a	n/a
1991	30.27	67.07	62.38	61.93	61.57	68.96	66.15	51.34	54.12	n/a	68.42	79.03	n/a	n/a
1992	30.11	66.27	60.48	57.84	58.25	69.30	64.52	50.35	62.27	n/a	70.52	76.12	55.92	n/a
1993	30.85	69.82	59.59	60.06	61.42	66.55	62.34	55.37	57.94	n/a	75.63	79.33	54.55	n/a
1994	31.30	72.45	61.89	64.50	65.65	68.19	68.97	57.87	53.97	n/a	69.75	83.80	59.96	n/a
1995	32.08	74.64	66.11	63.37	68.38	69.66	71.15	60.18	59.19	n/a	72.31	86.57	61.06	n/a
1996	33.10	83.12	73.18	70.06	77.06	73.55	80.99	68.04	63.45	n/a	71.38	92.72	60.13	n/a
1997	33.89	91.54	81.07	74.99	83.26	78.32	86.95	64.33	69.71	n/a	75.65	99.25	61.74	n/a
1998	34.48	97.02	88.15	79.44	86.48	76.65	89.43	66.55	73.77	n/a	76.93	105.85	63.53	n/a
1999	34.64	97.83	88.88	85.87	88.23	76.26	83.72	68.16	81.85	n/a	80.10	106.18	65.91	n/a
2000	35.59	109.92	90.46	90.27	91.77	77.82	78.48	66.50	83.53	n/a	85.02	116.21	66.77	n/a
2001	32.13	84.08	81.08	70.15	74.39	64.87	66.88	58.45	72.79	n/a	75.35	89.88	58.88	n/a
2002	30.74	70.38	79.73	69.95	70.43	63.96	74.85	56.93	66.20	54.73	76.29	83.32	54.78	63.40
2003	30.20	66.60	80.95	68.99	73.44	59.49	67.88	49.70	72.09	58.93	74.60	73.45	50.68	67.55
2004	31.78	72.45	78.81	80.03	71.30	64.74	74.14	51.56	79.97	61.90	80.60	82.37	51.37	74.84
2005	33.43	77.42	84.34	86.39	77.54	67.46	78.39	54.54	91.99	69.28	89.38	84.00	53.96	84.02
2006	34.95	81.92	88.88	94.74	89.36	69.58	81.45	59.16	100.48	72.03	86.73	91.93	49.75	95.33
2007	35.97	87.70	87.08	103.65	91.21	73.10	83.12	59.65	112.17	75.58	91.49	97.29	43.51	103.33
2008	36.95	88.41	82.16	104.86	85.15	68.54	79.13	54.07	102.05	69.72	88.17	89.60	46.65	84.75
2009	28.41	71.91	65.61	79.63	65.80	53.27	67.81	43.32	75.21	58.13	83.92	74.51	41.44	62.90
2010	29.40	75.10	66.65	87.24	68.42	55.28	67.84	49.71	84.73	60.29	86.31	81.88	46.72	62.34
2011	30.86	85.62	70.35	96.99	71.49	57.44	72.08	47.72	96.51	63.73	87.32	84.65	47.40	71.04
Long-Term RevPAR CAGR		0.4%	0.5%	2.5%	0.4%	-0.9%	0.4%	-0.6%	2.6%	1.5%	0.5%	0.4%	-0.9%	1.4%
Expansion I														
3-Year Post Expansion RevPAR CAGR		3.4%	-0.6%	4.2%	2.8%	-1.3%	8.4%	4.2%	4.2%	n/a	3.6%	7.6%	3.5%	n/a
5-Year Post Expansion RevPAR CAGR		7.0%	2.8%	5.3%	-2.8%	-4.6%	6.7%	3.8%	-1.5%	n/a	2.2%	-3.0%	1.8%	n/a
Expansion II														
3-Year Post Expansion RevPAR CAGR		6.3%	n/a	6.6%	-10.4%	3.7%	n/a	4.8%	n/a	6.4%	n/a	n/a	-9.4%	12.9%
5-Year Post Expansion RevPAR CAGR		5.1%	n/a	-3.1%	-5.7%	1.4%	n/a	4.7%	n/a	7.1%	n/a	n/a	-6.3%	-7.0%

Hotel RevPAR Analysis: Conclusion

Changes to RevPAR	
Long-Term CAGR	0.5%
3-Year Post Expansion RevPAR CAGR	3.2%
5-Year Post Expansion RevPAR CAGR	0.7%

Impact of Expansion on RevPAR

3-Year Post Expansion Impact	2.7% Forecast Impact of Convention Center Expansion
5-Year Post Expansion Impact	0.2% Forecast Impact of Convention Center Expansion

Denotes Expansion Completion Year

Note: Hotel RevPAR data displayed above is expressed in real terms (adjusted for inflation)

Note: For all markets with exception of Las Vegas, Anaheim and New Orleans, RevPAR is based on Upper Upscale, Luxury and Independents in Luxury Tier in downtown area; for Las Vegas, Anaheim and New Orleans data is based on all reporting properties in MSA

[1]The Orange County Convention Center in Orlando also marked a substantial expansion in 1989, but the analysis considers only its two largest expansions, which were completed in 1996 and 2003, respectively

[2]Pennsylvania Convention Center opened in 1993; its opening was treated the same way as expansions. The center was expanded in 2010, but three- and five-year time frames do not apply to this recent addition

[3]The Walter E. Washington Convention Center in Washington, D.C., the center was a new build in 2003 as opposed to an expansion

[4]RevPAR CAGR for Expansion III was presented for Anaheim Convention Center, since no data was available for the previous two expansions.

Source: Smith Travel Research for hotel RevPAR; LVCVA for Las Vegas hotel RevPAR; Bureau of Labor Statistics for Consumer Price Index; U.S. Bureau of Economic Analysis for GDP/GMP

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5 Lodging Market Forecast

5.1 Lodging Revenues vs. Ancillary Revenues

In order to estimate the incremental revenues from visitor spending to the lodging sector versus other sectors in the market, JLLH calculated the net difference in attendance between the scenario of having all three expansions and the base case of no expansion as part of JLLH's "Moscone Expansion Cost Benefit Analysis Draft." The 2010/2011 Moscone Annual Report (latest data available) aggregated three attendee origin categories: National/International, State/Regional, and Local. In order to estimate the percent of total out-of-town attendees, we have assumed that 100% of National/International and State/Regional attendees are from out of town, while assuming that all Local attendees are from within the San Francisco area. This results in a total out-of-town percentage of 99%.

Moscone Attendance Regions: FY 2010/2011

	FY 2010/2011 Figures	JLLH Assumed	Total Out-of-Town %
National/International	78%	100%	78%
State/Regional	22%	100%	22%
Local	1%	0%	0%
Total			**99%**

Source: Moscone Annual Report

JLLH relied on San Francisco Travel's 2010 statistics (latest year available) on the visitor spending by segment and average length of stay in order to derive the revenue generated per visitor for various categories, indicated in the below table.

Spending by Visitor Segment (SF Hotel/Motel Visitor): 2010

Category	$/Day/Person	$ per Person at 3.5 Days
Lodging	$86.41	$302.44
Restaurants in Hotels	$19.25	$67.38
All Other Restaurants	$40.91	$143.19
Retail	$37.20	$130.20
Entertainment & Sightseeing	$24.17	$84.60
Local Transportation	$8.95	$31.33
Gas/Auto Services	$13.09	$45.82
Car Rental	$4.53	$15.86
Exhibitor/Assoc. Expends	$36.91	$129.19
Total Spending	**$271.43**	**$950.01**
Length of Stay	3.5	

Source: San Francisco Travel Association, JLLH

The increase (or loss) in attendance for the expansion scenario compared to the base (no expansion) scenario was converted to incremental revenues according to the average spending per category data accumulated by San Francisco Travel. Because the "Exhibitor/Assoc. Expends" sector included anything an exhibitor/association would spend during their time in San Francisco (i.e. lodging, restaurants, etc.), JLLH assumed that this sector has been accounted for in the economic impact through the allocation for the remaining sectors.

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Spend pertaining to the Lodging and Restaurants in the Hotels sector was applied only the net out-of-town attendees, while the remaining sectors were attributed to all net attendees. The following table summarizes JLL's attendance forecast for the expansion and no expansion scenarios.

Moscone N/S/W and All Three Expansions				
Fiscal Year	No Expansion Scenario	Expansion Scenario	Net Difference	Out-of-Town (99%)
2011/2012F	1,115,319	1,115,319	0	0
2012/2013F	1,146,315	1,146,315	0	0
2013/2014F	1,181,134	1,181,134	0	0
2014/2015F	1,206,514	1,165,344	-41,170	-40,936
2015/2016F	1,206,598	1,172,290	-34,308	-34,113
2016/2017F	1,206,598	1,216,891	10,292	10,234
2017/2018F	1,206,598	1,376,424	169,826	168,860
2018/2019F	1,206,598	1,453,618	247,019	245,614
2019/2020F	1,206,598	1,484,495	277,897	276,316
2020/2021F	1,206,598	1,505,080	298,482	296,784
2021/2022F	1,206,598	1,525,665	319,066	317,251

The forecast attendance figures were applied to 2010's average visitor spending per sector in order to estimate the revenues for various sectors in the market. The result is presented in the subsequent table, which depicts how the lodging sector is expected to continuously surpass the other sectors in revenues.

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Moscone N/S/W and All Three Expansions (in 2012$)

2016/2017

Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$386,539,006	$3,269,348
Restaurants in Hotels	$71.48	$85,382,952	$86,111,282	$728,330
All Other Restaurants	$151.90	$183,288,290	$184,851,766	$1,563,477
Retail	$138.13	$166,666,448	$168,088,138	$1,421,690
Entertainment & Sightseeing	$89.75	$108,288,388	$109,212,104	$923,716
Local Transportation	$33.23	$40,098,514	$40,440,560	$342,046
Gas/Auto Services	$48.61	$58,646,876	$59,147,143	$500,267
Car Rental	$16.82	$20,295,672	$20,468,797	$173,125

2017/2018

Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$437,213,903	$53,944,246
Restaurants in Hotels	$71.48	$85,382,952	$97,400,389	$12,017,437
All Other Restaurants	$151.90	$183,288,290	$209,085,658	$25,797,368
Retail	$138.13	$166,666,448	$190,124,333	$23,457,886
Entertainment & Sightseeing	$89.75	$108,288,388	$123,529,708	$15,241,320
Local Transportation	$33.23	$40,098,514	$45,742,279	$5,643,766
Gas/Auto Services	$48.61	$58,646,876	$66,901,277	$8,254,401
Car Rental	$16.82	$20,295,672	$23,152,237	$2,856,565

2018/2019

Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$461,734,015	$78,464,358
Restaurants in Hotels	$71.48	$85,382,952	$102,862,861	$17,479,908
All Other Restaurants	$151.90	$183,288,290	$220,811,734	$37,523,445
Retail	$138.13	$166,666,448	$200,787,009	$34,120,561
Entertainment & Sightseeing	$89.75	$108,288,388	$130,457,581	$22,169,192
Local Transportation	$33.23	$40,098,514	$48,307,627	$8,209,113
Gas/Auto Services	$48.61	$58,646,876	$70,653,278	$12,006,402
Car Rental	$16.82	$20,295,672	$24,450,676	$4,155,004

2019/2020

Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$471,542,060	$88,272,402
Restaurants in Hotels	$71.48	$85,382,952	$105,047,849	$19,664,897
All Other Restaurants	$151.90	$183,288,290	$225,502,165	$42,213,876
Retail	$138.13	$166,666,448	$205,052,079	$38,385,631
Entertainment & Sightseeing	$89.75	$108,288,388	$133,228,730	$24,940,342
Local Transportation	$33.23	$40,098,514	$49,333,766	$9,235,253
Gas/Auto Services	$48.61	$58,646,876	$72,154,078	$13,507,202
Car Rental	$16.82	$20,295,672	$24,970,052	$4,674,379

2020/2021

Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$478,080,756	$94,811,099
Restaurants in Hotels	$71.48	$85,382,952	$106,504,508	$21,121,556
All Other Restaurants	$151.90	$183,288,290	$228,629,119	$45,340,829
Retail	$138.13	$166,666,448	$207,895,459	$41,229,011
Entertainment & Sightseeing	$89.75	$108,288,388	$135,076,162	$26,787,774
Local Transportation	$33.23	$40,098,514	$50,017,859	$9,919,345
Gas/Auto Services	$48.61	$58,646,876	$73,154,612	$14,507,735
Car Rental	$16.82	$20,295,672	$25,316,302	$5,020,630

Based on our analysis, the lodging sector is expected to be the greatest beneficiary in increased revenue dollars when compared to the other sectors on an individual basis as a result of the proposed Moscone expansions.

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5.2 Lodging Forecast

Based on our analysis of the impact on Moscone Center's past expansions to the lodging market, the RevPAR growth seen with other competitive convention centers' expansions, the historical lodging trends from the San Francisco market, and our forecast of the market's future performance, JLLH has projected the lodging forecast for Zone 1 and Zone 2 hotels for the 32 years post expansion.

Our forecast is based on the following assumptions:

- Using STR Pipeline for San Francisco, we have assumed that the identified hotel developments (listed in Section 2.3) will progress in the next 3 to 5 years.
- With the proposed Moscone expansion, we have assumed that a 500-room hotel will be built on top of Moscone East (part of the current expansion plan) by 2018.
- For supply forecast post 2018, JLLH has assumed that supply trend will be similar to the average annual growth rate in the previous five years (since land becomes more limited throughout the period) for Zone 1. For Zone 2, because there is more availability of land, we have built in cycles of peaks and troughs in supply growth, which is expected to result in a similar historical average growth rate if no expansion occurs.
- We have utilized historical growth rate trends from Moscone's historical expansions on Zone 1 and Zone 2's RevPAR in order to forecast the potential premiums from the proposed Moscone expansion.
- From analyzing historical real RevPAR trends, we have assumed downward trends occurring every 6 to 8 years following the growth from the proposed expansion in order to show cyclical nature of the market.

The subsequent tables provide the details of our analysis.

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San Francisco Lodging Forecast								
	Zone 1-No Expansion				Zone 1 - Expansion			
Year	Annual Supply	% Change	Real RevPAR	% Change	Annual Supply	% Change	Real RevPAR	% Change
1987	9,117,798	-	-	-	9,117,798	-	-	-
1988	9,386,407	2.9%	$63.79	-	9,386,407	2.9%	$63.79	-
1989	9,677,813	3.1%	$61.34	-3.8%	9,677,813	3.1%	$61.34	-3.8%
1990	10,131,807	4.7%	$60.73	-1.0%	10,131,807	4.7%	$60.73	-1.0%
1991	10,255,202	1.2%	$55.66	-8.3%	10,255,202	1.2%	$55.66	-8.3%
1992	10,263,177	0.1%	$54.98	-1.2%	10,263,177	0.1%	$54.98	-1.2%
1993	10,189,271	-0.7%	$57.25	4.1%	10,189,271	-0.7%	$57.25	4.1%
1994	10,201,767	0.1%	$58.41	2.0%	10,201,767	0.1%	$58.41	2.0%
1995	10,246,443	0.4%	$60.49	3.6%	10,246,443	0.4%	$60.49	3.6%
1996	10,257,504	0.1%	$67.29	11.2%	10,257,504	0.1%	$67.29	11.2%
1997	10,255,770	0.0%	$74.75	11.1%	10,255,770	0.0%	$74.75	11.1%
1998	10,170,015	-0.8%	$78.77	5.4%	10,170,015	-0.8%	$78.77	5.4%
1999	10,251,044	0.8%	$80.28	1.9%	10,251,044	0.8%	$80.28	1.9%
2000	10,408,410	1.5%	$90.51	12.7%	10,408,410	1.5%	$90.51	12.7%
2001	10,503,577	0.9%	$68.19	-24.7%	10,503,577	0.9%	$68.19	-24.7%
2002	10,840,063	3.2%	$55.88	-18.1%	10,840,063	3.2%	$55.88	-18.1%
2003	10,900,893	0.6%	$54.85	-1.8%	10,900,893	0.6%	$54.85	-1.8%
2004	11,011,017	1.0%	$58.25	6.2%	11,011,017	1.0%	$58.25	6.2%
2005	10,870,462	-1.3%	$62.58	7.4%	10,870,462	-1.3%	$62.58	7.4%
2006	11,045,257	1.6%	$67.12	7.3%	11,045,257	1.6%	$67.12	7.3%
2007	11,026,393	-0.2%	$72.21	7.6%	11,026,393	-0.2%	$72.21	7.6%
2008	11,086,329	0.5%	$73.09	1.2%	11,086,329	0.5%	$73.09	1.2%
2009	11,120,905	0.3%	$59.61	-18.4%	11,120,905	0.3%	$59.61	-18.4%
2010	11,142,028	0.2%	$63.01	5.7%	11,142,028	0.2%	$63.01	5.7%
2011	11,113,442	-0.3%	$73.23	16.2%	11,113,442	-0.3%	$73.23	16.2%
2012F	11,113,442	0.0%	$80.56	10.0%	11,113,442	0.0%	$80.56	10.0%
2013F	11,113,442	0.0%	$87.00	8.0%	11,113,442	0.0%	$87.00	8.0%
2014F	11,113,442	0.0%	$92.22	6.0%	11,113,442	0.0%	$92.22	6.0%
2015F	11,186,442	0.7%	$94.99	3.0%	11,186,442	0.7%	$94.99	3.0%
2016F	11,259,442	0.7%	$95.94	1.0%	11,259,442	0.7%	$95.94	1.0%
2017F	11,277,692	0.2%	$94.02	-2.0%	11,277,692	0.2%	$94.02	-2.0%
2018F	11,300,247	0.2%	$93.08	-1.0%	11,460,192	1.6%	$93.08	-1.0%
2019F	11,311,548	0.1%	$94.94	2.0%	11,483,112	0.2%	$98.66	6.0%
2020F	11,322,859	0.1%	$97.79	3.0%	11,506,079	0.2%	$105.57	7.0%
2021F	11,334,182	0.1%	$101.70	4.0%	11,529,091	0.2%	$112.96	7.0%
2022F	11,345,516	0.1%	$105.26	3.5%	11,540,620	0.1%	$121.43	7.5%
2023F	11,356,862	0.1%	$105.26	0.0%	11,552,160	0.1%	$123.86	2.0%
2024F	11,368,219	0.1%	$105.89	0.6%	11,563,713	0.1%	$124.60	0.6%
2025F	11,379,587	0.1%	$106.53	0.6%	11,575,276	0.1%	$125.35	0.6%
2026F	11,390,966	0.1%	$107.17	0.6%	11,586,852	0.1%	$126.10	0.6%
2027F	11,402,357	0.1%	$102.88	-4.0%	11,598,438	0.1%	$121.06	-4.0%
2028F	11,413,760	0.1%	$99.79	-3.0%	11,610,037	0.1%	$117.43	-3.0%
2029F	11,425,173	0.1%	$97.80	-2.0%	11,621,647	0.1%	$115.08	-2.0%
2030F	11,436,599	0.1%	$99.75	2.0%	11,633,269	0.1%	$117.38	2.0%
2031F	11,448,035	0.1%	$100.75	1.0%	11,644,902	0.1%	$118.56	1.0%
2032F	11,459,483	0.1%	$101.36	0.6%	11,656,547	0.1%	$119.27	0.6%
2033F	11,470,943	0.1%	$101.96	0.6%	11,668,203	0.1%	$119.98	0.6%
2034F	11,482,414	0.1%	$102.58	0.6%	11,679,872	0.1%	$120.70	0.6%
2035F	11,493,896	0.1%	$103.19	0.6%	11,691,551	0.1%	$121.43	0.6%
2036F	11,505,390	0.1%	$103.81	0.6%	11,703,243	0.1%	$122.16	0.6%
2037F	11,516,895	0.1%	$104.43	0.6%	11,714,946	0.1%	$122.89	0.6%
2038F	11,528,412	0.1%	$99.21	-5.0%	11,726,661	0.1%	$116.74	-5.0%
2039F	11,539,941	0.1%	$95.24	-4.0%	11,738,388	0.1%	$112.07	-4.0%
2040F	11,551,481	0.1%	$93.34	-2.0%	11,750,126	0.1%	$109.83	-2.0%
2041F	11,563,032	0.1%	$95.20	2.0%	11,761,876	0.1%	$112.03	2.0%
2042F	11,574,595	0.1%	$96.16	1.0%	11,773,638	0.1%	$113.15	1.0%
2043F	11,586,170	0.1%	$96.73	0.6%	11,785,412	0.1%	$113.83	0.6%
2044F	11,597,756	0.1%	$97.31	0.6%	11,797,197	0.1%	$114.51	0.6%
2045F	11,609,354	0.1%	$97.90	0.6%	11,808,994	0.1%	$115.20	0.6%
2046F	11,620,963	0.1%	$98.49	0.6%	11,820,803	0.1%	$115.89	0.6%
2047F	11,632,584	0.1%	$99.08	0.6%	11,832,624	0.1%	$116.58	0.6%
2048F	11,644,217	0.1%	$99.67	0.6%	11,844,457	0.1%	$117.28	0.6%
2049F	11,655,861	0.1%	$100.27	0.6%	11,856,301	0.1%	$117.99	0.6%
2050F	11,667,517	0.1%	$100.87	0.6%	11,868,158	0.1%	$118.70	0.6%

Supply		RevPAR		Supply		RevPAR	
CAGR 1987 - 2011	0.8%	CAGR 1987 - 2011	0.6%	CAGR 1987 - 2011	0.8%	CAGR 1987 - 2011	0.6%
CAGR 2012 - 2050	0.1%	CAGR 2012 - 2050	0.6%	CAGR 2012 - 2050	0.2%	CAGR 2012 - 2050	1.0%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

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San Francisco Lodging Forecast								
	Zone 2 - No Expansion				Zone 2 - Expansion			
Year	Annual Supply	% Change	Real RevPAR	% Change	Annual Supply	% Change	Real RevPAR	% Change
1987	1,192,569	-	-	-	1,192,569	-	-	-
1988	1,195,740	0.3%	$49.55	-	1,195,740	0.3%	$49.55	-
1989	1,206,440	0.9%	$45.15	-8.9%	1,206,440	0.9%	$45.15	-8.9%
1990	1,224,088	1.5%	$41.74	-7.5%	1,224,088	1.5%	$41.74	-7.5%
1991	1,226,035	0.2%	$40.97	-1.8%	1,226,035	0.2%	$40.97	-1.8%
1992	1,226,035	0.0%	$39.35	-4.0%	1,226,035	0.0%	$39.35	-4.0%
1993	1,226,035	0.0%	$39.43	0.2%	1,226,035	0.0%	$39.43	0.2%
1994	1,241,048	1.2%	$38.34	-2.8%	1,241,048	1.2%	$38.34	-2.8%
1995	1,248,380	0.6%	$39.55	3.1%	1,248,380	0.6%	$39.55	3.1%
1996	1,244,285	-0.3%	$45.07	14.0%	1,244,285	-0.3%	$45.07	14.0%
1997	1,256,055	0.9%	$50.83	12.8%	1,256,055	0.9%	$50.83	12.8%
1998	1,264,360	0.7%	$52.84	4.0%	1,264,360	0.7%	$52.84	4.0%
1999	1,264,360	0.0%	$55.23	4.5%	1,264,360	0.0%	$55.23	4.5%
2000	1,259,866	-0.4%	$59.19	7.2%	1,259,866	-0.4%	$59.19	7.2%
2001	1,240,217	-1.6%	$45.54	-23.1%	1,240,217	-1.6%	$45.54	-23.1%
2002	1,228,590	-0.9%	$33.60	-26.2%	1,228,590	-0.9%	$33.60	-26.2%
2003	1,228,590	0.0%	$31.62	-5.9%	1,228,590	0.0%	$31.62	-5.9%
2004	1,222,170	-0.5%	$33.92	7.3%	1,222,170	-0.5%	$33.92	7.3%
2005	1,217,640	-0.4%	$37.13	9.5%	1,217,640	-0.4%	$37.13	9.5%
2006	1,218,510	0.1%	$39.49	6.4%	1,218,510	0.1%	$39.49	6.4%
2007	1,184,790	-2.8%	$43.30	9.6%	1,184,790	-2.8%	$43.30	9.6%
2008	1,184,790	0.0%	$48.17	11.2%	1,184,790	0.0%	$48.17	11.2%
2009	1,184,790	0.0%	$37.82	-21.5%	1,184,790	0.0%	$37.82	-21.5%
2010	1,178,706	-0.5%	$38.25	1.1%	1,178,706	-0.5%	$38.25	1.1%
2011	1,174,205	-0.4%	$46.62	21.9%	1,174,205	-0.4%	$46.62	21.9%
2012F	1,182,235	0.7%	$50.35	8.0%	1,182,235	0.7%	$50.35	8.0%
2013F	1,182,235	0.0%	$53.37	6.0%	1,182,235	0.0%	$53.37	6.0%
2014F	1,182,235	0.0%	$55.51	4.0%	1,182,235	0.0%	$55.51	4.0%
2015F	1,182,235	0.0%	$56.06	1.0%	1,182,235	0.0%	$56.06	1.0%
2016F	1,182,235	0.0%	$56.62	1.0%	1,182,235	0.0%	$56.62	1.0%
2017F	1,201,151	1.6%	$55.49	-2.0%	1,201,151	1.6%	$55.49	-2.0%
2018F	1,201,151	0.0%	$54.94	-1.0%	1,201,151	0.0%	$54.94	-1.0%
2019F	1,201,151	0.0%	$57.13	4.0%	1,201,151	0.0%	$58.23	6.0%
2020F	1,201,151	0.0%	$59.99	5.0%	1,201,151	0.0%	$62.31	7.0%
2021F	1,201,151	0.0%	$62.99	5.0%	1,201,151	0.0%	$66.98	7.5%
2022F	1,204,754	0.3%	$66.77	6.0%	1,207,157	0.5%	$72.34	8.0%
2023F	1,204,766	0.0%	$68.77	3.0%	1,207,169	0.0%	$75.23	4.0%
2024F	1,204,778	0.0%	$68.57	-0.3%	1,207,181	0.0%	$75.08	-0.2%
2025F	1,204,790	0.0%	$68.36	-0.3%	1,207,193	0.0%	$74.93	-0.2%
2026F	1,208,405	0.3%	$68.15	-0.3%	1,210,814	0.3%	$74.78	-0.2%
2027F	1,208,405	0.0%	$64.75	-5.0%	1,210,814	0.0%	$71.04	-5.0%
2028F	1,190,279	-1.5%	$62.16	-4.0%	1,204,760	-0.5%	$68.20	-4.0%
2029F	1,178,376	-1.0%	$60.29	-3.0%	1,201,146	-0.3%	$66.16	-3.0%
2030F	1,178,376	0.0%	$60.89	1.0%	1,201,146	0.0%	$66.82	1.0%
2031F	1,178,376	0.0%	$60.71	-0.3%	1,201,146	0.0%	$66.68	-0.2%
2032F	1,178,376	0.0%	$60.53	-0.3%	1,201,146	0.0%	$66.55	-0.2%
2033F	1,180,733	0.2%	$60.35	-0.3%	1,203,548	0.2%	$66.42	-0.2%
2034F	1,180,733	0.0%	$60.17	-0.3%	1,203,548	0.0%	$66.28	-0.2%
2035F	1,180,733	0.0%	$59.99	-0.3%	1,203,548	0.0%	$66.15	-0.2%
2036F	1,180,733	0.0%	$59.81	-0.3%	1,203,548	0.0%	$66.02	-0.2%
2037F	1,180,733	0.0%	$59.63	-0.3%	1,203,548	0.0%	$65.89	-0.2%
2038F	1,180,733	0.0%	$56.05	-6.0%	1,203,548	0.0%	$61.93	-6.0%
2039F	1,163,022	-1.5%	$53.25	-5.0%	1,185,495	-1.5%	$58.84	-5.0%
2040F	1,151,391	-1.0%	$51.65	-3.0%	1,173,640	-1.0%	$58.72	-0.2%
2041F	1,151,391	0.0%	$52.17	1.0%	1,173,640	0.0%	$59.31	1.0%
2042F	1,151,391	0.0%	$52.01	-0.3%	1,173,640	0.0%	$59.19	-0.2%
2043F	1,151,391	0.0%	$51.85	-0.3%	1,173,640	0.0%	$59.07	-0.2%
2044F	1,152,543	0.1%	$51.70	-0.3%	1,174,814	0.1%	$58.95	-0.2%
2045F	1,152,543	0.0%	$51.54	-0.3%	1,174,814	0.0%	$58.83	-0.2%
2046F	1,152,543	0.0%	$51.39	-0.3%	1,174,814	0.0%	$58.72	-0.2%
2047F	1,152,543	0.0%	$51.23	-0.3%	1,174,814	0.0%	$58.60	-0.2%
2048F	1,152,543	0.0%	$51.08	-0.3%	1,174,814	0.0%	$58.48	-0.2%
2049F	1,152,543	0.0%	$50.93	-0.3%	1,174,814	0.0%	$58.36	-0.2%
2050F	1,152,543	0.0%	$50.77	-0.3%	1,174,814	0.0%	$58.25	-0.2%

Supply		RevPAR		Supply		RevPAR	
CAGR 1987 - 2011	-0.1%	CAGR 1987 - 2011	-0.3%	CAGR 1987 - 2011	-0.1%	CAGR 1987 - 2011	-0.3%
CAGR 2012 - 2050	-0.1%	CAGR 2012 - 2050	0.0%	CAGR 2012 - 2050	0.0%	CAGR 2012 - 2050	0.4%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

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Although different types of hotels may achieve similar levels of RevPAR (which is an acronym for Rooms Revenue Per Available Room) their ancillary facilities such as restaurants, bars, meeting space, spas etc. can generate substantially different revenue and thereby profit for the hotels. In order to assess the true impact of the potential expansions on the local hotels we must focus on the bottom line benefit that the hotels are likely to garner as a result of the increased ancillary revenues beyond the rooms business they are expected to drive. Our research indicates that the profit differential generated by hotels in San Francisco during both high and low cycles in the economy is largely driven by their ancillary facilities. For analytical purposes we have divided the various chain scales as set forth by STR Inc, into two groups. The first group contains the (typically) larger branded hotels comprised of upscale, upper upscale and luxury branded hotels. Roughly 70% of the rooms in Zone 1 fall into this category and roughly 20% of the rooms in Zone 2. The second group contains independent properties along with midscale and economy properties. Roughly 30 % of Zone 1 and nearly 80% of Zone 2 are comprised of these types of hotels. It is important to note that independent hotels can be luxury, economy or anywhere in between but like most midscale hotels, do not typically contain an abundance of meeting space and F&B facilities relative to the larger chain hotels. Similarly, some upscale (select services) hotels do not offer much in the way of meeting space and F&B facilities. However, we believe that these two groups most accurately reflect the general differences in the additional facilities in each category and thereby are most useful in terms of application to each zone.

We then utilized our findings from historical lodging performance by chain scale and the composition of Zone 1 and Zone 2 hotels in order to estimate the anticipated Profit PAR (ProPAR) relative to the forecasted RevPAR previously presented in order to analyze the incremental difference in profit PAR between the two zones. The ProPAR (in real dollars) is estimated by applying the weighted average profit per available room (inclusive of FF&E Reserve) for each zone based on chain scale composition and its average ProPAR (as shown in the table below) as a percentage of the projected RevPAR.

Net Operating Income ProPAR/RevPAR (incl. of FF&E Reserve)	
Upscale & Above	22%
Midscale, Economy, & Independents	14%

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San Francisco Lodging Forecast						
	Profit PAR				Profit PAR Incremental Difference	
Year	Zone 1 No Expansion	Zone 1 Expansion	Zone 2 No Expansion	Zone 2 Expansion	Zone 1	Zone 2
2012F	$15.82	$15.82	$7.92	$7.92	$0.00	$0.00
2013F	$17.09	$17.09	$8.39	$8.39	$0.00	$0.00
2014F	$18.11	$18.11	$8.73	$8.73	$0.00	$0.00
2015F	$18.66	$18.66	$8.82	$8.82	$0.00	$0.00
2016F	$18.84	$18.84	$8.91	$8.91	$0.00	$0.00
2017F	$18.47	$18.47	$8.73	$8.73	$0.00	$0.00
2018F	$18.28	$18.28	$8.64	$8.64	$0.00	$0.00
2019F	$18.65	$19.38	$8.99	$9.16	$0.73	$0.17
2020F	$19.21	$20.73	$9.43	$9.80	$1.53	$0.36
2021F	$19.97	$22.19	$9.91	$10.53	$2.21	$0.63
2022F	$20.67	$23.85	$10.50	$11.38	$3.18	$0.88
2023F	$20.67	$24.33	$10.82	$11.83	$3.65	$1.02
2024F	$20.80	$24.47	$10.78	$11.81	$3.68	$1.03
2025F	$20.92	$24.62	$10.75	$11.79	$3.70	$1.03
2026F	$21.05	$24.77	$10.72	$11.76	$3.72	$1.04
2027F	$20.21	$23.78	$10.18	$11.17	$3.57	$0.99
2028F	$19.60	$23.06	$9.78	$10.73	$3.46	$0.95
2029F	$19.21	$22.60	$9.48	$10.40	$3.39	$0.92
2030F	$19.59	$23.05	$9.58	$10.51	$3.46	$0.93
2031F	$19.79	$23.28	$9.55	$10.49	$3.50	$0.94
2032F	$19.91	$23.42	$9.52	$10.47	$3.52	$0.95
2033F	$20.03	$23.56	$9.49	$10.45	$3.54	$0.95
2034F	$20.15	$23.71	$9.46	$10.42	$3.56	$0.96
2035F	$20.27	$23.85	$9.43	$10.40	$3.58	$0.97
2036F	$20.39	$23.99	$9.41	$10.38	$3.60	$0.98
2037F	$20.51	$24.14	$9.38	$10.36	$3.62	$0.98
2038F	$19.49	$22.93	$8.82	$9.74	$3.44	$0.93
2039F	$18.71	$22.01	$8.37	$9.25	$3.31	$0.88
2040F	$18.33	$21.57	$8.12	$9.24	$3.24	$1.11
2041F	$18.70	$22.00	$8.20	$9.33	$3.30	$1.12
2042F	$18.89	$22.22	$8.18	$9.31	$3.34	$1.13
2043F	$19.00	$22.36	$8.16	$9.29	$3.36	$1.13
2044F	$19.11	$22.49	$8.13	$9.27	$3.38	$1.14
2045F	$19.23	$22.62	$8.11	$9.25	$3.40	$1.15
2046F	$19.34	$22.76	$8.08	$9.23	$3.42	$1.15
2047F	$19.46	$22.90	$8.06	$9.22	$3.44	$1.16
2048F	$19.58	$23.03	$8.03	$9.20	$3.46	$1.16
2049F	$19.69	$23.17	$8.01	$9.18	$3.48	$1.17
2050F	$19.81	$23.31	$7.99	$9.16	$3.50	$1.18

Source: Smith Travel Research, Jones Lang LaSalle Hotels

Based on the previous forecast, we have concluded that both zones are expected to gain incremental benefit from the proposed Moscone expansion, but Zone 1 is expected to achieve three times the RevPAR benefit of Zone 2; however, Zone 1 is estimated to achieve four times the Profit per available room benefit of Zone 2.

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6 Appendices

6.1 Glossary

- **Average Daily Rate (ADR):** A measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold.
- **Compounded Annual Growth Rate (CAGR):** The year-over-year growth rate of a measure over a period of time.
- **Occupancy:** The percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available.
- **Revenue per Available Room (RevPAR):** The total room revenue divided by total rooms available. Occupancy multiplied by ADR is equal to RevPAR.
- **Smith Travel Research (STR):** STR tracks supply and demand data for the hotel industry within the U.S. and globally.
- **Per Available Room (PAR):** Total rooms available.

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ASSUMPTIONS AND LIMITING CONDITIONS

This report is made with the following general assumptions and limiting conditions:

1. As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the economic environment from that as set forth in this report. Since our forecasts are based on estimates and assumptions which are subject to uncertainty and variation, we do not represent them as results which will actually be achieved.

2. Responsible ownership and competent property management are assumed.

3. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures.

5. It is assumed that the property will be in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report.

6. It is assumed that the property will conform to all applicable zoning and use regulations and restrictions.

8. Possession of this report, or a copy thereof, does not carry with it the right of publication.

9. The consultant, by reason of this report, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

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JONES LANG LASALLE HOTELS®

Real value in a changing world

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Appendix F

Jones Lang LaSalle Hotels "San Francisco Hotel Value Forecast"

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Real value in a changing world

MOSCONE CONVENTION CENTER EXPANSION IMPACT

DRAFT

Forecast of Potential Changes in Per Room Value Averages

Prepared for:
San Francisco Tourism Improvement District Management Corporation

July 11, 2012



July 11, 2012

Ms. Lynn Farzaroli
Senior Manager
San Francisco Tourism Improvement District
Management Corporation
201 Third Street, Suite 900
San Francisco, CA 94103

Re: Moscone Center Expansion
Forecast Potential Changes in Per Room Value Averages

Dear Ms. Farzaroli:

Jones Lang LaSalle Hotels, a division of Jones Lang LaSalle Americas, Inc, ("JLLH") is pleased to submit herewith our preliminary draft in connection with performing a Forecast of Potential Changes in Per Room Value Averages for Tourist hotels located within the City of San Francisco (specifically, hotels located within the boundaries of Zone 1 and Zone 2) as it relates to the proposed expansion of the Moscone Center.

The information collected from the review process of San Francisco's existing hotel inventory and their historical performance, San Francisco's lodging real estate trading history and Jones Lang LaSalle Hotels' forecast of Revenue per Available Room ("RevPAR") and Profit per Available Room ("ProPAR") presented in JLLH's report of June 21, 2012, along with JLLH's experience in the hotel, convention and real estate sector, collectively, form the basis of the conclusions, recommendations and lodging forecast presented in this report.

Please do not hesitate to contact us if you have any questions regarding the report.

Respectfully submitted,

Jones Lang LaSalle Hotels,
a division of Jones Lang LaSalle Americas, Inc.

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1 Executive Summary

1.1 Scope of Work

Jones Lang LaSalle Hotels ("JLLH") has been engaged by TID ("Client") to perform a forecasting study in connection with the proposed expansion of the Moscone Center located in San Francisco, California. Pursuant to our engagement, JLLH has completed the following tasks and scope of work:

Market Research

- JLLH analyzed overall Hotel transaction volume in the Americas and state of the lodging investment market.
- We have analyzed San Francisco's lodging real estate trading history, hotel value changes and key transaction metrics.
- Evaluated most reliable methodologies to value hotel real estate.

Forecast

- Based on the forecast of Revenue per Available Room ("RevPAR") and Profit per Available Room ("ProPAR") presented in JLLH's report of June 21, 2012, JLLH estimated the impact of the proposed Moscone Center expansion on the values per room averages for Zone 1 and Zone 2 utilizing the Income Capitalization Approach and the Room Revenue Multiplier Approach.

1.2 Zones

This forecasting study concentrates its analysis on Tourist hotels located within the City of San Francisco – Zone 1 and Zone 2 as defined by Client below:

- **Zone 1 Tourist Hotels ("Zone 1"):** All tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay.
- **Zone 2 Tourist Hotels ("Zone 2"):** All tourist hotels with addresses west of the Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street.

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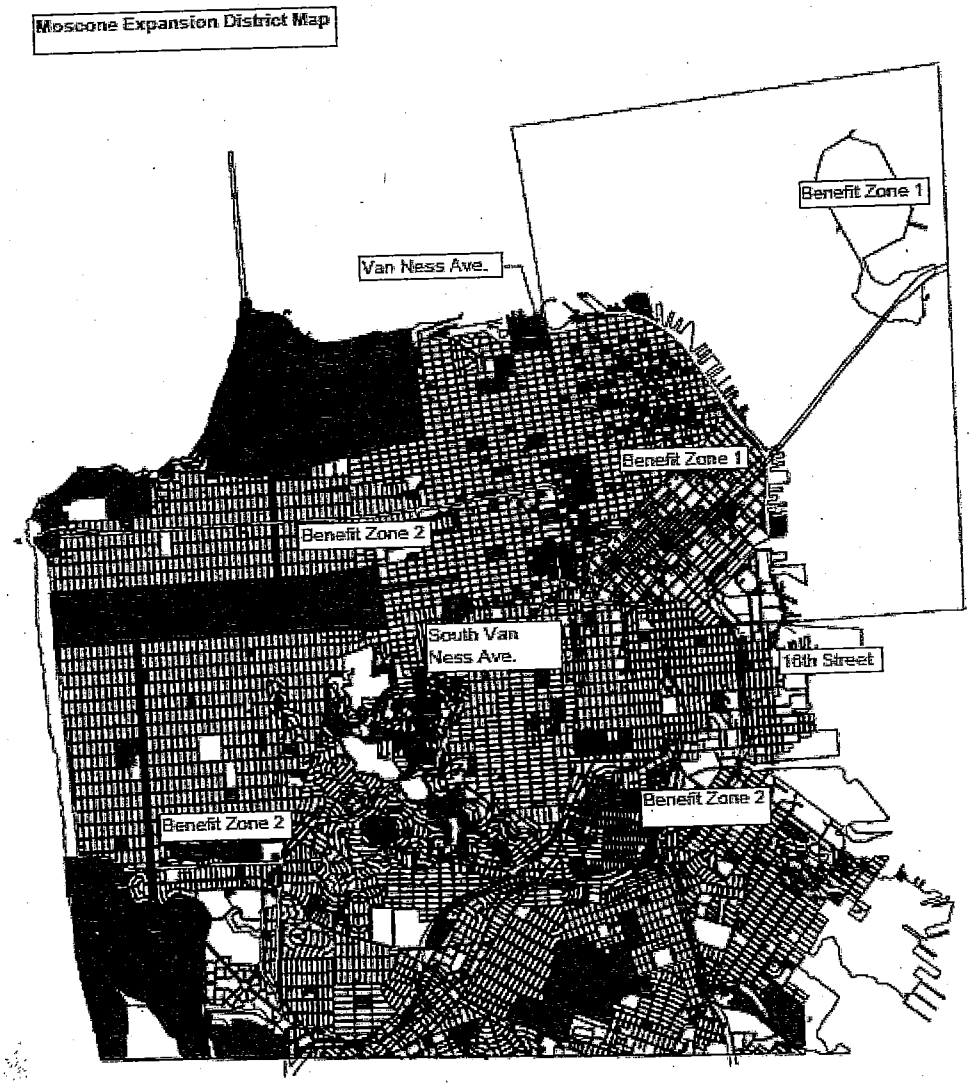

Source: SF Tourism Improvement District

1.3 Overall Conclusion

Jones Lang LaSalle Hotels has performed extensive calculations regarding hotel supply, demand, revenue and profitability in San Francisco overall, and Zone 1 and 2 in particular, for our report on the Moscone Convention Center Expansion. In this report JJLH augments that research with a study of hotel values in the U.S. and San Francisco concluding that hotel values are likely to be directly enhanced or increased by the completion of the Moscone Convention Center proposed expansions in the magnitude of $15,250 per room in Zone 1 and $3,860 per room in Zone 2. This is quantified as a total estimated percentage increase (enhancement) in values per room averages of approximately 14.8% for Zone 1 and 8.0% in Zone 2 overall. These estimated increases in prospective hotel value per room are incremental over what would normally be expected based on a continuation of historical increases in the absence of an expansion of Moscone Center.

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2 Lodging Real Estate Market

2.1 U.S. Hospitality Transaction Trends

Hotel transaction volume in the Americas averaged only approximately $500 million per quarter in 2009, but the first half of 2010 marked a distinct turnaround. Transactions increased as the year progressed, and by the end of 2010, transaction volume had increased to $11.9 billion, which included Blackstone's $3.9 billion purchase of Extended Stay Hotels.

In 2011, Americas hotel transaction volume reached a four-year high with annual volumes in the Americas reaching $15.9 billion, a 30% increase on 2010 hotel investment volumes, as investors unleashed pent-up demand for hotel assets. In the first half of 2011, REITs' acquisitions of hotel assets totaled $3.4 billion, accounting for 45% of hotel transaction volume. This was followed by private equity investors, which accounted for 39% of purchases in the Americas in the first half of the year. In the latter half of the year, private equity buyers acquired 46% of hotels and the share of REITs' purchases softened to 21% due to the declines in their share prices. Despite the increased market volatility since late summer 2011, hotel transaction volumes remain robust and exceeded $1 billion each month in the second half of 2011 when analyzed on a three-month moving average basis.

According to HVS' annual Hotel Valuation Index (HVI), the value per room average for a typical U.S. Hotel increased from 2009 to 2010 by 16% ($56,000 to $65,000) and forecasts value per room average for a typical U.S. Hotel to increase at a double digit rates (taking into account inflation) over the next five (5) years. The following table summarizes the historical and forecast (by HVS) value per room for a typical U.S. hotel:

Value Trend for Typical U.S. Hotel		
Year	Value per Room	% Change
2000	$67,000	13.0%
2001	$51,000	-23.9%
2002	$51,000	0.0%
2003	$51,000	0.0%
2004	$65,000	27.5%
2005	$82,000	26.2%
2006	$99,000	20.7%
2007	$95,000	-4.0%
2008	$81,000	-14.7%
2009	$56,000	-30.9%
2010	$65,000	16.1%
2011F	$84,000	29.2%
2012F	$104,000	23.8%
2013F	$123,000	18.3%
2014F	$136,000	10.6%
2015F	$151,000	11.0%

Source: HVS

As a result of the recession and overbuilding during the 1980s, nationwide hotel values declined by approximately 29% during the early 1990s. From 1992 to 1994, values started to recover with growth rates from 10% to 12% as excess supply was slowly being absorbed.

As the economy peaked in early 2000, the result of the terrorist attacks of 9/11 caused a nationwide recession, which decreased hotel values by approximately 24% in 2001. Recovery occurred between the period from 2004

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to 2006 with robust growth rates ranging from 21% to 28%. The combination of a strong economy, lack of overbuilding, and available financing heightened the growth period, which nearly doubled hotel values.

The economic downturn that occurred in 2007 led to the collapse of the real estate lending market, which attributed to the declines in hotel values for three consecutive years. As RevPAR begins to recover in various major markets, hotel values are expected to increase with the potential growth in RevPAR, available acquisition capital by REITs and private equities, and the pent-up desire of sellers to put their properties on the market.

According to Smith Travel Research, deal volume is expected to maintain its current pace and they forecast another $20 billion in hotel transactions in 2012 as asset values are expected to increase with the forecast growth in cash flows and cap rates expected to remain steady.

2.2 San Francisco Hotel Investment Market Overview

San Francisco experienced all the aforementioned economic impact seen nationwide with the additional Dot Com Bubble that occurred right before 9/11, which exacerbated the impact to the local market in the early 2000s.

In 2007, the annual deal volume was at the second-highest level in the city's history, with sales in excess of $450 million. Consistent with national trends, hotel transactions slowed during much of 2008 and 2009, but San Francisco was at the forefront of the recovery in volumes in 2010 when the city recorded hotel transactions totaling $410 million, making San Francisco the second most liquid hotel investment market in the country. The activity was driven by REITs, which accounted for 70% of purchases by volume.

Transaction activity was robust during the first half of 2011 as investors saw rebounding profits in the aftermath of the economic downturn. During the summer and fall of 2011, the combination of the U.S. debt ceiling debacle, the bond rating downgrade, and the European financial crisis alleviated transaction momentum nationwide, yet the San Francisco market surpassed 2007's record with sales in excess of $486 million.

Year-to-date 2012 has shown seven transactions with several full-service transactions, including the sale of the Fairmont San Francisco for $200 million or $338,409 per key. It is to note that the transaction activity has almost been exclusively limited to San Francisco high-quality assets located primarily within or nearby San Francisco Downtown which justifies the high value per room averages.

With a large proportion of independent and smaller hotel properties, San Francisco has often not recorded the lofty transaction volumes achieved by other gateway cities such as New York and Washington, D.C. with the exception of the year 2006 when some 7,000 hotel rooms changed hands.

A useful comparison to the income capitalization approach in hotel valuation is the presence of comparable sales. The following table presents San Francisco's historical hotel sales since 1998:

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San Francisco Historical Hotel Sales					
Property Name	Contract Date	Room Count	Price	Price per Room	Reported Yield
Grosvenor Suites	May-12	205	$81,500,000	$397,561	n/a
Abigail Hotel	May-12	60	$5,550,000	$92,500	n/a
Hotel Milano San Francisco	Apr-12	108	$30,000,000	$277,778	n/a
Wyndham Parc 55	Mar-12	1,013	$176,300,000	$174,038	n/a
Fairmont San Francisco	Mar-12	591	$200,000,000	$338,409	n/a
Renoir Hotel San Francisco	Feb-12	135	$12,400,000	$91,852	n/a
Hotel Abri San Francisco	Jan-12	91	$9,623,811	$105,756	n/a
Huntington Hotel	Nov-11	136	$54,000,000	$397,059	Negative
Galleria Park Hotel San Francisco	Nov-11	177	$25,000,000	$141,243	n/a
Villa Florence	Oct-11	182	$67,200,000	$369,231	6.3%
Renaissance Stanford Court Hotel	Jul-11	393	$27,400,000	$69,720	n/a
Hotel Adagio	Jul-11	171	$42,250,000	$247,076	n/a
Mandarin Oriental San Francisco	May-11	158	$63,500,000	$401,899	n/a
Westin San Francisco Market Street	Mar-11	667	$170,000,000	$254,873	n/a
Argonaut Hotel	Feb-11	252	$84,000,000	$333,333	5.5%
Best Western Tuscan Inn @ Fishermans Wharf	Feb-11	221	$52,500,000	$237,557	5.75%
JW Marriott San Francisco	Feb-11	338	$96,000,000	$284,024	3.7%
Le Meridien San Francisco	Dec-10	360	$143,000,000	$397,222	mid 4%
Personality Hotels Three-Property Portfolio	Dec-10	355	$40,500,000	$114,085	n/a
Heritage Marina Hotel	Sep-10	136	$11,500,000	$84,559	n/a
Hotel Monaco San Francisco	Sep-10	201	$68,500,000	$340,796	3.6%
Sir Francis Drake	Jun-10	416	$90,000,000	$216,346	2.9%
Nob Hill Hotel	May-10	52	$4,900,000	$94,231	n/a
Fitzgerald Hotel San Francisco	May-10	46	$4,600,000	$100,000	n/a
San Francisco/SOMA Portfolio	Apr-10	308	$20,000,000	$64,935	n/a
Kimpton Tuscan Inn	Jan-10	221	$36,500,000	$165,158	6.6%
W Hotel San Francisco	Jul-09	404	$90,000,000	$222,772	5%
Garland Hotel	Aug-08	70	$5,500,000	$78,571	n/a
Hotel Palomar San Francisco	Aug-07	195	$34,800,000	$178,462	5.90%
Heritage Marina Hotel	Jul-07	136	$25,000,000	$183,824	n/a
Hotel Campton Place	Jun-07	110	$58,000,000	$527,273	n/a
York Hotel and Maxwell Hotel	Apr-07	250	$35,000,000	$140,000	n/a
Villa Florence Hotel	Feb-07	182	$68,500,000	$376,374	n/a
Hyatt Regency San Francisco	Jan-07	802	$210,000,000	$261,845	2.20%
Commodore	Dec-06	110	$16,000,000	$145,455	n/a
Monticello Inn	Dec-06	91	$20,000,000	$219,780	n/a
Parc 55 and Oakland Marriott	Nov-06	1,651	$250,000,000	$151,423	n/a
Cartwright Hotel	Oct-06	114	$16,800,000	$147,368	n/a
Hotel Britton	Oct-06	79	$8,336,001	$105,519	n/a
Cliff Hotel	Oct-06	363	$100,000,000	$275,482	n/a
Four-property hotel portfolio in San Francisco	Jul-06	308	$53,014,000	$172,123	n/a
Renaissance Stanford Court	Jul-06	393	$60,500,000	$153,944	n/a
Courtyard San Francisco Downtown	Jun-06	405	$79,500,000	$196,296	n/a
Canterbury Hotel	Jun-06	244	$35,000,000	$143,443	n/a
Argent Hotel	May-06	667	$178,000,000	$266,867	2.4%
Park Hyatt	May-06	360	$126,000,000	$350,000	3.1%
Hotel Griffon	Apr-06	65	$15,300,000	$235,385	4.50%
Westin St Francis Union Square	Apr-06	1,195	$440,000,000	$368,201	6.2%
Pan Pacific San Francisco Hotel	Feb-06	338	$95,000,000	$281,065	3.90%
St Moritz Hotel	Feb-06	75	$10,500,000	$140,000	n/a
Four Seasons San Francisco	Jan-06	277	$130,000,000	$469,314	2.10%
Campton Place Hotel	Nov-05	110	$44,000,000	$400,000	n/a
Sir Francis Drake	Jul-05	417	$65,500,000	$157,074	5.50%
Marina Heritage	May-05	136	$15,000,000	$110,294	n/a
Hilton Concord	Feb-05	329	$29,200,000	$88,754	n/a
Cliff Hotel	Sep-04	374	$71,000,000	$189,840	2.3%
Pickwick Hotel	Feb-04	188	$14,000,000	$74,468	n/a
The Clift	Dec-03	363	$57,000,000	$157,025	n/a
Vagabond Inn Midtown	Sep-03	132	$12,100,000	$91,667	n/a
Pan Pacific Hotel	Aug-03	330	$45,000,000	$136,364	n/a
York Hotel	Dec-02	96	$10,100,000	$105,208	n/a
Mandarin Oriental	Jun-01	158	$41,500,000	$262,658	n/a
Shannon Court	Feb-01	172	$30,000,000	$174,419	n/a
Westin St Francis Union Square	Apr-00	1,192	$243,000,000	$203,859	n/a
Clift Hotel	Jun-99	326	$38,000,000	$116,564	n/a
Donatello Hotel	Mar-99	94	$13,500,000	$143,617	n/a
Ritz-Carlton San Francisco	Sep-98	336	$161,000,000	$479,167	n/a
Hotel Richelieu	Jun-98	157	$19,250,000	$122,611	n/a
Ramada Plaza Fisherman's Wharf	Jun-98	232	$14,500,000	$62,500	n/a
Park Hyatt San Francisco	Apr-98	360	$113,000,000	$313,889	n/a
Sheraton Fishermans Wharf	Apr-98	525	$84,000,000	$160,000	n/a
Hotel Californian	Mar-98	243	$17,130,000	$70,494	n/a
Hyatt Regency San Francisco	Feb-98	605	$177,600,000	$293,554	n/a
Hotel Rex	Jan-98	94	$15,000,000	$159,574	n/a
Average				**$223,578**	

Source: Jones Lang LaSalle Hotels, Real Capital Analytics

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3 Valuation Methodologies and Parameters

3.1 What makes a hotel different from other types of real estate?

One of the key differences is that in a Hotel a "Lease" length is only one day versus the multi-year leases for office, warehouse and retail space or the yearly leases for residential spaces.

Another important difference is that the real estate value is derived from more than just the land and building of the property – the Hotel is also valued as an ongoing operating business.

There are three commonly known approaches to hotel valuation – the Income Capitalization Approach, the Sales Comparison Approach and the Cost Approach. However, given the operating nature of hotel assets, investors typically give more weight to the Income Capitalization Approach. As such, as Revenue per Available Room ("RevPAR") and Profit per Available Room ("ProPAR") increases, hotel values are also expected to increase.

3.2 Income Capitalization Approach

The Income Capitalization Approach recognizes that the quantity, quality, and durability of a hotel's earning power are critical elements affecting value. An investor purchasing income-producing real estate is essentially trading a sum of present dollars in order to receive future cash flow. Using direct capitalization analysis, an estimate of stabilized earnings is divided by an overall capitalization rate to yield a value estimate. Using yield capitalization, annual cash flows for a typical holding period and reversionary proceeds are discounted to present value by an overall discount rate.

The Income Capitalization Approach provides the most pertinent indication of value for the subject property. This technique simulates the investment objectives and parameters of participants in the marketplace. The discount and capitalization rates were applied to this analysis based on current investor criteria and observed trends and risks associated with hotel properties.

3.3 Valuation Parameters – Hotel Investor Sentiment

Capitalization Rates

In May 2012 (latest available report), Jones Lang LaSalle Hotels completed a Hotel Investment Sentiment Survey for full-service properties. According to HISS, investors' leveraged Internal Rate of Return ("IRR") requirements remained largely unchanged at 19.1% while investors' targeted capitalization rates softened by 60 basis points to 7.9%, which is on par with the level recorded in April 2011, in the Americas. With the steady or increasing rate of growth of most major markets across the Americas over the past several months, hotel investors have a more positive outlook than they did six months ago. Similar to the previous survey, investor sentiment is highest for major gateway markets, such as San Francisco, New York, Boston, and Miami, generally driven by rising group demand and high levels of international visitation.

The 1st Quarter 2012 edition of PwC's Real Estate Investors Survey shows residual capitalization rates for full service hotels averaged 8.7%, approximately 111 basis points below results of the survey conducted one year ago and 45 basis points below survey results from 3rd Quarter 2011. The range in the 1st Quarter of 2012 for capitalization rates was from 6.0% to 12.0%. For limited-service hotels, Q1 2012 saw a residual capitalization rate of 9.95%, 5 basis points from a year ago, and ranging from 8.5% to 12.0%.

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In selecting an appropriate terminal capitalization rates applicable to the San Francisco Tourist Hotels, we have considered the following:

- San Francisco strong and diversified demand pillars – particularly when assuming the completion of the Moscone Center expansions.
- Strong recovery in the market with growth in lodging fundamentals.
- The current lending climate, while cautious, is improving particularly as it relates to gateway markets as well as existing hotel properties with cash flow in place.
- High barrier to entry market. No new supply is expected in the near future with a gradual growth in new supply entering the market in the long run.
- The current lending climate remains cautious, thereby limiting loan amounts, making major transactions more difficult to finance. Thus, recent transactions have been all cash deals, seller financed or buyer has assumed in place debt.
- National transaction volume has ramped up significantly since 2010.

Yield Rate (Internal Rate of Return)

The yield rate is selected on the basis of yields anticipated by investors. Yield rates are also affected by current conditions in capital and real estate markets. In order to gain a current perspective on yield rates, we have relied on the PwC Real Estate Investor Survey.

As reflected in the 1st Quarter 2012 publication, investor expectations of yield rates for full service properties ranged from 8.5% to 12.0% with an average of 10.9%. This represents a growth of seven basis points over survey results from one year ago. The average for limited-service properties is slightly higher at 11.1% with a range of 9.5% to 13.0%.

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4 Lodging Market Forecast

4.1 Forecast of Revenue per Available Room ("RevPAR") and Profit per Available Room ("ProPAR")

JLLH analyzed historical operating performance by chain scale (as defined by Smith Travel Research) and composition of hotels in the two zones in order to forecast potential Profit PAR for the two hotel zones.

The following table summarizes San Francisco's historical performance, which are categorized into two groups for two different years.

SAN FRANCISCO Operating Performance by Chain Scale

	Midscale, Economy & Independents (Peak Performance)		Midscale, Economy & Independents (Low Performance)		Upscale & Above (Peak Performance)		Upscale & Above (Low Performance)	
	PAR	*POR*	*PAR*	*POR*	*PAR*	*POR*	*PAR*	*POR*
REVENUES								
Rooms	$42,665	$151.24	$33,057	$128.39	$64,587	$224.67	$53,342	$192.40
Food & Beverage	$5,291	$18.76	$5,265	$20.45	$24,560	$85.44	$22,419	$80.86
Telephone	$240	$0.85	$190	$0.74	$751	$2.61	$672	$2.42
Rentals and Other Income	$2,313	$8.20	$1,523	$5.92	$1,766	$6.14	$2,038	$7.35
Other Income	$1,614	$5.72	$1,656	$6.43	$2,619	$9.11	$2,239	$8.08
Total Revenues	$52,124	$184.77	$41,691	$161.93	$94,283	$327.97	$80,710	$291.11
DEPARTMENTAL EXPENSES								
Rooms Expense	$15,058	$53.38	$14,296	$55.52	$20,628	$71.76	$19,559	$70.55
Food & Beverage Expense	$5,314	$18.84	$5,097	$19.80	$21,604	$75.15	$20,646	$74.47
Telephone Expense	$633	$2.24	$716	$2.78	$841	$2.93	$858	$3.10
Other Income Expense	$376	$1.33	$408	$1.58	$1,705	$5.93	$1,404	$5.07
Total Departmental Expenses	$21,382	$75.79	$20,517	$79.69	$44,778	$155.77	$42,468	$153.17
Total Departmental Income	$30,742	$108.97	$21,174	$82.24	$49,505	$172.21	$38,242	$137.93
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$5,371	$19.04	$4,928	$19.14	$8,150	$28.35	$7,484	$27.00
Sales & Marketing	$3,757	$13.32	$3,209	$12.46	$5,648	$19.65	$5,131	$18.51
Franchise Fee	$569	$2.02	$596	$2.31	$242	$0.84	$270	$0.97
Property Operations and Maintenance	$2,731	$9.68	$2,606	$10.12	$4,340	$15.10	$4,170	$15.04
Utilities	$1,850	$6.56	$1,690	$6.56	$2,829	$9.84	$2,713	$9.78
Total Undistributed Expenses	$14,279	$50.62	$13,028	$50.60	$21,209	$73.78	$19,767	$71.30
Gross Operating Profit	$16,463	$58.36	$8,146	$31.64	$28,296	$98.43	$18,475	$66.64
Management Fee	$1,950	$6.91	$1,592	$6.18	$2,987	$10.39	$2,208	$7.96
Income Before Fixed Charges	$14,513	$51.44	$6,554	$25.46	$25,310	$88.04	$16,267	$58.67
FIXED CHARGES								
Real Estate Taxes	$1,274	$4.52	$1,396	$5.42	$2,809	$9.77	$3,419	$12.33
Insurance	$951	$3.37	$954	$3.70	$1,981	$6.89	$2,137	$7.71
Rent	$1,238	$4.39	$247	$0.96	$1,909	$6.64	$1,090	$3.93
Other Fixed Charges	$3,096	$10.98	$1,100	$4.27	$631	$2.20	$1,175	$4.24
Total Fixed Charges	$6,559	$23.25	$3,696	$14.36	$7,331	$25.50	$7,821	$28.21
EBITDA*	$7,954	$28.19	$2,858	$11.10	$17,979	$62.54	$8,446	$30.46
Less: Replacement Reserves (FF&E)	$743	$2.63	$370	$1.44	$1,783	$6.20	$1,738	$6.27
Net Operating Income**	$7,211	$25.56	$2,488	$9.66	$16,196	$56.34	$6,708	$24.19

*USALI 10th Edition refers to "EBITDA" as "NOI" **USALI 10th Edition refers to "NOI" as "Adjusted NOI"

Source: Smith Travel Research

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The following table summarizes the composition of hotels in the two designated zones.

Zone 1 Hotels Composition	
Chain Scale	% Ratio
Luxury Chains	15.1%
Upper Upscale Chains	45.2%
Upper Midscale Chains	6.9%
Upscale Chains	3.2%
Midscale Chains	0.3%
Economy Chains	1.6%
Independents	27.5%
Upscale & Above	70.5%
Midscale, Economy, & Independents	29.5%
Zone 2 Hotels Composition	
Chain Scale	% Ratio
Luxury Chains	0.0%
Upper Upscale Chains	16.5%
Upper Midscale Chains	5.1%
Upscale Chains	0.0%
Midscale Chains	1.4%
Economy Chains	11.4%
Independents	65.6%
Upscale & Above	21.6%
Midscale, Economy, & Independents	78.4%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

We then utilized our findings from historical lodging performance by chain scale and the composition of Zone 1 and Zone 2 hotels in order to estimate the anticipated Profit PAR (ProPAR) relative to the forecasted RevPAR in order to analyze the incremental difference in profit PAR between the two zones. The ProPAR (in real dollars) is estimated by applying the weighted average profit per available room (inclusive of FF&E Reserve) for each zone based on chain scale composition and its average ProPAR (as shown in the table below) as a percentage of the projected RevPAR. This was presented in JLLH's previous report as of June 21, 2012.

Net Operating Income ProPAR/RevPAR (incl. of FF&E Reserve)	
Upscale & Above	**22%**
Midscale, Economy, & Independents	**14%**

JLLH has converted Profit PAR, which is essentially profit per available room nights into profit per room in order to use the per-key profit to estimate the potential value per key using the income capitalization approach. **It should be noted that all values are in real values (as inflation was removed).**

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San Francisco Lodging Forecast								
	Profit PAR				Profit Per Room			
Year	Zone 1 No Expansion	Zone 1 Expansion	Zone 2 No Expansion	Zone 2 Expansion	Zone 1 No Expansion	Zone 1 Expansion	Zone 2 No Expansion	Zone 2 Expansion
1987	-	-	-	-	-	-	-	-
1988	$12.53	$12.53	$7.79	$7.79	$4,586	$4,586	$2,852	$2,852
1989	$12.05	$12.05	$7.10	$7.10	$4,397	$4,397	$2,592	$2,592
1990	$11.93	$11.93	$6.57	$6.57	$4,353	$4,353	$2,396	$2,396
1991	$10.93	$10.93	$6.44	$6.44	$3,990	$3,990	$2,352	$2,352
1992	$10.80	$10.80	$6.19	$6.19	$3,952	$3,952	$2,265	$2,265
1993	$11.24	$11.24	$6.20	$6.20	$4,104	$4,104	$2,264	$2,264
1994	$11.47	$11.47	$6.03	$6.03	$4,187	$4,187	$2,201	$2,201
1995	$11.88	$11.88	$6.22	$6.22	$4,337	$4,337	$2,270	$2,270
1996	$13.22	$13.22	$7.09	$7.09	$4,837	$4,837	$2,595	$2,595
1997	$14.68	$14.68	$7.99	$7.99	$5,358	$5,358	$2,918	$2,918
1998	$15.47	$15.47	$8.31	$8.31	$5,646	$5,646	$3,033	$3,033
1999	$15.77	$15.77	$8.69	$8.69	$5,755	$5,755	$3,171	$3,171
2000	$17.78	$17.78	$9.31	$9.31	$6,506	$6,506	$3,407	$3,407
2001	$13.39	$13.39	$7.16	$7.16	$4,888	$4,888	$2,615	$2,615
2002	$10.97	$10.97	$5.28	$5.28	$4,005	$4,005	$1,929	$1,929
2003	$10.77	$10.77	$4.97	$4.97	$3,932	$3,932	$1,815	$1,815
2004	$11.44	$11.44	$5.33	$5.33	$4,187	$4,187	$1,953	$1,953
2005	$12.29	$12.29	$5.84	$5.84	$4,486	$4,486	$2,131	$2,131
2006	$13.18	$13.18	$6.21	$6.21	$4,812	$4,812	$2,267	$2,267
2007	$14.18	$14.18	$6.81	$6.81	$5,177	$5,177	$2,486	$2,486
2008	$14.36	$14.36	$7.58	$7.58	$5,254	$5,254	$2,773	$2,773
2009	$11.71	$11.71	$5.95	$5.95	$4,273	$4,273	$2,171	$2,171
2010	$12.37	$12.37	$6.02	$6.02	$4,517	$4,517	$2,196	$2,196
2011	$14.38	$14.38	$7.33	$7.33	$5,250	$5,250	$2,676	$2,676
2012F	$15.82	$15.82	$7.92	$7.92	$5,791	$5,791	$2,898	$2,898
2013F	$17.09	$17.09	$8.39	$8.39	$6,237	$6,237	$3,064	$3,064
2014F	$18.11	$18.11	$8.73	$8.73	$6,611	$6,611	$3,186	$3,186
2015F	$18.66	$18.66	$8.82	$8.82	$6,809	$6,809	$3,218	$3,218
2016F	$18.84	$18.84	$8.91	$8.91	$6,896	$6,896	$3,259	$3,259
2017F	$18.47	$18.47	$8.73	$8.73	$6,740	$6,740	$3,185	$3,185
2018F	$18.28	$18.28	$8.64	$8.64	$6,673	$6,673	$3,154	$3,154
2019F	$18.65	$19.38	$8.99	$9.16	$6,806	$7,073	$3,280	$3,343
2020F	$19.21	$20.73	$9.43	$9.80	$7,029	$7,589	$3,453	$3,587
2021F	$19.97	$22.19	$9.91	$10.53	$7,291	$8,098	$3,616	$3,845
2022F	$20.67	$23.85	$10.50	$11.38	$7,546	$8,705	$3,833	$4,153
2023F	$20.67	$24.33	$10.82	$11.83	$7,546	$8,879	$3,948	$4,319
2024F	$20.80	$24.47	$10.78	$11.81	$7,612	$8,957	$3,947	$4,322
2025F	$20.92	$24.62	$10.75	$11.79	$7,637	$8,986	$3,924	$4,302
2026F	$21.05	$24.77	$10.72	$11.76	$7,682	$9,040	$3,912	$4,293
2027F	$20.21	$23.78	$10.18	$11.17	$7,375	$8,678	$3,717	$4,078
2028F	$19.60	$23.06	$9.78	$10.73	$7,173	$8,441	$3,578	$3,926
2029F	$19.21	$22.60	$9.48	$10.40	$7,011	$8,250	$3,461	$3,798
2030F	$19.59	$23.05	$9.58	$10.51	$7,151	$8,415	$3,496	$3,836
2031F	$19.79	$23.28	$9.55	$10.49	$7,222	$8,499	$3,485	$3,828
2032F	$19.91	$23.42	$9.52	$10.47	$7,286	$8,573	$3,484	$3,831
2033F	$20.03	$23.56	$9.49	$10.45	$7,309	$8,601	$3,464	$3,813
2034F	$20.15	$23.71	$9.46	$10.42	$7,353	$8,653	$3,454	$3,805
2035F	$20.27	$23.85	$9.43	$10.40	$7,397	$8,705	$3,444	$3,798
2036F	$20.39	$23.99	$9.41	$10.38	$7,462	$8,781	$3,443	$3,800
2037F	$20.51	$24.14	$9.38	$10.36	$7,486	$8,809	$3,423	$3,782
2038F	$19.49	$22.93	$8.82	$9.74	$7,112	$8,369	$3,218	$3,555
2039F	$18.71	$22.01	$8.37	$9.25	$6,828	$8,034	$3,057	$3,378
2040F	$18.33	$21.57	$8.12	$9.24	$6,709	$7,895	$2,973	$3,380
2041F	$18.70	$22.00	$8.20	$9.33	$6,825	$8,031	$2,995	$3,405
2042F	$18.89	$22.22	$8.18	$9.31	$6,893	$8,111	$2,986	$3,398
2043F	$19.00	$22.36	$8.16	$9.29	$6,934	$8,160	$2,977	$3,391
2044F	$19.11	$22.49	$8.13	$9.27	$6,995	$8,231	$2,976	$3,393
2045F	$19.23	$22.62	$8.11	$9.25	$7,018	$8,258	$2,959	$3,377
2046F	$19.34	$22.76	$8.08	$9.23	$7,060	$8,308	$2,950	$3,371
2047F	$19.46	$22.90	$8.06	$9.22	$7,102	$8,357	$2,941	$3,364
2048F	$19.58	$23.03	$8.03	$9.20	$7,165	$8,431	$2,940	$3,366
2049F	$19.69	$23.17	$8.01	$9.18	$7,188	$8,458	$2,924	$3,350
2050F	$19.81	$23.31	$7.99	$9.16	$7,231	$8,509	$2,915	$3,344

Source: Smith Travel Research, Jones Lang LaSalle Hotels

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5 Forecast Changes in Value Per Room Averages

5.1 Introduction and Key Assumptions

Forecast Profit per Room for each scenario, as presented in Section 4, provides the basis for estimating a property's present value (in this case the San Francisco Tourist Hotels' present value). In the direct capitalization technique, the stabilized income estimate is divided by an overall capitalization rate to estimate the property's value. The yield capitalization, or discounted cash flow, technique involves two steps:

- First, the residual proceeds are estimated by capitalizing the last year's income, and
- Second, the annual income and the residual proceeds are discounted at an appropriate rate (IRR) to provide an estimate of present value.

JLLH value estimates take into consideration the following key assumptions:

1. With the objective of keeping our methodology consistent with JLLH's RevPAR and ProPAR forecast methodology, JLLH's change of value forecast is presented in "real values", meaning the estimate of value not accounting for inflation.

2. The Moscone Center Expansion scenario assumes the expansions will be completed as of year-end 2017. A delay in the completion of the Moscone Center expansion would delay the forecast increases in Profit Per Room. However, upon completion, the expansion of the Moscone Center is expected to yield similar hotel value per room average increases.

3. It should be noted that current expansion plans (as detailed in JLLH's June 21 report) are only preliminary plans. Specific programming may change with the recently chosen project architect.

4. JLLH's Prospective Value estimates the prospective value per room average differential of San Francisco Tourist Hotels as of January 2018 under two scenarios (1) No Moscone Center expansion and, (2) assuming the completion of the Moscone Center expansions.

5. Based on the valuation parameters discussed in Section 3, coupled with our discussions with hotel investors and considering the cap rates of comparable sales, it is our opinion that the San Francisco Tourist Hotels would trade at the lower end of the range indicated by the PwC nationwide survey and slightly above HISS results for full-service properties in US National markets. We have therefore utilized an 8.00% terminal capitalization rate for Zone 1 and an 8.50% terminal capitalization rate for Zone 2.

6. Based on the valuation parameters discussed in Section 3 and our understanding of the hotel investment markets, we have elected to utilize a discount rate of 7.0% for Zone 1 (equivalent to a discount rate of 10% minus 3.0% inflation rate due to the fact that this report presents data in "real" values) and a discount rate of 7.5% (equivalent to a discount rate of 10.5% minus 3.0% inflation rate due to the fact that this report presents data in "real" values) for Zone 2, which reflects the positive attributes of the hotels in the market, the relative risk of hotels as an asset class, the overall economic and lodging market conditions, and increased cash flow risk leading towards the outer years of the projection period.

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5.2 Change in Value Per Room Value

The calculation of the hypothetical sale at the end of a ten-year holding period ("Reversion") and the discounting procedure used to estimate Zone 1 No Expansion, Zone 1 Expansion, Zone 2 No Expansion, and Zone 2 Expansion scenarios is presented in the subsequent tables. Specifically, the following calculation utilizes the Profit Per Room Differential between Zone 1 No Expansion **versus** Zone 1 Expansion and Zone 2 No Expansion **versus** Zone 2 Expansion to calculate the Value Per Key Differential.

Calculation of Prospective Hotel Value Per Key Differential		
	Zone 1 No Expansion VS. Zone 1 Expansion	Zone 2 No Expansion VS. Zone 2 Expansion
Year	Profit Per Room Differential	Profit Per Room Differential
2018F	$0	$0
2019F	$267	$63
2020F	$559	$133
2021F	$807	$229
2022F	$1,159	$320
2023F	$1,333	$371
2024F	$1,345	$375
2025F	$1,349	$377
2026F	$1,358	$380
2027F + Reversion [1]	$19,412	$5,001
Discount Rate	7.0%	7.5%
Cap Rate	8.0%	8.5%
Value per Key Variance	$15,250	$3,859

Note: Reversion = hypothetical sale at the end of a hypothetical ten-year holding period

Value Matrix - Prospective Hotel Value Per Key Differential (2018F-2027F)

Zone 1 No Expansion: Value per Key

Discount Rate \ Terminal Cap Rate	7.0%	7.5%	8.0%	8.5%	9.0%
6.0%	$16,538	$16,538	$16,538	$16,538	$16,538
6.5%	$15,879	$15,879	$15,879	$15,879	$15,879
7.0%	$15,250	$15,250	**$15,250**	$15,250	$15,250
7.5%	$14,652	$14,652	$14,652	$14,652	$14,652
8.0%	$14,080	$14,080	$14,080	$14,080	$14,080

Zone 2 No Expansion: Value per Key

Discount Rate \ Terminal Cap Rate	7.5%	8.0%	8.5%	9.0%	9.5%
6.5%	$4,181	$4,181	$4,181	$4,181	$4,181
7.0%	$4,016	$4,016	$4,016	$4,016	$4,016
7.5%	$3,859	$3,859	**$3,859**	$3,859	$3,859
8.0%	$3,709	$3,709	$3,709	$3,709	$3,709
8.5%	$3,566	$3,566	$3,566	$3,566	$3,566

Jones Lang LaSalle Hotels has performed extensive calculations regarding hotel supply, demand, revenue and profitability in San Francisco overall and Zone 1 and 2 in particular, for our report on the Moscone Convention Center Expansion. In this report JJLH augments that research with a study of hotel value in the U.S. and San Francisco concluding that hotel values are likely to be directly enhanced or increased by the completion of the Moscone Convention Center proposed expansions in the magnitude of $15,250 per room in Zone 1 and $3,860 per room in Zone 2. This is quantified as a total estimated percentage increase (enhancement) in values per room averages of approximately 14.8% for Zone 1 and 8.0% in Zone 2 overall. These estimated increases in prospective hotel value per room are incremental over what would normally be expected based on a continuation of historical increases in the absence of an expansion of Moscone Center.

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5.3 Room Revenue Multiplier Approach

Many hotel investors consider hotel room revenues in order to estimate the potential hotel value using a Room Revenue Multiplier ("RRM"). The RRM is often multiplied by the previous 12-months' room revenues to arrive at an estimate value of a hotel, similar to a capitalization rate.

The RRM approach also highlights the importance of Revenue per Available Room ("RevPAR") and Profit per Available Room ("ProPAR") as a critical metric to determine hotel values.

From Smith Travel Research's 2012 Hotel Almanac, San Francisco has a RRM of 4.73. For comparison purposes, JLLH has applied this method and the same multiplier to the estimated **room revenue differential** assuming a reversion year in **2023** (5 years post completion of the proposed Moscone Center Expansions) in order to estimate the incremental value difference between the Expansion and No Expansion scenarios for the two zones using the RRM Approach.

We have applied this multiplier to our forecast Real Room Revenue differential (based on the Real Room Revenue forecast presented in JLLH's June 21, 2012 report). The following table summarizes the result of the RRM Approach:

Room Revenue Multiplier Approach on 2023		
	Zone 1 No Expansion VS. Zone 1 Expansion	Zone 2 No Expansion VS. Zone 2 Expansion
Real Revenue Differential	$1,333	$371
Room Revenue Multiplier	4.73	4.73
Real Value Differential	$6,307	$1,755

Via the RRM Approach, JLLH concludes that hotel values are likely to be directly enhanced by the completion of the Moscone Convention Center proposed expansions and likely achieve a total increase (enhancement) in value of $6,300 for Zone 1 and $1,750 in Zone 2 overall.

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6 Appendices

6.1 Glossary

- **Average Daily Rate (ADR):** A measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold.
- **Capitalization Rate (Cap Rate):** A rate used to convert a property's net operating income to value. The cap rate equals the net operating income divided by the property's purchase price.
- **Compounded Annual Growth Rate (CAGR):** The year-over-year growth rate of a measure over a period of time.
- **Occupancy:** The percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available.
- **Per Available Room (PAR):** Total rooms available.
- **Profit Per Available Room (ProPAR):** A hotel's EBITDA per available room nights.
- **Revenue per Available Room (RevPAR):** The total room revenue divided by total rooms available. Occupancy multiplied by ADR is equal to RevPAR.
- **Room Revenue Multiplier (RRM):** A rate used to convert a property's room revenue to value. The room revenue multiplier equals the purchase price divided by the property's room revenue.
- **Smith Travel Research (STR):** STR tracks supply and demand data for the hotel industry within the U.S. and globally.

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ASSUMPTIONS AND LIMITING CONDITIONS

This report is made with the following general assumptions and limiting conditions:

1. As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the economic environment from that as set forth in this report. Since our forecasts are based on estimates and assumptions which are subject to uncertainty and variation, we do not represent them as results which will actually be achieved.

2. Responsible ownership and competent property management are assumed.

3. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures.

5. It is assumed that the property will be in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report.

6. It is assumed that the property will conform to all applicable zoning and use regulations and restrictions.

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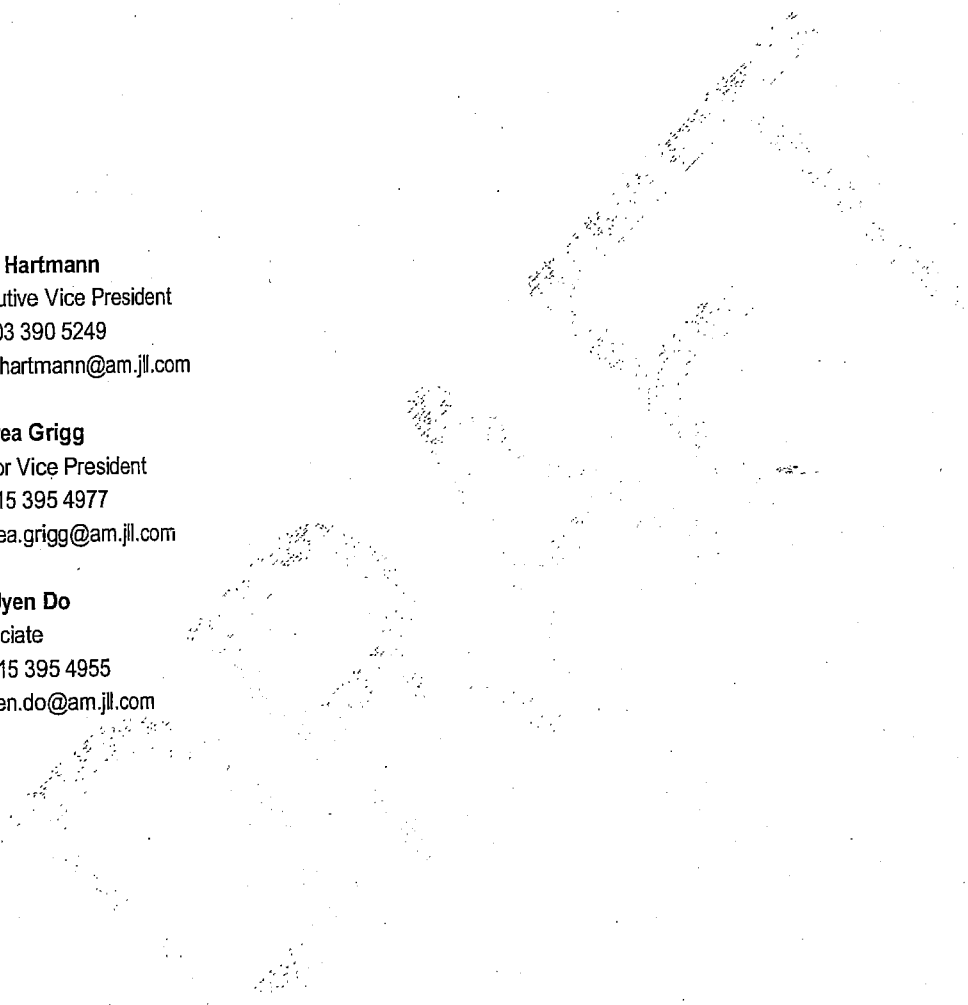
Real value in a changing world



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SFTID
SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT

Moscone Expansion District Petition Submittal Report
November 8, 2012

Total Weighted Support*	53.97%
Total Weighted Opposition*	2.15%

*Weighted Petition Support and Opposition totals were analyzed by the Treasures and Tax Collectors Office

201 third street | suite 900 | san francisco | ca 94103
p 415 974.6900 | f 415 227.2602

Hotel Name	Address	Zone	Petition: Yes/No
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	NO
ANSONIA HOTEL	717 SUTTER ST	1	
ANSONIA-CAMBRIDGE HOTEL	711 POST ST	1	
ARGONAUT HOTEL	495 JEFFERSON ST	1	YES
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	YES
CARLTON HOTEL	1075 SUTTER ST	1	YES
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	YES
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	YES
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	
ENTELLA 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	YES
FITZGERALD HOTEL	620 POST ST	1	
FLORENCE HOTEL	1351 STOCKTON ST	1	
FOUR SEASONS HOTEL SF	757 MARKET ST	1	NO
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	YES
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	YES
GRANT HOTEL INC	753 BUSH ST	1	
GRANT PLAZA HOTEL	465 GRANT AVE	1	YES
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	YES
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	YES
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	YES
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	YES
HOTEL SUTTER LARKIN	1048 LARKIN ST	1	
HOTEL TRITON	342 GRANT AVE	1	YES
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	YES
HUNTER HOTEL	102 6TH ST	1	
HUNTINGTON HOTEL	1075 CALIFORNIA ST	1	
HYATT AT FISHERMAN'S WHAR	555 NORTH POINT ST	1	YES
HYATT REGENCY SAN FRANCIS	5 EMBARCADERO CENTER	1	YES
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	YES
JONES HOTEL	515 JONES ST	1	
JW MARRIOTT SF UNION SQ	500 POST ST	1	YES
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	
LARKSPUR HOTEL UNION SQUA	524 SUTTER ST	1	

LAYNE HOTEL	545 JONES ST	1	
LE MERIDIEN SAN FRANCISCO	333 BATTERY ST	1	YES
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	YES
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	YES
PARK HOTEL LLC	325 SUTTER ST	1	
PETITE AUBERGE	863 BUSH ST	1	
PHOENIX INN	601 EDDY ST	1	YES
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	YES
SAN FRANCISCO MARRIOTT UN	480 SUTTER ST	1	YES
SAN FRANCISCO SUITES	710 POWELL ST	1	
SAN REMO HOTEL THE	2237 MASON ST	1	
SERRANO HOTEL	405 TAYLOR ST	1	YES
SESTRI HOTEL	1411 STOCKTON ST	1	
SF DOWNTOWN COURTYARD MA	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	YES
SHIRLEY HOTEL	1544 POLK ST	1	
SIR FRANCIS DRAKE HOTEL	450 POWELL ST	1	YES
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	YES
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	YES
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 REGENCY INN	587 EDDY ST	1	
THE RITZ-CARLTON CLUB	690 MARKET ST	1	
THE STANFORD CT A REN HOT	905 CALIFORNIA ST	1	YES
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	YES
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	YES
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	YES
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	
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	YES
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	
EDWARDIAN SAN FRANCISCO	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	YES
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	YES
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	YES
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	NO
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	
USA HOSTEL SAN FRANCISCO	711 POST ST	2	
USA HOSTELS	630 GEARY ST	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	
WESTMAN HOTEL	2056 MISSION ST	2	
WHITT	1359 4TH AVE	2	

PETITION TO THE SAN FRANCISCO BOARD OF SUPERVISORS TO ESTABLISH THE MOSCONE EXPANSION DISTRICT

1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

A. **Zone 1** will consist of all tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay. **Zone 2** will consist of all tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street. The boundaries of Zones 1 and 2 are identical to the boundaries of Zones 1 and 2 of the San Francisco Tourism Improvement District (SFTID).

B. As described in the draft Management District Plan, hotels will be assessed as follows:

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Grant Plaza Hotel

D/B/A: _____

Address of Business: 465 Grant Ave SF, CA 94108

Business Registration Certificate (Business License) Name:

458070

Business Owner's Name: _____

Business Owner's Address: _____

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

K Butts, GM 415-434-3883

Signature of Business Owner or Authorized Representative **Phone No.**

Kim Ha, General Manager gm@grandplaza.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Oct 1 **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415.227.2605
FAX: 415.541.0228
Email: petitions@sftid.com

Petitions will be submitted to the Clerk of the Board of Supervisors by the end of the day on October 1, 2012, for the introduction of a Resolution of Intent to Form an Assessment District at the Board meeting on or about October 2, 2012.

Rev. 9/28

PETITION TO THE SAN FRANCISCO BOARD OF SUPERVISORS TO ESTABLISH THE MOSCONE EXPANSION DISTRICT

1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

A. **Zone 1** will consist of all tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay. **Zone 2** will consist of all tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street. The boundaries of Zones 1 and 2 are identical to the boundaries of Zones 1 and 2 of the San Francisco Tourism Improvement District (SFTID).

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: FASTOPEN Inc.

D/B/A: Hotel Whitcomb

Address of Business: 1231 Market Street, San Francisco, CA 94103

Business Registration Certificate (Business License) Name:

FASTOPEN Inc.

Business Owner's Name: FASTOPEN Inc.

Business Owner's Address: 1231 Market St., San Francisco, CA 94103

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

Signature of Business Owner or Authorized Representative 415-626-8000 **Phone No.**

Ralph Lee RLee@HotelWhitcomb.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Sept. 29, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

Petitions will be submitted to the Clerk of the Board of Supervisors by the end of the day on October 1,2012, for the introduction of a Resolution of Intent to Form an Assessment District at the Board meeting on or about October 2, 2012.

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B. As described in the draft Management District Plan, hotels will be assessed as follows:

Zone 1: During the period beginning with commencement of the assessment though December 31, 2013, the assessment will be 0.50% of gross revenue from tourist rooms. Beginning January 1, 2014, until the termination of the District, the assessment will be no less than 1% and no more than 1.4% of gross revenue from tourist rooms. Zone 2: The assessment will be no less than 0.25% and no more than 0.35% of gross revenue from tourist rooms.

It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

5. The assessments would fund the following list of services and improvements, which are described in greater detail in the Management District Plan:

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.

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.

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 to Moscone Center; and for costs associated with the formation and administration of the District, and for establishing a contingency reserve.

6. The San Francisco Tourism Improvement District Management Corporation (SFTIDMC), the non-profit organization formed to manage the San Francisco Tourism Improvement District, will administer the MED, consistent with a management contract that will be entered into between the City and County of San Francisco and SFTIDMC after the MED is formed. The SFTIDMC is overseen by a Board of Directors, a majority of whom are hotel owners and/or operators.

7. We petition the Board of Supervisors to initiate assessment proceedings in accordance with applicable state and local laws ("Property and Business Improvement District Law of 1994," California Streets and Highways Code §§*36600 et seq.*), as augmented by City and County of San Francisco Business and Tax Regulations Code Article 15 "Business Improvement District Procedure Code," both as amended from time to time.

8. We understand that upon receipt of this petition signed by business owners who will pay at least thirty percent (30%) of the proposed assessments, the Board of Supervisors may initiate proceedings to establish the Moscone Expansion District and levy the assessments. These proceedings will include the introduction and possible adoption of a

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: CDC SAN FRANCISCO LLC

D/B/A: INTERCONTINENTAL SAN FRANCISCO

Address of Business: 888 HOWARD STREET, S.F. CA 94103

Business Registration Certificate (Business License) Name:

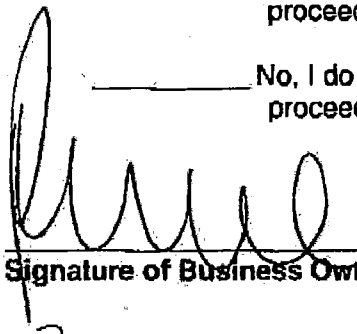
CDC SAN FRANCISCO LLC (#424376)

Business Owner's Name: " "

Business Owner's Address: 11580 GREAT OAKS WAY, ALPHARETTA, GA 30022

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



415 616-6532.

Signature of Business Owner or Authorized Representative **Phone No.**

PETER KOEHLER Peter.koehler@ihg.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Oct. 1, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAXBY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: BHR OPERATIONS LLC

D/B/A: SAN FRANCISCO MARRIOTT UNION SQUARE

Address of Business: 480 SUTTER STREET, SAN FRANCISCO, CA 94108

Business Registration Certificate (Business License) Name:

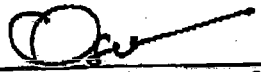
SAN FRANCISCO MARRIOTT UNION SQUARE (Certificate 347781)

Business Owner's Name: BHR OPERATIONS LLC

Business Owner's Address: 545 E. John Carpenter Fwy Ste 1300 IRVING, TX 75062

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



415.398.8899

Signature of Business Owner or Authorized Representative **Phone No.**

OSCAR RODRIGUEZ oscar.rodriguez@marriott.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 10/1, **2012**

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SFTID

SAN FRANCISCO TOURISM
IMPROVEMENT DISTRICT

October 1, 2012

Ms. Angela Cavillo
Clerk of the Board of Supervisors
1 Dr, Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Subject: Introduction of a Resolution of Intent to Establish the Moscone Expansion District

Dear Ms. Cavillo:

We are pleased to submit the enclosed petitions representing 49.02% weighted support and 2.15% weighted opposition, per The Office of the Treasurer and Tax Collector, for a new proposed assessment district call the Moscone Expansion District. Petitions submitted meet the required 30% weighted support threshold necessary for the Board of Supervisors to consider a resolution of intent to establish the Moscone Expansion District.

We have attached the proposed Moscone Expansion District Management Plan with the petitions for review and consideration by the members of the Board of Supervisors. This Management Plan outlines the boundaries, hotels to be assessed, assessment formulas, services and timeline for establishment and operation of the proposed Moscone Expansion District.

The proposed Moscone Expansion District will allow San Francisco to remain competitive in the convention market by funding expansion of the Moscone Convention Center, which is currently one of the smallest convention centers in a major urban city, and which lacks the contiguous exhibit space needed by large meetings and trade shows. We believe this is an excellent and necessary proposal that will support San Francisco's health and growth, and will provide jobs for residents for years to come.

Sincerely,

Joe D'Alessandro for the MED Advisory Committee

Revised
Nov 6, 2012

201 third street | suite 900 | san francisco | ca 94103
p 415 974.6900 | f 415 227.2602

SFTID
SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT

Moscone Expansion District Petition Submittal Report
October 1, 2012

Total Weighted Support*	49.02%
Total Weighted Opposition*	2.15%

*Weighted Petition Support and Opposition totals were analyzed by the Treasures and Tax Collectors Office

201 third street | suite 900 | san francisco | ca 94103
p 415 974.6900 | f 415 227.2602

Hotel Name	Address	Zone	Petition: Yes/No
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	NO
ANSONIA HOTEL	717 SUTTER ST	1	
ANSONIA-CAMBRIDGE HOTEL	711 POST ST	1	
ARGONAUT HOTEL	495 JEFFERSON ST	1	YES
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	YES
CARLTON HOTEL	1075 SUTTER ST	1	YES
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	YES
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	YES
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	
ENTELLA 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	YES
FITZGERALD HOTEL	620 POST ST	1	
FLORENCE HOTEL	1351 STOCKTON ST	1	
FOUR SEASONS HOTEL SF	757 MARKET ST	1	NO
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	YES
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	YES
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	YES
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	YES
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	YES
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	YES
HOTEL SUTTER LARKIN	1048 LARKIN ST	1	
HOTEL TRITON	342 GRANT AVE	1	YES
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	YES
HYATT REGENCY SAN FRANCIS	5 EMBARCADERO CENTER	1	YES
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	YES
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	
LARKSPUR HOTEL UNION SQUA	524 SUTTER ST	1	

LAYNE HOTEL	545 JONES ST	1	
LE MERIDIEN SAN FRANCISCO	333 BATTERY ST	1	yes
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	YES
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	YES
PARK HOTEL LLC	325 SUTTER ST	1	
PETITE AUBERGE	863 BUSH ST	1	
PHOENIX INN	601 EDDY ST	1	YES
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	YES
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	YES
SESTRI HOTEL	1411 STOCKTON ST	1	
SF DOWNTOWN COURTYARD MA	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	YES
SHIRLEY HOTEL	1544 POLK ST	1	
SIR FRANCIS DRAKE HOTEL	450 POWELL ST	1	YES
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	YES
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	YES
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 REGENCY INN	587 EDDY ST	1	
THE RITZ-CARLTON CLUB	690 MARKET ST	1	
THE STANFORD CT A REN HOT	905 CALIFORNIA ST	1	YES
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	YES
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	YES
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	YES
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 & J EREL 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	
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	YES
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	
EDWARDIAN SAN FRANCISCO	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	YES
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	YES
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	YES
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	NO
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	
USA HOSTEL SAN FRANCISCO	711 POST ST	2	
USA HOSTELS	630 GEARY ST	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	
WESTMAN HOTEL	2056 MISSION ST	2	
WHITT	1359 4TH AVE	2	

BAR CODE #

Ballot on Assessment, And Establishment of the Moscone Expansion District

Business Name: HOTEL NAME

Address of Business: ADDRESS, CITY, STATE ZIP CODE

Business Owner's Name: CONTACT FIRST NAME CONTACT LAST NAME

Benefit Zone Where Business Is Located: ZONE

Proposed Assessment formula:
The proposed business-based assessment district to be known as the Moscone Expansion District (MED) will have a duration of 32 years, commencing the later of July 1, 2013 or the first day of the calendar quarter after a final judgement is entered by a court validating the issuance of City indebtedness for the Moscone Expnsion 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.

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 16th 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 16th 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 16th Street.

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.

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 hotelrooms in Zone 1, which in turns increases demand for hotel rooms in Zone 2, increasing both occupancy and room rates within Zone 2.

The estimated year one MED assessment for your business is based on 2011 gross room revenue from the rental of tourist rooms as reported to the City's Treasurer /Tax Collector by hotels . **The estimated MED assessment for your hotel is listed on the attached confidential *Notice of Estimated Assessment* prepared by the City and County of San Francisco Office of the Treasurer and Tax Collector.** DO NOT return this confidential *Notice of Estimated Assessment* with your Ballot.

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 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.

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 deductiontherefrom 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 "noshow" charges), regardless of whether the guest uses the room (excluding event attrition fees and event cancellation fees paid by event organizers)

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 tothe 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 Transit 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 nonprofit, 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.

BAR CODE #

Instructions for Completing and Delivering this Ballot

*To express your view on the proposed assessment, make a check mark before theword "YES" or "NO" below, then sign and date the Ballot.

_____ Yes, I approve the proposed annual assessment described above on the business identified in this Ballot.

_____ No, I do not approve the proposed annual assessment on the business identifed in this Ballot.

I hereby declare under penalty of perjury of the laws of the State of California that I am a record owner or authorized agent for the record owner of the business listed above on this Ballot.

Business Name: **HOTEL NAME** Address of Business: **ADDRESS, CITY, STATE ZIP CODE**

_____

Signature of Record Owner or Authorized Agent Date

Printed Name of Signatory: _____

***After completing your Ballot and the attached Affidavit of Identification form,**

Please mail both to:
Department of Elections
City and County of San Francisco
P.O. Box _____San Francisco, CA 94102

Or, To hand-deliver, please use the following address:
Department of Elections
City and County of San Francisco
City Hall, 4th Floor, Room 48
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Or, the Ballot and Affidavit of Identification may also be hand-delivered at the Board of Supervisors Public Hearing prior to the close of public testimony.

- *If mailed, the completed Ballot and Affidavit of Identification must be received in theDepartment of Elections Post Office box no later than 12 o'clock Noontime on the day of the Board of Supervisors Public Hearing on this matter,_____.
- If hand-delivered to the Department of Elections, the completed Ballot and Affidavit of Identification must be received before 3:00 p.m. on the day of the Board of Supervisors Public Hearing on this matter,_____.
- If hand-delivered during the Board of Supervisors Public Hearing, the completed Ballot and Affidavit of Identification must be received before the conclusion of the public testimony portion of the Public Hearing on this matter.
- The Board of Supervisors Public Hearing is set for ____ p.m. on_____. Ballots received after that hearing will only be counted if the Board elects to continue the Public Hearing until a later date.

DO NOT RETURN the confidential *Notice of Estimated Assessment* with your hotel's completed Ballot and Affidavit of Identification.

AFFIDAVIT of Identification (Business Owner)

I, _____, the undersigned, declare that I am authorized to cast a ballot for the following business identified as: _____, as either (1) the sole owner or agent, or (2) co-owner or agent to payment of the assessment which will be levied for the proposed Property and Business Improvement District known as the "Moscone Expansion District."

I declare under penalty of perjury under the laws of the State of California that this declaration made this ___the day of _____, 200_, in the City and County of San Francisco, is true and correct.

_____

Business Owner/Authorized Agent

NOTICE OF PUBLIC MEETING & PUBLIC HEARING AND ASSESSMENT BALLOT PROCEEDING

TO: **San Francisco Hotels**

FROM: City and County of San Francisco

SUBJECT: Notice of Public Meeting and Public Hearing and Assessment Ballot Proceeding to Consider Establishing a business-based improvement district to be known as the "Moscone Expansion District".

The purpose of this notice is to provide you with information about an assessment ballot proceeding and public meeting and public hearing being conducted by the Board of Supervisors, and its effect on the business that you own. This notice is being sent to you in accordance with Resolution No. _____ passed by the Board of Supervisors (a copy of which is enclosed), the Property and Business Improvement District Law of 1994 (California Streets and Highways Code §§36600 *et seq.*), California Government Code Section 54954.6, and San Francisco Business and Tax Regulations Code Article 15.

Please be advised of the following:

- The Board of Supervisors will hold a Public Meeting on the proposed assessment at _____ on _____, or as soon thereafter as the matter may be heard, at the Board's Budget & Finance Committee, in Room ___, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, 94102. At this Public Meeting the Board Committee will hear testimony regarding the proposed assessment district and proposed assessment.

- The Board of Supervisors will hold a Public Hearing on the proposed assessment at __:00 p.m. on _____or as soon thereafter as the matter may be heard, in the Board's Legislative Chambers, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, 94102. At this Public Hearing, the Board will hear testimony regarding the proposed assessment district and proposed assessment.

- In accordance with Section 67.7-1 of the San Francisco Administrative Code, persons who are unable to attend the Public Meeting or Public Hearing on this matter may submit written comments to the City prior to the time the Public Meeting or Public Hearing begins. These comments will be made a part of the official public record in this matter, and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, San Francisco Board of Supervisors, Room 244, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, 94102.

- The reason for the assessment is to establish a Property and Business Improvement District to be known as the " Moscone Expansion District" and levy a multi-year assessment on identified hotel businesses in the district. The annual assessments would last for 32 years. The boundaries of the proposed Tourism Improvement District are described in the enclosed Resolution of Intent passed by the Board of Supervisors.

Summary Moscone Expansion District

The Moscone Expansion District will fund the expansion of 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.

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.

Improvements and Activities, including categories of expenditures to be funded by the assessments levied by the establishment of the Moscone Expansion District will consist of:

- 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, tradeshows and conventions to San Francisco via offset of rental costs.

- 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.

The proposed MED will have a duration of 32 years, 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.

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 16th 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 16th 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 16th Street.

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

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 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.

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:

- Charges for a guest room (including non-refundable deposits) regardless of whether the guest uses the room;
- Charges for additional guests to occupy the room;
- 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)

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

- 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;"
- 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
- The City's Transient Occupancy Tax collected on the room rent and remitted to the City;
- Revenue from the San Francisco Tourism Improvement District assessment established in 2008, including any renewals or extensions thereof;
- Charges for guest rooms located in youth hostels that are owned and operated exclusively by and for non-profit entities;
- Charges for guest rooms that are subject to the room rate exemption for the San Francisco Transit Occupancy Tax under Article 7, section 506(c) of the San Francisco Business & Tax Regulations Code, as amended from time to time; and
- 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 is estimated to generate approximately $19,332,000 during the first year, with a maximum total assessment for the Years 1 through 32 years of $5,766,814,000.

The MED assessment will be collected by the City Treasurer/Tax Collector or his or her designee, or as otherwise designated by the Board of Supervisors, and transferred on a quarterly basis to a newly established non-profit corporation known as the San Francisco Tourism Improvement District Management Corporation (hereinafter "SFTIDMC"). The SFTIDMC will manage and administer the MED pursuant to a management contract with the City as approved by the Board of Supervisors.

PROJECTION OF MAXIMUM ASSESSMENTS OVER THE LIFE OF THE DISTRICT FOR MOSCONE EXPANSION DISTRICT– 32 YEARS

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

ASSESSMENT BALLOT PROCEDURES

Enclosed with this notice, you will find an assessment Ballot ("Ballot on Assessment, and Establishment of the Tourism Improvement District") and an Affidavit of Identification. Please follow the directions on the assessment Ballot to express your view on the proposed assessment. Following is a summary of the procedures governing the return and tabulation of ballots.

1. The estimated year one assessment for your business is based on 2011 gross revenue from tourist rooms as reported to the Treasurer /Tax Collector by hotels. The estimated assessment for your hotel is listed on the attached confidential *Notice of Estimated Assessment* prepared by the City and County of San Francisco Office of the Treasurer/Tax Collector. DO NOT return this confidential *Notice of Estimated Assessment* with your hotel's completed Ballot.

2. The completed Ballot and Affidavit of Identification must be returned in the ballot envelope provided.

3. You may mail your Ballot and Affidavit of Identification to the City and County of San Francisco Department of Elections at the Post Office Box location shown on the ballot; or submit the ballot in person at the Department of Elections, located at City Hall Room 48, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102; or hand-deliver the Ballot during the Board of Supervisors Public Hearing on this matter.

4. Mailed Ballots will be picked up from the designated Post Office box by the Department of Elections at 12 o'clock Noontime on the date scheduled for the Board of Supervisors Public Hearing,_____. Mailed ballots received after 12 o'clock Noontime on _____will only be counted if the public testimony portion of the Public Hearing is continued to a later date and the Ballots are received by the Department of Elections prior to the conclusion of the public testimony portion of the hearing.

5. Ballots hand-delivered to the Department of Elections in City Hall Room 48 must be received no later than 3:00 p.m. on_____.

6. Ballots submitted during the Public Hearing in the Board of Supervisor's Legislative Chambers, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, 94102, must be received no later than the conclusion of the public testimony portion of the hearing. That Public Hearing is scheduled to commence at 3:00 p.m. or as soon thereafter as the matter may be heard. Depending on the nature and extent of public testimony, the public testimony portion of the hearing may not be concluded on that date, but may instead be continued to a later date. At any time prior to the conclusion of the public testimony portion of the hearing, you may withdraw your ballot and submit a new or changed ballot in place of the ballot previously submitted. If the public testimony portion of the hearing is continued to a later date, the deadline for submission of ballots will likewise be extended until the close of public testimony on that date.

7. Only ballots with original signatures - not photocopies of signatures - will be accepted.

8. The City and County of San Francisco will not accept or tabulate a ballot which is a photocopy without an original signature; which is unsigned; which lacks an identifiable "yes" or "no" vote; or which appears to have been tampered with based upon its appearance or method of delivery.

9. The assessment ballot itself shall be treated as a disclosable public record during and after the tabulation of the assessment ballots.

10. At the conclusion of the public testimony portion of the public hearing, the City and County of San Francisco Department of Elections and Office of the Treasurer/Tax Collector will tabulate the ballots, including those received during the public testimony portion of the public hearing. If the number of ballots received at the hearing is such that it is not feasible to accurately tabulate the ballots that day, the Board of Supervisors may continue the meeting to a later date for the purpose of obtaining the final tabulation.

11. The Board of Supervisors will not impose the assessment and the proposed assessment will be abandoned, if business owners representing a majority of the assessments to be collected vote against formation of the District. Ballots shall be weighted according to the proportional financial obligation of each affected hotel business, in relation to the total proposed assessments for the District.

Should you have any questions, please call or write to: Mr. Cuong Quach, Department of Elections, Room 48, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, 94102. Telephone: (415) 554-4342, coung.quach@sfgov.org.

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: FOR Mayor Edwin M. Lee

RE: Resolution of Intention – Moscone Expansion Business Improvement District

DATE: October 2, 2012

Attached for introduction to the Board of Supervisors is the resolution (1) declaring the intention of the Board of Supervisors to establish a business-based business improvement district to be known as the "Moscone Expansion District" and levy a multi-year assessment on defined hotel businesses in the district, (2) approving the management district plan for the district, (3) ordering and setting a time and place for a public meeting and a public hearing thereon, (4) approving the form of the Notice of Public Meeting and Public Hearing and Assessment Ballots, and (5) directing the Clerk of the Board of Supervisors to give notice of the public meeting and public hearing as required by law.

I request a waiver of the 30-day rule.

I further request that this item be calendared in Budget and Finance Committee on October 17, 2012.

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

120989

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

PETITION TO THE SAN FRANCISCO BOARD OF SUPERVISORS TO ESTABLISH THE MOSCONE EXPANSION DISTRICT

1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

A. **Zone 1** will consist of all tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay. **Zone 2** will consist of all tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street. The boundaries of Zones 1 and 2 are identical to the boundaries of Zones 1 and 2 of the San Francisco Tourism Improvement District (SFTID).

B. As described in the draft Management District Plan, hotels will be assessed as follows:

Resolution of Intent by the Board of Supervisors. If the Resolution of Intent is adopted following a public hearing and vote by the Board of Supervisors, the City's Department of Elections will mail ballots to all hotels located within the Moscone Expansion District. Each hotel's ballot will be weighted, according that hotel's percentage of the total assessments to be imposed. The Board of Supervisors will hold a public hearing 45 days or more after adopting the Resolution of Intent. At the conclusion of this hearing the ballots will be counted. 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 returned in favor of the formation of the District and levy of the assessments, the Board of Supervisors will hold a vote on whether to establish the Moscone Expansion District and levy the assessments.

Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Wildcats Lessee, LLC

D/B/A: ARGONAUT HOTEL

Address of Business: 495 JEFFERSON ST. SAN FRANCISCO CA. 94109

Business Registration Certificate (Business License) Name:

ARGONAUT HOTEL

Business Owner's Name: WILDCATS LESSEE

Business Owner's Address: 495 JEFFERSON ST. SAN FRANCISCO CA 94109

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

Signature of Business Owner or Authorized Representative 415-345-5505 **Phone No.**

DAVID F. VON WINCKLER david.vonwinckler@kimptonhotels.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9.29, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

Petitions will be submitted to the Clerk of the Board of Supervisors by the end of the day on October 1,2012, for the introduction of a Resolution of Intent to Form an Assessment District at the Board meeting on or about October 2, 2012.

PETITION TO THE SAN FRANCISCO BOARD OF SUPERVISORS TO ESTABLISH THE MOSCONE EXPANSION DISTRICT

1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

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It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

5. The assessments would fund the following list of services and improvements, which are described in greater detail in the Management District Plan:

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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.

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 to Moscone Center; and for costs associated with the formation and administration of the District, and for establishing a contingency reserve.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: TAJ CAMPTON PLACE

D/B/A: _____

Address of Business: 340 STOCKTON STREET, CA 94108

Business Registration Certificate (Business License) Name:

_____

Business ~~Owner~~'s Name: REPRESENTATIVE ASHRAFI MATHEWALA

Business ~~Owner~~'s Address: 340 STOCKTON STREET, CA 94108

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

amathewala 4159555532

Signature of Business Owner or Authorized Representative **Phone No.**

ASHRAFI MATHEWALA ashrafi.mathewala@tajhotels.com

Print Name of ~~Business Owner~~ or Authorized Representative **Email Address**

Date Signed: 9/25, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Hotel Carlton

D/B/A: Carlton Hotel Properties, LP

Address of Business: 1075 Sutter Street, San Francisco, CA 94109

Business Registration Certificate (Business License) Name:

Carlton Hotel

Business Owner's Name: Feinstein Dianne Etal

Business Owner's Address: 1075 Sutter Street

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

P. Janusz — 415-292-1180

Signature of Business Owner or Authorized Representative — **Phone No.**

Pamela Janusz — pjanusz@jdvhotels.com

Print Name of Business Owner or Authorized Representative — **Email Address**

Date Signed: Sept. 26, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: CHANCELLOR HOTEL ASSOCIATES

D/B/A: THE CHANCELLOR HOTEL ON UNION SQUARE

Address of Business: 433 POWELL ST

Business Registration Certificate (Business License) Name:

013301

Business Owner's Name: CHANCELLOR HOTEL ASSOC TIC

Business Owner's Address: 433 POWELL ST

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

WES TYLER — 415.362-2004

Signature of Business Owner or Authorized Representative **Phone No.**

WES TYLER — WTYLER@CHANCELLORHOTEL.COM

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/26, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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Please print clearly the full business contact details below:

Business Name: SHIN INTERNATIONAL

D/B/A: COVA HOTEL

Address of Business: 655 ELLIS ST., SF, CA 94109

Business Registration Certificate (Business License) Name:

SHIN INTERNATIONAL DBA COVA HOTEL

Business Owner's Name: _____

Business Owner's Address: 655 ELLIS ST., SF, CA 94109

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

for SIMON SIN (415)771-3000

Signature of Business Owner or Authorized Representative **Phone No.**

JOSE BERNAL FOR SIMON SIN jose@covahotel.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Sept. 27, **2012**

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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.

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 to Moscone Center; and for costs associated with the formation and administration of the District, and for establishing a contingency reserve.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Days Inn

D/B/A: _____

Address of Business: 2600 Sloat Blvd SF 94116

Business Registration Certificate (Business License) Name:

SBS Hospitality

Business Owner's Name: Dinu Patel

Business Owner's Address: 2810 Breaker Circle, Hayward 94545

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

[signature] 415-665-9000

Signature of Business Owner or Authorized Representative **Phone No.**

Dinu Patel Onepatco@aol.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/25/, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Fantaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Mason Street Associates LLC

D/B/A: The Fairmont San Francisco

Address of Business: 950 Mason Street, San Francisco, CA 94108

Business Registration Certificate (Business License) Name:

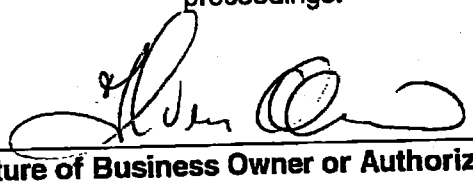
The Fairmont San Francisco

Business Owner's Name: Mason Street Associates LLC

Business Owner's Address: 950 Mason Street

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



772-5761

Signature of Business Owner or Authorized Representative **Phone No.**

THOMAS KLEIN thomas.klein@fairmont.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/28, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: GALLERIA PARK HOTEL

D/B/A: GALLERIA PARK HOTEL

Address of Business: 191 SUTTER STREET, SAN FRANCISCO, CA 94104

Business Registration Certificate (Business License) Name:

GALLERIA PARK HOTEL

Business Owner's Name: GALLERIA PARK ASSOCIATES LLC

Business Owner's Address: 191 SUTTER ST SAN FRANCISCO, CA 94104

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



415-835-6473

Signature of Business Owner or Authorized Representative **Phone No.**

James Lim jlim@jdvhotels.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/24, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Hyatt Corporation, as agent of Grand Hyatt SF, L.L.C.

D/B/A: Grand Hyatt San Francisco

Address of Business: 345 Stockton Street San Francisco CA 94108

Business Registration Certificate (Business License) Name:

Hyatt Corp Grand Hyatt on Union Square

Business Owner's Name: Grand Hyatt SF, L.L.C., a Delaware limited liability company

Business Owner's Address: 71 S. Wacker Drive, Chicago IL 60606

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

D Nadelman 415-848-6005

Signature of Business Owner or Authorized Representative **Phone No.**

David Nadelman

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/26, 2012

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: HANDLERY HOTELS INC.

D/B/A: Handlery Union Square Hotel

Address of Business: 351 GEARY STREET 94102

Business Registration Certificate (Business License) Name:

#008609 Handlery Hotels Inc.

Business Owner's Name: HANDLERY HOTELS INC.

Business Owner's Address: 180 GEARY STREET #700 94108

XXX Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

Jon S. Handlery (415) 781-7800

Signature of Business Owner or Authorized Representative **Phone No.**

Jon S. HANDLERY jon@handlery.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: September 26, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

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It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

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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.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: S.F. Hilton, LLC

D/B/A: Hilton San Francisco Union Square

Address of Business: 333 O'Farrell St., San Francisco, CA 94102

Business Registration Certificate (Business License) Name:

S.F. Hilton, Inc.

Business Owner's Name: S.F. Hilton, LLC

Business Owner's Address: 333 O'Farrell St., San Francisco, CA 94102

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

(415) 202-7096

Signature of Business Owner or Authorized Representative **Phone No.**

Michael Dunne, GM michael.dunne@hilton.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: September 26, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: PLANTATION ASSOCIATES LLC.

D/B/A: HOTEL DEL SOL

Address of Business: 3100 WEBSTER ST; SF, CA 94123

Business Registration Certificate (Business License) Name:

HOTEL DEL SOL

Business Owner's Name: PLANTATION ASSOCIATES. LLC

Business Owner's Address: 3100 WEBSTER ST) SF CA 94123

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

[signature] 415-921-5520

Signature of Business Owner or Authorized Representative **Phone No.**

ROLF RYALL RRYAN@SDNHOTELS.COM

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/26, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

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Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Geary Darling Lessee, Inc

D/B/A: Hotel Monaco & Grand Cafe

Address of Business: 501 Geary Street San Francisco CA 94102

Business Registration Certificate (Business License) Name:

Hotel Monaco and Grand Cafe

Business Owner's Name: LaSalle Hotel

Business Owner's Address: _____

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

Jason Stone 415-292-8192

Signature of Business Owner or Authorized Representative **Phone No.**

Jason Stone jason.stone@hotelmonaco.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Sept 28, **2012**

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Please print clearly the full business contact details below:

Business Name: RISING REX LLC

D/B/A: HOTEL REX

Address of Business: 562 SUTTER STREET, SAN FRANCISCO, CA 94102

Business Registration Certificate (Business License) Name:
RISING REX LP

Business Owner's Name: RISING REX LLC / CHIP CONLEY

Business Owner's Address: 562 SUTTER STREET, SAN FRANCISCO, CA 94102

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

LORENZ MANNER G.M. 415 217 4023
Signature of Business Owner or Authorized Representative **Phone No.**

LORENZ MANNER, G.M. LMANNER@JDVHOTELS.COM
Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/28, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

Petitions will be submitted to the Clerk of the Board of Supervisors by the end of the day on October 1,2012, for the introduction of a Resolution of Intent to Form an Assessment District at the Board meeting on or about October 2, 2012.

PETITION TO THE SAN FRANCISCO BOARD OF SUPERVISORS TO ESTABLISH THE MOSCONE EXPANSION DISTRICT

1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

A. **Zone 1** will consist of all tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay. **Zone 2** will consist of all tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street. The boundaries of Zones 1 and 2 are identical to the boundaries of Zones 1 and 2 of the San Francisco Tourism Improvement District (SFTID).

B. As described in the draft Management District Plan, hotels will be assessed as follows:

Zone 1: During the period beginning with commencement of the assessment though December 31, 2013, the assessment will be 0.50% of gross revenue from tourist rooms. Beginning January 1, 2014, until the termination of the District, the assessment will be no less than 1% and no more than 1.4% of gross revenue from tourist rooms. Zone 2: The assessment will be no less than 0.25% and no more than 0.35% of gross revenue from tourist rooms.

It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

5. The assessments would fund the following list of services and improvements, which are described in greater detail in the Management District Plan:

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.

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.

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 to Moscone Center; and for costs associated with the formation and administration of the District, and for establishing a contingency reserve.

6. The San Francisco Tourism Improvement District Management Corporation (SFTIDMC), the non-profit organization formed to manage the San Francisco Tourism Improvement District, will administer the MED, consistent with a management contract that will be entered into between the City and County of San Francisco and SFTIDMC after the MED is formed. The SFTIDMC is overseen by a Board of Directors, a majority of whom are hotel owners and/or operators.

7. We petition the Board of Supervisors to initiate assessment proceedings in accordance with applicable state and local laws ("Property and Business Improvement District Law of 1994," California Streets and Highways Code §§*36600 et seq.*), as augmented by City and County of San Francisco Business and Tax Regulations Code Article 15 "Business Improvement District Procedure Code," both as amended from time to time.

8. We understand that upon receipt of this petition signed by business owners who will pay at least thirty percent (30%) of the proposed assessments, the Board of Supervisors may initiate proceedings to establish the Moscone Expansion District and levy the assessments. These proceedings will include the introduction and possible adoption of a

Resolution of Intent by the Board of Supervisors. If the Resolution of Intent is adopted following a public hearing and vote by the Board of Supervisors, the City's Department of Elections will mail ballots to all hotels located within the Moscone Expansion District. Each hotel's ballot will be weighted, according that hotel's percentage of the total assessments to be imposed. The Board of Supervisors will hold a public hearing 45 days or more after adopting the Resolution of Intent. At the conclusion of this hearing the ballots will be counted. 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 returned in favor of the formation of the District and levy of the assessments, the Board of Supervisors will hold a vote on whether to establish the Moscone Expansion District and levy the assessments.

Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Hotel Triton

D/B/A: _____

Address of Business: 342 Grant Ave., SF, CA 94108

Business Registration Certificate (Business License) Name:

_____

Business Owner's Name: Grant Street Ventures LLP

Business Owner's Address: 222 Kearny Ave., SF, CA 94108

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

_____ 415. 617. 2000
Signature of Business Owner or Authorized Representative **Phone No.**

Antonio Flores antonio.flores@hoteltriton.com
Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9.28, **2012**

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BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
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2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

A. **Zone 1** will consist of all tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay. **Zone 2** will consist of all tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street. The boundaries of Zones 1 and 2 are identical to the boundaries of Zones 1 and 2 of the San Francisco Tourism Improvement District (SFTID).

B. As described in the draft Management District Plan, hotels will be assessed as follows:

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It is estimated that the assessment will generate approximately $21,045,500 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

5. The assessments would fund the following list of services and improvements, which are described in greater detail in the Management District Plan:

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.

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6. The San Francisco Tourism Improvement District Management Corporation (SFTIDMC), the non-profit organization formed to manage the San Francisco Tourism Improvement District, will administer the MED, consistent with a management contract that will be entered into between the City and County of San Francisco and SFTIDMC after the MED is formed. The SFTIDMC is overseen by a Board of Directors, a majority of whom are hotel owners and/or operators.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: HOTEL VICTORIANA

D/B/A: HOTEL VICTORIANA

Address of Business: 1023-1025 HAIGHT ST. SAN FRANCISCO, CA 94117

Business Registration Certificate (Business License) Name:

HOTEL VICTORIANA

Business Owner's Name: DAVID DAY

Business Owner's Address: 1801 GREENWICH ST. #203 SAN FRANCISCO, CA 94123

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

(510) 542-4799

Signature of Business Owner or Authorized Representative **Phone No.**

DAVID DAY daveday91@hotmail.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: OCT. 1, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
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Rev. 9/28

PETITION TO THE SAN FRANCISCO BOARD OF SUPERVISORS TO ESTABLISH THE MOSCONE EXPANSION DISTRICT

1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

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It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

5. The assessments would fund the following list of services and improvements, which are described in greater detail in the Management District Plan:

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Hyatt Corporation as agent of H-T Fisherman's Wharf, L.L.C. a Delaware limited liability company,

D/B/A: Hyatt at Fisherman's Wharf

Address of Business: 555 North Point St. San Francisco. CA 94133

Business Registration Certificate (Business License) Name:

Hyatt Corp

Business Owner's Name: Matthew Humphreys

Business Owner's Address: 555 North Point St, San Francisco, CA 94133

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

[signature] 415-486-4305

Signature of Business Owner or Authorized Representative **Phone No.**

Matthew Humphreys matt.humphreys@hyatt.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/28, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: HYATT CORPORATION

D/B/A: HYATT REGENCY SAN FRANCISCO

Address of Business: 5 EMBARCADERO CENTER, SAN FRANCISCO, CA. 94111

Business Registration Certificate (Business License) Name:

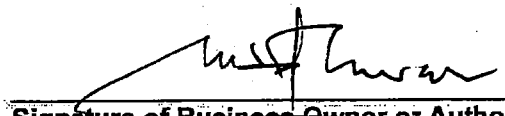
HYATT REGENCY SAN FRANCISCO

Business Owner's Name: SFHR LLC.

Business Owner's Address: 3021 CITRUS CIRCLE, STE 130, WALNUT CREEK CA, 94598

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



415.788.1234

Signature of ~~Business Owner or~~ Authorized Representative **Phone No.**

MIKE ANWAR mike.anwar@hyatt.com

Print Name of ~~Business Owner or~~ Authorized Representative **Email Address**

Date Signed: Sept. 26, **2012**

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1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

A. **Zone 1** will consist of all tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay. **Zone 2** will consist of all tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street. The boundaries of Zones 1 and 2 are identical to the boundaries of Zones 1 and 2 of the San Francisco Tourism Improvement District (SFTID).

B. As described in the draft Management District Plan, hotels will be assessed as follows:

Zone 1: During the period beginning with commencement of the assessment though December 31, 2013, the assessment will be 0.50% of gross revenue from tourist rooms. Beginning January 1, 2014, until the termination of the District, the assessment will be no less than 1% and no more than 1.4% of gross revenue from tourist rooms. Zone 2: The assessment will be no less than 0.25% and no more than 0.35% of gross revenue from tourist rooms.

It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

5. The assessments would fund the following list of services and improvements, which are described in greater detail in the Management District Plan:

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.

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.

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 to Moscone Center; and for costs associated with the formation and administration of the District, and for establishing a contingency reserve.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: JW MARRIOTT SAN FRANCISCO

D/B/A: _____

Address of Business: 500 POST ST

Business Registration Certificate (Business License) Name:

X THI V San Francisco Lessee LLC

Business Owner's Name: THAYER LODGING

X **Business Owner's Address:** 1997 Annapolis Exchange Pky 550
Annapolis, MD 21401

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

_____ 415 929 2081
Signature of Business Owner or Authorized Representative **Phone No.**

BRUCE J. GORELICK BRUCE.GORELICK@MARRIOTT.COM
Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/28, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX
BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Laurel SPE

D/B/A: Laurel Inn

Address of Business: 444 Presidio Avenue SF 94115

Business Registration Certificate (Business License) Name:

Laurel SPE

Business Owner's Name: Laurel SPE LLC

Business Owner's Address: 444 Presidio Ave SF 94115

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

[signature] 415-567-1203

Signature of Business Owner or Authorized Representative **Phone No.**

Katie Spidell kspidell@jdvhotels.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Sept 27, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

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TEL: 415 227-2605
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: CHSP TRS San Francisco LLC

D/B/A: CE Meridian Hotel

Address of Business: 333 Battery San Francisco CA 94111

Business Registration Certificate (Business License) Name:

455223-01-001

Business Owner's Name: CHSP TRS San Francisco LLC

Business Owner's Address: 333 Battery St San Francisco CA 94111

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



415 296 2993

Signature of Business Owner or Authorized Representative **Phone No.**

Pradeep BoBBA pbobba@meridiansf.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/28, **2012**

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Please print clearly the full business contact details below:

Business Name: EUPHORIA HOSPITALITY, INC.

D/B/A: NOB HILL HOTEL

Address of Business: 835 HYDE STREET

Business Registration Certificate (Business License) Name:

EUPHORIA HOSPITALITY, INC.

Business Owner's Name: _____

Business Owner's Address: _____

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

_____ 415-279-4676
Signature of Business Owner or Authorized Representative **Phone No.**

K.P. PATEL EUPHORIAHOSPITALITY@GMAIL.COM
Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: SEP 26 **, 2012**

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It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

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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.

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 to Moscone Center; and for costs associated with the formation and administration of the District, and for establishing a contingency reserve.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: BRE Parc 55 Owner LLC

D/B/A: Parc 55 Wyndham San Francisco Union Square

Address of Business: 55 cyril magnin st. SF, CA 94102

Business Registration Certificate (Business License) Name:

468321

Business Owner's Name: BRE Parc 55 Member LLC

Business Owner's Address: 345 Park Avenue, 16th Floor, New York NY 10154

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

[signature] 415-403-6691

Signature of Business Owner or Authorized Representative **Phone No.**

John La Fortune JLafortune@wyndham.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Sept 27th, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX
BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: PHOENIX HOTEL - A JOV COLLECTION

D/B/A: PHOENIX HOTEL SF, LLC

Address of Business: 601 EDDY ST, SF, CA 94109

Business Registration Certificate (Business License) Name:

THE PHOENIX INN PARTNERSHIP C/O BANCAP INV. GROUP C. CONLEY

Business Owner's Name: CHIP CONLEY

Business Owner's Address: 601 EDDY ST SF, CA. 94109

__X__ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

415.673-9616

Signature of Business Owner or Authorized Representative **Phone No.**

DIANA J. WEECH dweech ejdvhotels.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: SEPT. 26, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

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Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: San Francisco Marriott Marquis

D/B/A: _____

Address of Business: 55 Fourth Street, SF, CA 94103

Business Registration Certificate (Business License) Name:

_____

Business Owner's Name: Host Hotels + Resorts

Business Owner's Address: _____

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

DCS Kelleher

Signature of Business Owner or Authorized Representative **Phone No.**

Dan Kelleher, AVP + Market General Mgr. dan.kelleher@marriott.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9-27, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
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Please print clearly the full business contact details below:

Business Name: KHRH LLC.

D/B/A: Serrano Hotel

Address of Business: 405 Taylor Street, San Francisco, CA 94134

Business Registration Certificate (Business License) Name:

Serrano Hotel

Business Owner's Name: Mass Mutual Life Insurance Co.

Business Owner's Address: 405 Taylor Street, San Francisco, CA 94134

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



415-885-2500

Signature of Business Owner or Authorized Representative **Phone No.**

Deepak Mehra deepak.mehra@kimptonhotels.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Sept. 26, 2012

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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.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: CAMSTAR SAN FRANCISCO, LLC

D/B/A: SHERATON FISHERMAN'S WHARF HOTEL

Address of Business: 2500 MASON STREET, SF., CA 94133

Business Registration Certificate (Business License) Name:

MCRISTAR H&R OPERATING CO LP

Business Owner's Name: SHERATON FISHERMAN'S WHARF

Business Owner's Address: 2500 MASON STREET SF, CA 94132

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

(415) 627-6502

Signature of Business Owner or Authorized Representative **Phone No.**

CRAIG SCHWAN, GENERAL MANAGER CRAIG.SCHWAN@INTERSTATEHOTELS.COM

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/27, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX
BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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PETITION TO THE SAN FRANCISCO BOARD OF SUPERVISORS TO ESTABLISH THE MOSCONE EXPANSION DISTRICT

1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Huskies LLC.

D/B/A: Sir Francis Drake Hotel

Address of Business: 450 Powell St.

Business Registration Certificate (Business License) Name:

Huskies Lessee, LLC

Business Owner's Name: Pebblebrook Hotel Trust.

Business Owner's Address: 2 Bethesda Metro CTR Suite 1530. Bethesda, MD. 20814-5422.

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

James Gross 415-710-6988

Signature of Business Owner or Authorized Representative **Phone No.**

James Gross Jim.gross@Sirfrancisdrake.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Sep. 28th, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
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2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: SF Museum Tower LLC

D/B/A: St. Regis San Francisco

Address of Business: 125 Third Street, SF, CA 94103

Business Registration Certificate (Business License) Name:

Business Owner's Name: Starwood Hotels & Resorts

Business Owner's Address: One Stamford, Stamford, CT 06902

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

Toni Knorr (415) 284-4050

Signature of Business Owner or Authorized Representative **Phone No.**

TONI KNORR Toni.Knorr@stregis.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/28/12, 2012

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: Stanford 8 Owner LLC

D/B/A: The Stanford Court Renaissance Hotel

Address of Business: 905 California Street
San Francisco, CA 94108

Business Registration Certificate (Business License) Name:

Stanford 8 Owner LLC

Business Owner's Name: The Stanford Court Renaissance Hotel

Business Owner's Address: 905 California Street
San Francisco, CA 94108

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_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

Signature of Business Owner or Authorized Representative	415-732-4001 **Phone No.**
Lisa Kershner, General Manager- **Print Name of Business Owner or Authorized Representative**	Lisa.Kershner@renaissancehotels.com **Email Address**

Date Signed: 9-26-, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX
BY MONDAY, OCTOBER 1, 2012 TO:

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Attn: Lynn Farzaroli
TEL: 415 227-2605
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It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: CLIFT

D/B/A: THE CLIFT HOTEL

Address of Business: 495 GEARY STREET, SAN FRANCISCO, CA 94102

Business Registration Certificate (Business License) Name:

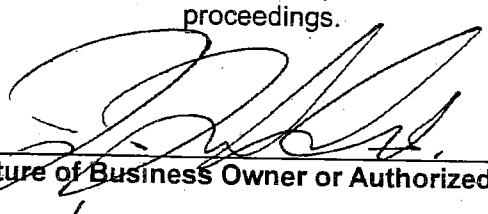
THE CLIFT HOTEL

Business Owner's Name: CLIFT HOLDINGS LLC

Business Owner's Address: 495 Geary Street San Francisco, CA 94102

✓ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



Signature of Business Owner or Authorized Representative 415.929.2305 **Phone No.**

WARD CHILDS - GENERAL MANAGER ward.childs@mhgc.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/28, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

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Attachments: Map; Executive Summary of Management District Plan

DTRS/St Francis LLC, as Owner of
The Westin St. Francis

By: St. Francis Hotel Corporation, a Delaware corporation
Its Operator

Please print clearly the full business contact details below:

Business Name: DTRS/St. Francis LLC

D/B/A: The Westin St. Francis

By: _____
Name: _____
Title: _____

Address of Business: 335

Business Registration Certificate (Business License) Name:
DTRS/St Francis LLC, as Owner of The Westin St. Francis

Business Owner's Name: Strategic Hotels + Resorts

Business Owner's Address: 200 W Madison Street, Suite 1700
Chicago, IL 60601

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

_____ 415-774-0107
Signature of Business Owner or Authorized Representative **Phone No.**

Jon Kimball jon.kimball@westin.com
Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/27, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX
BY MONDAY, OCTOBER 1, 2012 TO:

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: TUSCAN INN

D/B/A: TUSCAN INN

Address of Business: 425 NORTH POINT ST

Business Registration Certificate (Business License) Name:

TUSCAN INN

Business Owner's Name: 425 NORTH POINT STREET LLC

Business Owner's Address: 50 CALIFORNIA ST STE 838, SF, 94111

X Yes, I petition the Board of Supervisors to initiate assessment proceedings.

_____ No, I do not petition the Board of Supervisors to initiate assessment proceedings.

Jan Misch GM 415 292 4550

Signature of Business Owner or Authorized Representative **Phone No.**

JAN MISCH JAN.MISCH@TUSCANINN.COM

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/26, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

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Business Name: W HOTEL

D/B/A: _____

Address of Business: 181 THIRD STREET SF CA 94103

Business Registration Certificate (Business License) Name:

_____

Business Owner's Name: KECK JEN Q

Business Owner's Address: - SAME -

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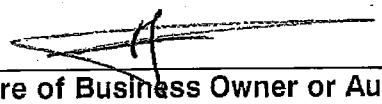

415.817.7898

Signature of Business Owner or Authorized Representative **Phone No.**

MICHAEL RACE MICHAEL.RACE@WHOTELS.COM

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/27, 2012

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It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

5. The assessments would fund the following list of services and improvements, which are described in greater detail in the Management District Plan:

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.

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.

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 to Moscone Center; and for costs associated with the formation and administration of the District, and for establishing a contingency reserve.

6. The San Francisco Tourism Improvement District Management Corporation (SFTIDMC), the non-profit organization formed to manage the San Francisco Tourism Improvement District, will administer the MED, consistent with a management contract that will be entered into between the City and County of San Francisco and SFTIDMC after the MED is formed. The SFTIDMC is overseen by a Board of Directors, a majority of whom are hotel owners and/or operators.

7. We petition the Board of Supervisors to initiate assessment proceedings in accordance with applicable state and local laws ("Property and Business Improvement District Law of 1994," California Streets and Highways Code §§*36600 et seq.*), as augmented by City and County of San Francisco Business and Tax Regulations Code Article 15 "Business Improvement District Procedure Code," both as amended from time to time.

8. We understand that upon receipt of this petition signed by business owners who will pay at least thirty percent (30%) of the proposed assessments, the Board of Supervisors may initiate proceedings to establish the Moscone Expansion District and levy the assessments. These proceedings will include the introduction and possible adoption of a

Resolution of Intent by the Board of Supervisors. If the Resolution of Intent is adopted following a public hearing and vote by the Board of Supervisors, the City's Department of Elections will mail ballots to all hotels located within the Moscone Expansion District. Each hotel's ballot will be weighted, according that hotel's percentage of the total assessments to be imposed. The Board of Supervisors will hold a public hearing 45 days or more after adopting the Resolution of Intent. At the conclusion of this hearing the ballots will be counted. 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 returned in favor of the formation of the District and levy of the assessments, the Board of Supervisors will hold a vote on whether to establish the Moscone Expansion District and levy the assessments.

Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: The Andrews Hotel

D/B/A: _____

Address of Business: 624 Post St.,

Business Registration Certificate (Business License) Name:

_____

Business Owner's Name: Harry Andrews

Business Owner's Address: 624 Post St.

_____ ~~Yes, I petition the Board of Supervisors to initiate assessment proceedings~~.

X No, I do not petition the Board of Supervisors to initiate assessment proceedings.

[signature] 415-947-6490

Signature of Business Owner or Authorized Representative **Phone No.**

Harry Andrews Harry@AndrewsHotel.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: Sept 25, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
Email: petitions@sftid.com

Petitions will be submitted to the Clerk of the Board of Supervisors by the end of the day on October 1,2012, for the introduction of a Resolution of Intent to Form an Assessment District at the Board meeting on or about October 2, 2012.

PETITION TO THE SAN FRANCISCO BOARD OF SUPERVISORS TO ESTABLISH THE MOSCONE EXPANSION DISTRICT

1. We are the owner(s), or are authorized to represent the owner(s), of a tourist hotel within the proposed assessment district to be named the **"Moscone Expansion District"** ("MED" or the "District"), the boundaries of which are shown on the attached map and in the Management District Plan for the MED. This Petition, and the accompanying Executive Summary, summarize the Management District Plan. Copies of the complete Management District Plan will be furnished upon request and may be obtained from the San Francisco Tourism Improvement District Management Corporation, c/o San Francisco Travel Association, 201 Third Street, Suite 900, San Francisco, CA 94103 ATTN: Lynn Farzaroli-MED or via email: petitions@sftid.com.

2. We are, or represent, the persons and/or entities that would be obligated to pay the assessments on tourist hotels if the proposed MED is approved by the Board of Supervisors following the public hearing and ballot election.

3. The proposed MED is designed to provide benefits to tourist hotels within the proposed boundaries of the district by assisting in the expansion of the City's Moscone Convention Center facilities, continuing and increasing the funding for attracting important conventions to San Francisco, and assisting with future capital improvements to the Moscone Convention Center, for the purpose of increasing convention activity that will drive demand for hotel rooms and generate growth in hotel RevPAR (revenue per available hotel room).

4. The proposed MED will have a duration of 32 years, beginning on 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 Project, and related formation of the district and levy of the assessments. The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center. Zone 1 hotels, which are located within a defined geographic proximity to Moscone Center and are readily accessible to the Moscone Center and its surrounding area via San Francisco's transportation infrastructure, will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels are expected to be greater.

A. **Zone 1** will consist of all tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th 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 16th Street as if it continued east to the Bay. **Zone 2** will consist of all tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street. The boundaries of Zones 1 and 2 are identical to the boundaries of Zones 1 and 2 of the San Francisco Tourism Improvement District (SFTID).

B. As described in the draft Management District Plan, hotels will be assessed as follows:

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It is estimated that the assessment will generate approximately $19,800,000 during the first full fiscal year of the MED. The maximum total assessment collection through year 32 is $6,458,235,000. **It should be noted that the latter figure represents the maximum total collections allowed under this plan; actual collections may be significantly less, depending on market conditions.**

5. The assessments would fund the following list of services and improvements, which are described in greater detail in the Management District Plan:

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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.

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 to Moscone Center; and for costs associated with the formation and administration of the District, and for establishing a contingency reserve.

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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: VII MP San Francisco Hotel Owner LLC

D/B/A: Four Seasons Hotel San Francisco

Address of Business: 757 Market Street, San Francisco, CA 94103

Business Registration Certificate (Business License) Name:

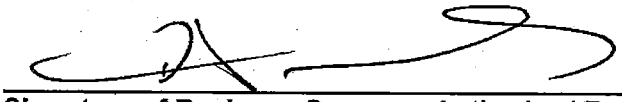
VII MP San Francisco Hotel Owner LLC

Business Owner's Name: VII MP San Francisco Hotel Owner LLC

Business Owner's Address: 757 Market Street, San Francisco, CA 94103

_____ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

__✓__ No, I do not petition the Board of Supervisors to initiate assessment proceedings.



415 633-3000

Signature of Business Owner or Authorized Representative **Phone No.**

Doug Housley

Doug.Housley@fourseasons.com

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9/28, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
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Attachments: Map; Executive Summary of Management District Plan

Please print clearly the full business contact details below:

Business Name: POTRERO HILL HOUSE

D/B/A: POTRERO HILL HOUSE

Address of Business: 1110 RHODE ISLAND St.

Business Registration Certificate (Business License) Name:

POTRERO HILL HOUSE

Business Owner's Name: MARK ROH

Business Owner's Address: 1108 Rhode ISLAND St.

____ Yes, I petition the Board of Supervisors to initiate assessment proceedings.

X No, I do not petition the Board of Supervisors to initiate assessment proceedings.

Mark S Roh 415-826-3141

Signature of Business Owner or Authorized Representative **Phone No.**

MARK S. ROH MARKROH@MYASTOUND.NET

Print Name of Business Owner or Authorized Representative **Email Address**

Date Signed: 9-25-12, **2012**

PLEASE SIGN AND RETURN BY EMAIL OR FAX BY MONDAY, OCTOBER 1, 2012 TO:

San Francisco TID – MED Petitions
Attn: Lynn Farzaroli
TEL: 415 227-2605
FAX: 415 541-0228
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