

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 January 29, 2013

TABLE OF CONTENTS

| | |
|--|----------|
| Introduction and Background | Page 3 |
| Executive Summary – Table 1 | Page 6 |
| Purpose of District – Moscone Center Expansion | Page 14 |
| • Why expansion? | |
| • Formation Background | |
| District Boundaries, Map | Page 18 |
| Improvements and Activities | Page 20 |
| • Proposed Annual Operating Budget | |
| • Issuance of Bonds | |
| • Formation costs eligible for recovery | |
| Allocation of District Funds Among Budget Categories – Table 2 | Page 23 |
| Assessment and Assessment Methodology | Page 25 |
| • Gross Revenue from tourist rooms | |
| • Assessments levied on basis of estimated benefits to hotels in District | |
| • Exemptions from gross revenue | |
| • Method of Collection – quarterly, tax collector’s office, etc. | |
| • Number of Years Assessments will be levied | |
| • Maximum Amount of Annual Assessment Revenue - Table 3 | |
| Timeline for Implementation | Page 30 |
| • Formation Process/Schedule | |
| • Duration | |
| • Disestablishment | |
| Governance of District | Page 33 |
| Proposed City Financing of Moscone Center Expansion | Page 34 |
| Flow of Funds | Page 34 |
| Surpluses | Page 35 |
| Appendix A – List of Assessed Businesses | Page 37 |
| Appendix B - Smith Travel Research (STR) Monthly Hotel Review, December 2011 | Page 50 |
| Appendix C - San Francisco Travel Association/Destination Analysts “San Francisco Visitor Industry Economic Impact Estimates 2011” | Page 60 |
| Appendix D - Jones Lang LaSalle Hotels, “Moscone Convention Center Expansion Cost Benefit Analysis” | Page 76 |
| Appendix E - Jones Lang LaSalle Hotels “San Francisco Lodging Market Forecasting Study” | Page 139 |
| Appendix F – Jones Lang LaSalle Hotels “Moscone Convention Center Expansion Impact” | Page 174 |

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 destinations¹.

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

¹Smith 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 | <p data-bbox="574 527 1382 863">To expand the George S. Moscone Convention Center in San Francisco, California. The existing convention center is increasingly too small and provides insufficient contiguous space for certain convention customers. An expansion of the facility, including an increase in contiguous space, will help attract and retain more and larger conventions to the Moscone Center, providing benefits to hotels within the District by generating additional revenue from increased room nights, rates, and related hotel guest spending.</p> <p data-bbox="574 898 1382 1423">In furtherance of providing benefits to hotels within the District, assessment funds will also be used for a Convention Incentive Fund, to help attract significant meetings to San Francisco; a Moscone Center Sales and Marketing Fund, to promote the convention center to meeting, convention and event planners; a Capital Improvements and Renovations Fund, to cover future upgrades and improvements of Moscone Center; and for administration of the District, including funds for an operating contingency and for reimbursement of District formation costs. Assessment funds, if available, will also be used to fund additional development, expansion, renovation, and capital improvements to the Moscone Center Campus.</p> <p data-bbox="574 1459 1382 1902">Benefits from the planned expansion will accrue to tourist hotels within the District boundaries. Zone 1 hotels will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels is expected to be greater. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City’s transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 via “compression” <i>i.e.</i>, studies show that increased convention activity generates higher demand for the limited supply of hotel rooms in Zone 1, which in turns increases demand</p> |

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Assessed Businesses and Boundaries of the District

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

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

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

Assessments and
Assessment
Methodology

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

Zone 1:

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

Zone 2:

- With respect to gross revenue from tourist rooms

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

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

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

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

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

| | |
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| 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 <i>allowed</i> under this plan; actual annual collections may be significantly less, depending on market conditions. |
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| Financing Activities | It is anticipated that in connection with financing of all or a portion of the District’s improvements and activities, the City will issue bonds, financing lease (including certificates of participation) or similar obligations, and that District funds will be used in furtherance of repayment of those obligations. It is expected that the Bonds will be issued in 2017 to fund expansion-related activities. |
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| Duration of District | The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the |
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first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the *Commencement Date*). The term of the district is 32 years after the Commencement Date.

Formation

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

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

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

Management of the District

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

City Contribution to Costs of Expansion

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

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

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

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

Flow of Funds

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

Surpluses

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

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

FEATURE**SUMMARY EXPLANATION**

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

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

Name of District

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

Purpose of the District

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

Why Expand Moscone Convention Center?

Moscone Convention Center is a primary driver of hotel room demand in San Francisco. However, Moscone Center is the smallest among 13 convention centers that are most competitive with it, particularly in terms of saleable exhibit space.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 attendees⁴.

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

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),

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 City¹⁰. 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 tradeshow to San Francisco. In the increasingly competitive convention market, many first tier cities (and several second and third tier cities, as well) provide convention center rental offsets in order to attract meetings with significant economic impact. San Francisco has made similar funds available in the past, and will be at a competitive disadvantage without the continuation of these funds. The District will also fund a Moscone Center Sales and Marketing Fund, for the purpose of generating increased revenue for hotels that pay the assessment by promoting the convention center to meeting, convention and event planners, and a Capital Improvements and Renovations Reserve Fund, to cover future upgrades and improvements so that the Moscone Center buildings remain competitive with convention centers in other cities and do not once again fall into disrepair. Funds will also be allocated to build and maintain a contingency reserve, for costs related to formation of the District, and for the administration of the District, such as payment to the City's Treasurer and Tax Collector for the costs of collecting, enforcing, and distributing assessments, and payment for staff and professional services needed to run the District. Lastly, funds may be used to fund future development, expansion, renovation, and capital improvements of the Moscone Center campus.

Assessed Businesses and Boundaries of the District

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

Zone 1: Tourist hotels with addresses:

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 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:

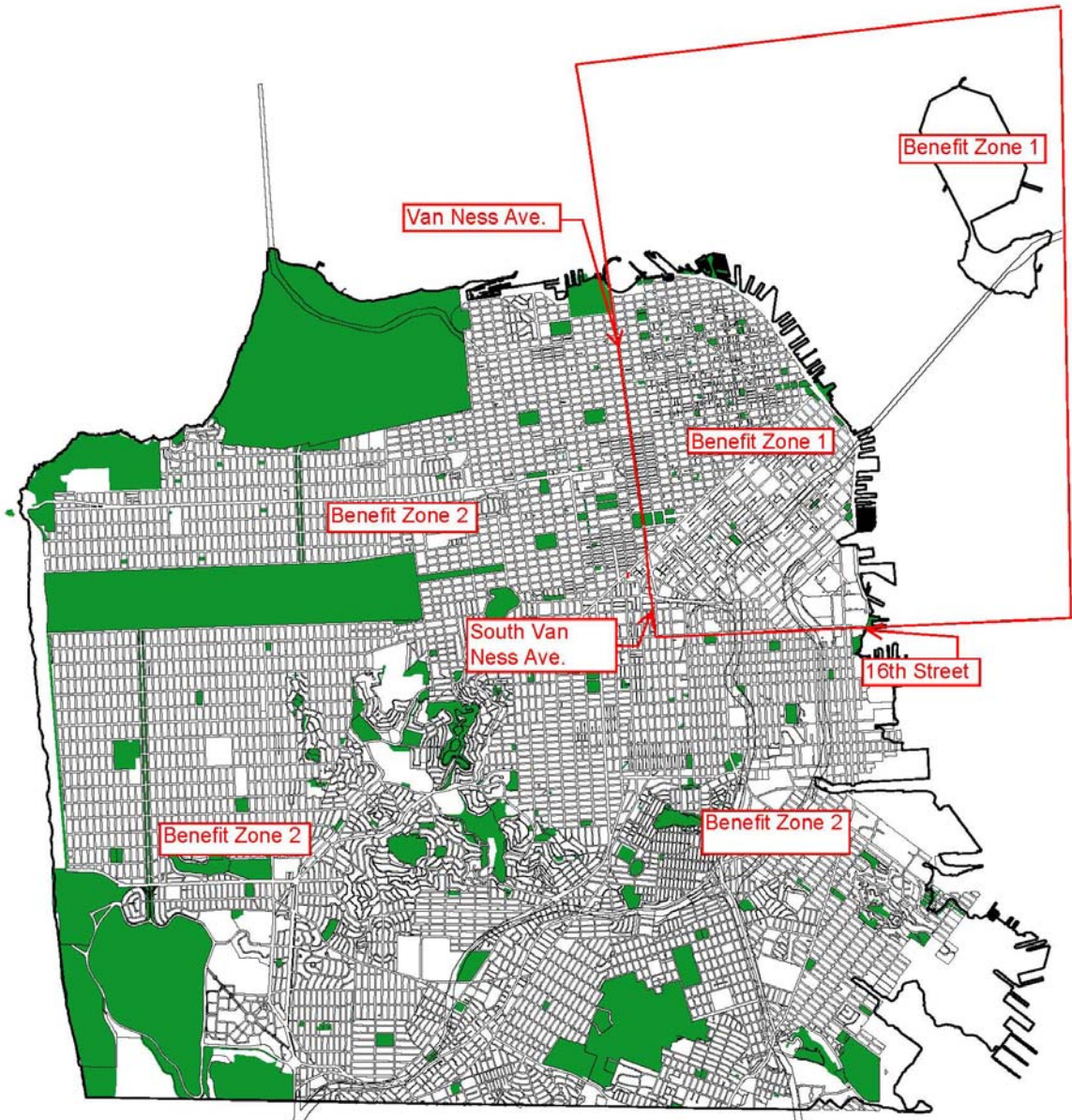
- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16th Street.

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

Moscone Expansion District Map



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

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

| <i>Improvements and Activities</i> | <i>Percent of Budget Allocated to Types of Activities</i> | <i>Budget</i> |
|--|---|---------------|
| <p><u>Development Activities</u></p> <ul style="list-style-type: none"> • 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 |
| <p><u>Renovation Activities</u></p> <ul style="list-style-type: none"> • 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.

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

Zone 2:

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

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

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

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

Exemptions

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

- a) Charges for guest rooms occupied by permanent residents, defined as: “Any occupant as of a given date who has or shall have occupied, or has or shall have the right of occupancy, of any guest room in a hotel for at least 30 consecutive days next preceding such date;”
- b) Revenue from the lodging of airline crews, *i.e.*, lodging provided to airline cockpit and/or cabin crews pursuant to an agreement between a hotel and an airline, which is in furtherance of or to facilitate such crews’ performance of their jobs for the airline, including layovers between flights; or
- c) The City’s Transient Occupancy Tax collected on the room rent and remitted to the City;
- d) Revenue from the San Francisco Tourism Improvement District assessment established in 2008, including any renewals or extensions thereof;
- e) Charges for guest rooms located in youth hostels that are owned and operated exclusively by and for non-profit entities;
- f) Charges for guest rooms that are subject to the room rate exemption for the San Francisco 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 be used to pay financing costs, including those associated with the issuance and payment of principal and interest on bonds, financing lease (including certificates of participation), or other similar obligations of the City to pay for the development costs associated with the Moscone Expansion Project, including planning, design, engineering, entitlement, project management and related development services, as well as construction of Moscone Expansion capital improvements.

TABLE 3
Maximum Amount of Annual Assessment Revenue

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

Implementation Timeline

Formation

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

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

Duration

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

Disestablishment

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

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

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

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

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

Formation Schedule

| 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 at BOS, on Resolution to Establish District and levy assessments; ballots due and counted; District established and assessments levied. | January - February 2013 |
| Management contract with City executed | June 2013 |
| MED Assessment becomes effective | The later of July 1, 2013, or no more than 30 days after a final judgment of validation |
| First Quarterly MED Assessment payment transferred to SFTIDMC | Not later than 45 days after the quarterly filing deadline following the effective date, above. |
| MED services initiated | Not later than 45 days after the quarterly filing deadline following the effective date, above. |

Governance of the District

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

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

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

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

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

Meetings of the SFTIDMC are open to the public. Notice is posted on www.sftid.com 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 |

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| 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 |

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| 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 |

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

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

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|---------------------------|--------------------|------|---|
| 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 |

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| 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 |

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

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| 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 |

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| 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 |

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| 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 |

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| 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 |