

SALES AND MARKETING SERVICES CONTRACT
Between
SAN DIEGO CONVENTION CENTER CORPORATION
And
SAN DIEGO CONVENTION AND VISITORS BUREAU
CONTRACT NO. 12-1765-E

This Sales And Marketing Services Contract ("Contract") is entered into effective July 1, 2012 by and between SAN DIEGO CONVENTION CENTER CORPORATION ("Corporation"), a California non-profit public benefit corporation with primary offices located at 111 West Harbor Drive, in San Diego City and County, California and SAN DIEGO CONVENTION AND VISITORS BUREAU ("SDCVB"), a private, non-profit, mutual benefit corporation with primary offices at 750 B Street, Suite 1500, in San Diego City and County, California, referred to herein individually as "a party" and collectively as "the Parties".

RECITALS

WHEREAS, the San Diego Convention Center ("Center") located at 111 West Harbor Drive, San Diego, California 92101, generates significant economic benefits for the greater San Diego region by hosting international and national conventions and trade shows in a world-class facility; and

WHEREAS, Corporation pursuant to the Third Amended and Restated Management Agreement ("Agreement") with the City of San Diego ("City") manages, markets and operates the Center; and

WHEREAS, San Diego City Council resolution R-307350 dated April 5, 2012 authorizes a First Addendum to said Agreement permitting Corporation to assign certain sales, marketing and promotion obligations under the Agreement to a third party, with the City's approval through its Mayor and City Council, for events that are booked at the Center more than eighteen (18) months in advance, including booking, allocating meeting space, and pricing such events ("Services"); and

WHEREAS, SDCVB also generates significant economic benefits for the greater San Diego region and is in the business to promote and market San Diego County as a vacation destination and convention site for the benefit of business and the local community and desires to contract with Corporation to perform said services; and

WHEREAS, Corporation and SCVCB desire to unify long term sales and marketing of the Center related to long term events to provide a unified presence in the marketplace and maximize the economic impact of events hosted in the Center; and

WHEREAS, Corporation has elected and SDCVB has agreed as set forth herein to provide said services;

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein, the

Parties agree as follows:

SECTION 1: CONTRACT DOCUMENTS

1.1 The contract documents consist of this Contract and two (2) exhibits:

Exhibit A: Facility Rental & Contracting Guidelines

Exhibit B: Booking Guidelines

These exhibits (the "Exhibits") are attached hereto and incorporated by reference herein as if fully set forth, including any amendments that may be made to the Exhibits from time to time. The Exhibits set forth the requirements and guidelines of the Services and other programs to be undertaken by SDCVB in furtherance of the objectives set forth in this Contract.

1.2 This Contract replaces and supersedes all prior contracts, amendments and Administrative or Operating Memoranda by and between the Parties on the subject matter herein. However, this Contract is subject to the Agreement between Corporation and City for management of the Center including all Addendums thereto, and the 1998 Convention Center Management Agreement between City and the San Diego Unified Port District (the "Port/City Agreement"). To the extent this Contract conflicts with the Agreement or the Port/City Agreement, the terms of the Agreement and the Port/City Agreement control.

SECTION 2: SCOPE OF WORK

2.1 During the Initial Term of this Agreement, and during any Extension Term, SDCVB agrees to provide the following services ("the Services") to the Corporation specific to the long term sales and marketing of the Center:

a. Develop and implement a comprehensive long term sales and marketing plan to promote market, advertise, and publicize the Center to conventions, trade shows, conferences and other events that will seek to maximize hotel room night generation from the destination, produce economic benefit to the region, and maximize operating revenue for the Convention Center.

b. Annually present for approval (which shall not be unreasonably withheld) by the Corporation's Sales and Marketing Committee, a sales and marketing plan for long term sales of the Center which includes corresponding budget and detail on the complete range of marketing disciplines to be utilized including print, digital, sales trips, FAMS (familiarization trips), and trade show attendance.

c. Provide long term sales and marketing services to Corporation in accordance with the annual plan as approved by the Corporation's Sales and Marketing Committee, including compliance with the production goals set forth in the Booking Guidelines attached as Exhibit B.

SECTION 3: COMPENSATION

3.1 For Fiscal Year 2013, Corporation shall pay to SDCVB for the performance of those services by SDCVB described in this Contract the total amount of One Million Nine Hundred Thousand Dollars \$1,900,000.00 annually, payable in equal monthly amounts of One Hundred Fifty-Eight Thousand Three Hundred Thirty-Three Dollars (\$158,333) within five (5) days of submittal of monthly invoices.

3.2 Compensation for each subsequent year of the initial term shall be determined through an annual negotiation between Corporation's Sales/Marketing committee and SDCVB, which shall be submitted to the Corporation's board for approval at the time of or before approval of the Corporation's budget for the next fiscal year. In the event the Parties fail to reach agreement by that time, the Parties may proceed under the Alternative Dispute Resolution procedures set forth in Section 8.6 hereof.

3.3 Unless otherwise agreed between the Parties, SDCVB shall submit to Corporation an invoice on the first day of each month for One Hundred Fifty-Eight Thousand Three Hundred Thirty-Three Dollars (\$158, 333), payable within five days of receipt as set forth above.

SECTION 4: TERM; OPTION TO EXTEND

4.1 This Contract shall be in effect for an initial term of four (4) years ("Initial Term") commencing on July 1, 2012 and terminating on June 30, 2016, unless sooner terminated as provided herein.

4.2 Following the Initial Term, Corporation may extend the term for successive (2) year terms ("Extension Term") by giving ninety (90) days written notice to SDCVB. Beginning with the first Extension Term (fifth year of the Contract beginning July 1, 2017) Corporation's annual decision to extend the Initial Term for each successive two year term will take into consideration, among other factors, SDCVB's fulfillment of the production goals set forth in the Booking Guidelines attached as Exhibit B, and conditional upon agreement by the Parties on the compensation to be paid for the Extension Term.

SECTION 5: REPORTING REQUIREMENTS; OBLIGATIONS

5.1 SDCVB shall provide to Corporation, in a form suitable for presentation, written status reports on the programs and activities funded pursuant to this Contract. These reporting requirements shall include but are not limited to monthly activity reports on sales and bookings, quarterly reports with a presentation to the Corporation's Board, and semiannual reports to the Economic Development and Strategies Committee of the San Diego City Council and the full San Diego City Council. The Corporation shall approve the timing, form and content of such status and outcome reports, which shall include the extent to which SDCVB's performance of Services pursuant to this Contract is contributing to the fulfillment of the objectives of this Contract, including the production goals set forth in the Booking Guidelines attached as Exhibit B.

5.2 Business and Financial Records; Inspection. SDCVB shall maintain accurate financial books and business records consisting of all records related to the Services provided pursuant to this Contract ("Books and Records"). Said Books and Records shall be maintained in accordance with

generally accepted accounting principles, and shall include, but not be limited to: contracts with approved subcontractors, agreements with licensees; invoices, memoranda, correspondence, any and all other information on business transactions directly or indirectly pertaining to the Services provided for in this Contract.

SDCVB shall preserve the Books and Records for this Contract and all prior contracts between the Parties (if any), throughout the term of this Contract and for an additional four (4) years following termination of the Contract. SDCVB shall make the Books and Records available for audit and examination by Corporation.

During the term of this Contract, and for an additional four years following termination of the Contract, SDCVB shall allow Corporation or its auditors, at all reasonable times, to inspect and copy said Books and Records.

5.3 SDCVB agrees to be bound by the City of San Diego Equal Employment Opportunity Ordinance (Municipal Code Chapter 2, Article 2, Division 27). Said ordinance specifies the provisions of the City of San Diego Equal Employment Opportunity Program, which is administered under this Contract by Corporation.

5.4 SDCVB shall comply with all California State and Federal Wage and Hour laws and all California and Federal laws and regulations governing employment and conditions of employment. SDCVB shall comply with the Workers' Compensation Act of the State of California and any amendments thereto that are applicable.

5.5 SDCVB shall assume full responsibility for the actions of all SDCVB personnel performing Services pursuant to this Contract, and shall be solely responsible for their supervision, direction and control, and for payment of salaries (including withholding and payment of personal income taxes, unemployment insurance, disability insurance and Social Security) as required by applicable federal, state and local laws. Personnel supplied by SDCVB to perform any Services pursuant to this Contract shall be deemed to be employees of SDCVB and shall not, for any purpose, be considered employees or agents of Corporation.

5.6 SDCVB shall advise all employees performing services pursuant to this Contract of the City of San Diego's DRUG FREE WORKPLACE POLICY (City Council Policy #100-17) which states: The unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited at the San Diego Convention Center. Employees of SDCVB must agree to the terms of this policy as a condition of employment and be advised that violations of this policy shall result in appropriate disciplinary action up to and including termination, and that if an employee is convicted of a violation of a criminal drug statute, occurring in the workplace, said employee is required to notify his or her supervisor of this in writing no later than five (5) calendar days after such conviction.

5.7 SDCVB shall comply with the City of San Diego Living Wage Ordinance (San Diego Municipal Code Section Chapter 2, Article 2, Division 42).

5.8 SDCVB shall comply with the City of San Diego Equal Benefits Ordinance (San Diego

Municipal Code Section Chapter 2, Article 2, Division 43). In accordance with the Equal Benefits Ordinance, SDCVB must certify that it will provide and maintain equal benefits to its employees with spouses and its employees with domestic partners for the duration of this Contract, and notify employees at the time of hire and during open enrollment. Failure to maintain equal benefits is a material breach of this Contract.

5.9 SDCVB and its employees, agents and representatives shall comply with all applicable federal, state and local laws in the performance of this Contract.

5.10 Conflict of Interest. SDCVB shall familiarize its employees with the provisions of Title 2, California Code of Regulations, Section 18730 and the Corporation's Policy & Procedures related to gifts and gratuities, including but not limited to Corporation Policy #401 (Code of Ethics and Conduct), Corporation Policy #404 (Conflicts of Interest), and Corporation Policy #406 (Improper Payments). Accordingly, SDCVB, its employees and agents shall not offer or provide any employee of the Corporation any gift, gratuity, favor, meal, entertainment, loan or other item of monetary value.

5.11 Booking Guidelines. SDCVB and its employees, agents and representatives shall follow the Booking Guidelines and the Facility Rental and Contracting Guidelines, set forth in Exhibits A and B. In addition, SDCVB shall meet the production goals set forth in the Booking Guidelines.

5.12 Media Inquiries. SDCVB or the Corporation will be the primary contact responsible for media requests and general communication for events booked by their respective Sales Teams. The Corporation will handle all media inquiries specific to operations of the Center.

SECTION 6: COOPERATION; ACCESS TO DATA; DISPUTE RESOLUTION

6.1 Mutual Cooperation. Each of the Parties agrees to fully cooperate in good faith with the other in connection with the services provided under this Contract and matters related to or arising hereunder, including without limitation, SDCVB's cooperation with Corporation to enable Corporation to analyze and utilize data which may be collected as a result of activities performed under this Contract.

6.2 Records Access. SDCVB shall provide Corporation with data and records related to the provision of services under this Contract which are necessary for compliance with City audits.

6.3 Negotiation of Disputes. The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Contract by prompt negotiation as follows: Either party may initiate negotiations by written request to the other party setting forth the particulars of the dispute, the terms of the Contract involved in the dispute, and a suggested resolution. The Parties shall meet within twenty (20) days of receipt of the referral of the dispute and shall meet as often as they deem necessary to exchange relevant information and resolve the dispute.

6.4 Continued Performance During Dispute Resolution. Unless this Contract is terminated pursuant to Section 8, and as long as Corporation is complying with all terms of this agreement, including but not limited to, making all payments invoiced for Services, SDCVB shall not cease performance of this Contract during the resolution of any dispute and shall continue to perform in accordance with the terms

of the Contract. All other provisions of the Contract shall remain in full force and effect during the dispute resolution process.

SECTION 7: PROPERTY RIGHTS AND OWNERSHIP

7.1 All deliverables and work product of SDCVB (and their respective subcontractors) of every type and form purchased or produced under this Contract and, all equipment, hardware, software, or programs, for which the Corporation has paid pursuant to said Contract or otherwise; including but not limited to web sites, domain names, other electronic files, intellectual property, writings, art work, advertising; layouts, brochures, photographs, films, slogans, logos, production (including but not limited to radio and/or television commercials), collateral materials, jingles, announcements, statements, and speeches, shall be the sole property of Corporation, free of any right, title or interest of any kind in SDCVB and its respective subcontractors, and SDCVB shall transmit the same, and any rights associated therewith, to Corporation at the conclusion or termination of this Contract, or upon Corporation's request prior thereto.

7.2 Notwithstanding the foregoing, SDCVB shall have a non-exclusive license for the duration of this Contract to use any of the intellectual property, writings, art work, advertising, layouts, brochures, photographs, films, slogans, logos, production (including but not limited to radio and/or television commercials), collateral materials, jingles, announcements, statements, and speeches, referred to above.

SECTION 8: TERMINATION: DEFAULT

8.1 Termination by Expiration. This Contract shall terminate upon expiration of its Term or Extended Term, unless extended in writing by mutual agreement of the Parties pursuant to Section 4 of this Contract, or unless sooner terminated pursuant to the provisions of this Section.

8.2 The occurrence of any of the following events shall be an Event of Default under this Contract:

a. SDCVB shall file a voluntary petition in bankruptcy or proceedings in bankruptcy shall be instituted against it and shall not be dismissed within 120 days after filing, or any court shall take jurisdiction of SDCVB and its assets, pursuant to proceedings brought under the provisions of any federal reorganization act, or a receiver of SDCVB's assets shall be appointed, or an assignment shall be made for benefit of creditors, or SDCVB shall permanently be prevented by a final action of any federal or state from conducting or operating its business;

b. SDCVB or the Corporation shall fail to perform, keep or observe any term, covenant, or condition herein contained which, because of its character, would jeopardize Corporation's or SDCVB's interest and such failure shall continue for a period of thirty (30) days after SDCVB's or Corporation's receipt of written notice from Corporation or SDCVB specifying such failure;

c. SDCVB or Corporation shall fail to perform, keep or observe any other term,

covenant, or condition herein contained, and such failure shall continue for a period of thirty (30) days after SDCVB's or Corporation's receipt of written notice from Corporation specifying such failure;

d. SDCVB abandons in whole or in part its services provided for by this Contract or becomes unable to perform its services under this Contract and such abandonment or inability continues for a period of thirty (30) days after SDCVB's receipt of written notice from Corporation specifying such abandonment or inability; or

e. Any other event expressly identified as a default or breach or a ground for termination under this Contract shall occur and SDCVB or Corporation shall not cure such occurrence within thirty (30) days after receipt of written notice from Corporation or SDCVB specifying such occurrence.

8.3 Termination for Cause. In the event SDCVB commits and fails to cure a material breach of this Contract, as set forth in Section 8.2 above, Corporation may immediately and without further notice terminate this Contract for cause effective on the date set forth in the Notice of Default or Notice of Termination or proceed under the Alternative Dispute Resolution procedures set forth in Section 8.6 hereof.

8.4 Rights and Obligations upon Termination. On the effective date of termination of this Contract, SDCVB shall immediately cease operations and Services hereunder, and surrender to Corporation all real and intellectual property belonging to it. All documents and records maintained by SDCVB pursuant to or in connection with its performance of this Contract shall be promptly delivered to Corporation for copying, but in no event later the effective date of termination. Corporation shall pay SDCVB any sums owing to SDCVB pursuant to this Contract on or before the effective date of termination.

8.5 No Waiver of Breach or Default. Failure of either party to strictly and promptly enforce any of its rights to declare a default, require cure of default, and/or terminate this Contract shall not operate as a waiver of the default, breach, or Corporation's rights, or to defeat or affect in any way the rights of either party with respect of any such continuing or subsequent default or breach. No waiver shall be inferred from or implied by anything done or omitted by either party, except an express written waiver. All rights and remedies of either party with respect to default and breach shall be cumulative and not alternative. Each party expressly reserves the right to enforce any and all rights it has herein at any such time as the party, in its sole discretion, deems appropriate.

8.6 Alternative Dispute Resolution. If a dispute arises out of, or relates to the Agreement, or the breach thereof, and if said dispute cannot be settled through negotiations, the Parties agree to first endeavor to settle the dispute in good faith, using mandatory non-binding mediation administered by a neutral professional mediator affiliated with and under the rules of the National Dispute Resolution Center ("NDRC") or JAMS, before having recourse in a court of law.

a. Any such mediation shall be held in San Diego, California. The Parties agree to

select a mediator from NDRC's or JAM's panel of approved neutrals.

b. The expenses of witnesses for either side shall be paid by the Party producing such witnesses. All other expenses of the mediation, including required traveling and expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the Parties, unless they agree otherwise.

c. Any agreements resulting from mediation shall be documented, in writing. All mediation results and documentation, by themselves, shall be "non-binding" and inadmissible for any purpose in any legal proceeding, unless such admission is otherwise agreed upon, in writing, by both Parties. Mediators shall not be subject to any subpoena or liability and their actions shall not be subject to discovery.

d. In the event that a dispute cannot be resolved in the manner described above, the Parties agree to waive any and all rights to jury trial.

SECTION 9: NON-DISCRIMINATION

9.1 SDCVB shall not, in connection with the performance of work under this Contract, discriminate against any employee or applicant for employment because of race, color, religion, creed, national origin, ancestry, age, sexual orientation, handicap, or disability.

9.2 SDCVB shall not, in connection with the performance of work under this Contract, discriminate because of race, color, religion, creed, national origin, ancestry, age, sex, sexual orientation, handicap, or disability against any licensee, applicant for a license, invitee, patron, or any other person attending, employed in, or participating in any event or activity at the Center. SDCVB shall ensure that all employees, including supervisory employees, assigned on either a permanent or part-time basis to provide services under this Contract shall have been instructed, prior to such assignment, regarding laws and regulations against harassment and other forms of discrimination based on sex, race, color, religion, creed, national origin, age, disability, and sexual orientation.

9.3 SDCVB shall ensure that its employees performing services pursuant to this Contract are familiar with Corporation Policy # 503 regarding Harassment, and do not engage in any form of behavior which would contribute to a hostile work environment for employees of Corporation, or other contractors of Corporation and, upon being made aware of any such behavior through notice from the Corporation or otherwise, shall take-prompt and effective corrective action.

9.4 SDCVB shall indemnify and hold harmless Corporation, its Board, officers, representatives, contractors, agents and employees, in both individual and official capacities, against all suits, claims, damages, losses and expenses including but not limited to reasonable attorney's fees, arising out of any failure by SDCVB, its officers, representatives, contractors, agents or employees to comply with the terms of this Section.

SECTION 10: INDEMNIFICATION

10.1 SDCVB, at its expense, shall indemnify and hold harmless Corporation, City of San Diego, San Diego Port District and their respective members, officers, directors, agents and employees, from all suits, claims, damages, losses and expenses, including reasonable attorneys' fees, arising out of performance of this Contract and caused or claimed to be caused by SDCVB, its employees, agents, or officers, or anyone engaged by SDCVB in the performance of this Contract. To the extent the foregoing applies, claims arising from, connected with, caused by, or claimed to be caused by the active or passive negligent acts or omissions of Corporation, City of San Diego, or San Diego Port District, and their respective agents, officers, or employees, in combination with the active or passive negligent acts or omissions of SDCVB, its employees, agents, or officers are covered. SDCVB's duty to defend, indemnify, and hold harmless shall not include any claims or liabilities arising from the sole negligence or sole willful misconduct of Corporation, City of San Diego, or San Diego Port District, their agents, officers, or employees. Corporation shall give SDCVB prompt notice of any claim, threatened or made, or suit instituted against it, which could result in a claim for indemnification hereunder, provided, however, that lack of such notice shall not necessarily be a waiver of SDCVB's indemnification of Corporation. The obligations herein shall not be construed to negate or abridge any other obligation of indemnification running to Corporation, which would otherwise exist.

10.2 Corporation, at its expense, shall indemnify and hold harmless SDCVB, its Board, officers and employees, from all suits, claims, damages, losses and expenses, including reasonable attorneys' fees, arising out of the Services performed or actions taken by Corporation, its employees, agents, or officers in connection with short term sales and marketing of the Center. SDCVB shall give Corporation prompt notice of any claim, threatened or made, or suit instituted against it, which could result in a claim for indemnification hereunder, provided, however; that lack of such notice shall not necessarily be a waiver of Corporation's indemnification of SDCVB. The obligations herein shall not be construed to negate or abridge any other obligation of indemnification running to SDCVB, which would otherwise exist.

SECTION 11: GENERAL PROVISIONS

11.1 SDCVB is and shall remain an independent Contractor. Neither SDCVB nor its agents or employees shall act as officers, agents, or employees of Corporation. SDCVB has no authority to assume or create any commitment or obligation on behalf of Corporation, or to bind Corporation in any manner, except as otherwise set forth herein.

11.2 Force Majeure. The obligation of any party to perform any acts herein shall be suspended during the period such performance is prevented by acts of God; war; riot; invasion; fire; accident; strike or walkout; government interference, regulation, appropriation, or rationing; or by inability to secure goods because of the foregoing conditions. The obligation to perform shall resume immediately upon cessation of the force majeure condition(s).

11.3 Notices. Any notice required by this Contract shall be deemed to have been sufficiently communicated when (1) personally delivered or (2) on the second (2nd) business day after mailing by overnight delivery, postage prepaid:

to Corporation addressed:

President and Chief Executive Officer
San Diego Convention Center Corporation
111 West Harbor Drive
San Diego, California 92101

with copies to:

General Counsel
San Diego Convention Center Corporation
111 West Harbor Drive
San Diego, California 92101

or to SDCVB addressed:

President and Chief Executive Officer
San Diego Convention and Visitors Bureau
750 B Street, Suite 1500
San Diego City, California 92101

In the event that notice is provided by either party under Section 8 (Termination: Default) of this Contract, such notice shall also be provided to the City of San Diego addressed to and with a copy as follows:

Chief Operating Officer
The City of San Diego
202 C Street, 11th Floor
San Diego, California 92101

City Attorney
The City of San Diego
1200 Third Avenue, Suite 1620
San Diego, California 92101

11.4 Subordination. This Contract and the obligations of Corporation herein shall be subordinate to any ground and premises leases, and to obligations (including deeds of trusts, mortgages, bonds, and all instruments supplemental thereto), and all renewals, modifications, consolidations, replacements and extensions thereof, created or given by Corporation with respect to the Center. SDCVB hereby covenants and agrees that it will at any time required by Corporation, during the term hereof and any extension or renewal, give and execute all further assurances as may be reasonably required to evidence and effectuate this subordination provision, to the holder or holders of any such leases or obligations.

11.5 Binding on Successors and Assigns. The provisions of this Contract shall be binding upon and shall inure to the benefit of the Parties and each of their respective successors and assigns, subject to the limitations on assignment and subcontracting set forth herein below.

11.6 Assignment and Subcontracting. SDCVB shall not assign or transfer any interest in this Contract, whether by assignment or novation, without the prior written consent of Corporation and the prior written consent of the City of San Diego, through its Mayor and City Council.

11.7 Modifications and Amendments. No amendment or modification of this Contract shall be valid or binding unless made in writing and signed on behalf of each party by a duly authorized representative.

11.8 Singular, Plural, and Gender. As used herein, the singular shall include the plural and the

masculine shall include the feminine or neuter.

11.9 Headings. All section and paragraph headings are for reference and convenience only and do not alter, amend, explain, interpret or otherwise affect the terms and conditions of this Contract.

11.10 Applicable Law, Jurisdiction and Venue. This Contract is made and entered into in the State of California and its interpretation and enforcement and the construction of its terms shall be governed by California law. Jurisdiction and venue for any dispute resolution proceeding hereunder shall be in the appropriate state or federal court located in San Diego County, California.

11.11 Entire Agreement. This Contract represents the sole and entire agreement between Corporation and SDCVB, and supersedes all prior negotiations, representations, agreements, arrangements or understandings, either oral or written, between or among the parties hereto, relating to the subject matter of this Contract, except to the extent that it is subject to the Agreement between Corporation and City and the Port/City Agreement.

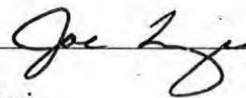
11.12 Partial Invalidity. If any term or provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Contract shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

IN WITNESS WHEREOF, the Parties have duly executed duplicate originals of this Contract on the date set forth on the first page hereof.

San Diego Convention Center Corporation

San Diego Convention & Visitor Bureau

By: 
Carol Wallace

By: 
Joe Terzi

Its: President & CEO

Its: President & CEO

Date: Aug 7, 2012

Date: 7/18/12

Approved as to form and legality:

General Counsel
San Diego Convention Center Corporation

EXHIBIT A

San Diego Convention Center Corporation

Facility Rental & Contracting Guidelines

1. Building Rental Guidelines

These guidelines are established to allow the SDCCC & SDCVB sales teams the ability to offer reduced or discounted deviations from the standard license fee rates (as defined by the standard rate sheet – see Exhibit "A" attached hereto) when, during the sales and marketing or negotiation process, it is determined that alternative terms are required to book a particular event. Included are guidelines and procedures for reduction or waiver of certain specific business minimum requirements. This information also serves as a resource for managers reviewing and approving license agreements, as well as contract analysts producing the license agreements. Final negotiations and pricing accommodations made to the client will be a collaborative process involving both the SDCVB and SDCCC.

The goal of the negotiations is to create a win-win situation benefiting the client, the facility, and the entire destination. Factors to consider in negotiations with the client should include, among other things:

- the economic impact on the hotel and visitor industry partners
- the overall economic impact to the City
- the event's revenue potential for SDCCC
- the underlying operational costs required to support the event

Required Approvals and Documentation:

While the alternative terms below may be used by the sales managers during negotiations, when the approval of a designated SDCVB or SDCCC authorized representative is required it **must be obtained prior** to presenting or discussing the alternative term with the client. The approval(s) must be documented in the Facility Reservation Form, which is submitted to the Booking Manager for processing, with the date and name(s) of the approving authorized SDCCC or SDCVB representative. The sales manager is responsible to save approval notification in the Customer Relation Management data base (CRM). Approved waivers related to Food and Beverage guarantees and minimums must be documented in Concentrics and/or CRM as provided below.

LICENSE FEE DEPOSIT PAYMENTS

Standard

- 25% of the license fee– 2 years prior
- 25% of the license fee – 6 months prior
- 50% of the license fee – 60 days prior

LICENSE FEE DEPOSIT PAYMENTS FOR EVENTS BOOKED LESS THAN 2 YEARS PRIOR TO EVENT DATE

Standard - Deposits are combined as appropriate based on the date the event is contracted (this is determined by contract analyst). For example, an event booked 18 months out would pay 25% upon signing and follow the standard schedule for the remaining payments, but an event booked 5 months out would pay 50% with the signed license agreement and the balance 60 days before the event.

Alternatives and Required Approval - Reasonable deviation from the standard deposit schedule for events booked less than 2 years prior may be granted with the *prior* approval of the SDCCC EVP or the SDCCC Vice President, Sales, (SDCCC VP). The final payment must always be paid not less than 45 days prior to the event first move-in day.

NEGOTIATING REDUCED LICENSE FEE BASED ON GUARANTEED ANCILLARY REVENUE FOR FOOD & BEVERAGE AND AUDIO VISUAL

Standard – A SDCVB sales manager may negotiate a reduction in the standard license fee on all licensed space within the Center in exchange for the client's guarantee of a minimum amount of ancillary revenue generated for the Center. Ancillary revenue generated from Audio Visual and Food & Beverage may be guaranteed in exchange for a reduction in standard license fee. No reduction in license fee will be allowed via guaranteed telecommunications or any other ancillary services.

NOTE: Audio Visual minimum revenue cannot include those services which are exclusives for the in house audio visual provider. Those services include house sounds system patches, all rigging in Ballroom 6 and Ballroom 20, and production rigging in all exhibit halls. All non-exclusive services provided by in-house audio visual provider can be included in audio visual minimums guarantees.

The required ratio for a license fee reduction for Food & Beverage guarantees is 14.4%. The required ratio for a license fee reduction for Audio Visual guarantees is 11%. The client must also agree to pay an additional license fee payment if the actual ancillary revenue falls below the guaranteed amount. This is known as the "shortfall" and the additional license fee is determined by multiplying the shortfall by a stated percentage. For example, if the shortfall on a Food & Beverage guarantee is \$1000 and the percentage is 14.4%, the client owes an additional license fee of \$150.

OTHER SPACE AND RATE RELATED INCENTIVES AVAILABLE FOR NEGOTIATION

Corporate policy precludes entirely complimentary use of space for events. This prohibition applies to *all users* of the Center. The paid use of exhibit hall space and/or the Sail Pavilion includes a standard allotment of "complimentary meeting rooms" when the halls and/or Sail Pavilion are licensed. As an incentive to book events and when the circumstances set forth below exist, certain uses may be granted without additional charge to the licensee, subject to review and approval by the authorized SDCCC or SDCVB representative.

Reduction of up to 15% off rack rental (rack rental is defined a rent after credits for F&B and AV have been accounted for) – approval. All reductions in rack rental rates above 15% require the approval of the authorized SDCCC or SDCVB representative.

The following additional concessions can be given, based on **prior** approval from the authorized SDCCC or SDCVB representative when required. All of the following concessions, as well as any reduction in license fee due to F&B or AV guarantees, must be applied prior to calculating any reduction of rack rental as outlined above.

Use of Hall B2 or G on a complimentary basis (when all adjacent halls are rented, considered the "orphan hall" accommodation). This requires prior approval of SDCVB VP.

When the client needs less space, but a smaller exhibit hall is not available, an available larger hall may be licensed at the rate for the smaller space (for example, if client requires Hall E but only Hall D is available, Hall D can be offered at Hall E rate). This will include the usage of Halls B2 and G ("orphan halls") when all adjacent halls have previously been rented. This requires approval of SDCVB VP.

NOTE: prior to offering larger hall at smaller hall rate, sales manager should apply allowable 15% discount off rack rate for larger hall to determine cost variance between two options.

A 50% discount may be given to a hotel partner for up to 10 meeting rooms rented by the hotel for a client holding an event in the hotel with **prior** approval of SDCCC EVP or SDCCC President & CEO. No other discounts should be extended in conjunction with this 50% offer. **Prior** approval of the SDCCC EVP or SDCCC President & CEO is required for more than 10 meeting rooms, ballrooms, or exhibit halls.

ANCILLARY SERVICES

On occasion, a client may request reduction of the rates charged for services provided by the corporation, or its in-house service contractors, in connection with the event. Any deviation from the corporation's standard ancillary services rates - or the rates charged by in-house service contractors - requires **prior** approval of the SDCCC EVP or President & CEO.

A deposit for anticipated ancillary services may be required for first time short term business events and for other customers identified by the SDCCC Finance Department. In such event, the Sales Manager must advise the client of the deposit requirement.

OTHER RATE REDUCTIONS OR INCENTIVES

Any other rate reduction or incentive that will be offered to bring the business must have the **prior approval** of the SDCCC EVP or the SDCCC President & CEO and the SDCVB President & CEO.

All parameters of negotiations outlined above are only to be applied during which time sales manager is negotiating with client to confirm event definite or contracted (with the exception of an increase in rental credit through F&B and/or Audio Visual minimums, which may be negotiated after event is contracted). Any exceptions require prior approval of SDCCC EVP or SDCCC President & CEO.

2. Event Timeline & Handoff Guidelines

These guidelines are to be used when determining organizational and departmental responsibilities for an event, between SDCVB Sales Manager (SM), SDCCC Convention Services Manager (CSM), and SDCCC Event Manager (EM).

Prior to event signing definite Group Confirmation Agreement (GCA):

- SDCVB Sales Manager to be primary point of contact with client and responsible for all client interaction, including but not limited to the following:
- coordinate client site inspections, to include coordination with SDCCC staff for site of Center, and coordination of sites inspections of hotels per client's room block needs.
- negotiate with client on rental rates for the event (following rental guidelines outlined above).
- work with hotel properties to identify required hotel room block for client in city for the event.
- ensure required room block is held by participating hotels, and that hotels have confirmed their room commitments through Partnernet (web based lead platform).
- work closely with hotels to ensure that hotel contracts are being signed, and act as liaison between hotel and client through the contract negotiation process.
- SDCCC Event Manager (EM) & SDCCC Convention Services Manager (CSM) to be involved if needed to provide support and additional information as requested by client; SDCVB Sales Manager (SM) to enlist this support as needed.

Upon client signature on definite Group Confirmation Agreement (GCA) until two years prior to event:

- SDCCC Convention Services Manager to become main contact for client regarding site inspection coordination; assistance to be given from SDCVB Sales Manager in terms of client introduction and information transfer.
- SDCVB Sales Manager to remain responsible for room block coordination and maintenance of the event, including adding new hotels and peak rooms to client's overall block, as well as monitoring client's yearly pick up in other cities to ensure integrity of room block remains intact.
- SDCCC Vice President of Sales to work with client as needed on SDCCC space changes, with collaboration from SDCVB Sales Manager, to ensure revised space allocation is within SDCCC Booking Guidelines.

Within two years prior to event:

- SDCCC Convention Services Manager to take over all coordination of room block for client, including additions to hotel block.
- SDCCC Convention Services Manager to continue to be main contact with client regarding all destination services and site inspection coordination.
- Sales Manager to continue to play a support role and work with SDCCC Convention Services Manager & SDCCC Event Manager with client interaction.

Within 18 months of event

- SDCCC Event Manager to be assigned to group, and also be introduced to client as their contact at the Center, for all operational and logistical issues regarding the event.
- SDCCC Event Manager to take over responsibility for all space changes/revisions per client's request.
- SDCCC Convention Services Manager to still handle coordination of site inspections, with close collaboration from SDCCC Event Manager and Sales Manager to ensure all client requirements are met.

3. Booking Process

- SDCCC Booking Manager to process all space reservation requests.
- Sales Manager either SDCVB or SDCCC, depending upon who is handling event) to submit space requests to Booking Manager via facility reservation form.
- SDCCC Booking Manager to process space request, ensuring that rental guidelines are adhered to and that space is blocked appropriately; will also ensure that no "double-bookings" are entered into the function book.
- SDCCC Booking Manager to confirm back to Sales Manager that space has been blocked appropriately.
- Once event is definite, space changes requested by client to be facilitated by SDCCC VP of Sales with collaboration from SDCVB Sales Manager (for events outside of 18 months) and by SDCCC Event Manager (for events within 18 months).

4. Contracting Process

- SDCCC Contract Analyst to process all SDCCC license agreements, and be main point of contact with client for license agreement negotiations and revisions.
- Contract Analyst to work with SDCCC Vice President of Sales and SDCCC Vice President for approval of deviations from standard legal language of license agreement.
- Contract Analyst to communicate any issues regarding license agreement negotiations to SDCCC VP of Sales, SDCCC EVP, & Sales Manager (either SDCCC or SDCVB).
- five (5) years prior to primary event, SDCCC Contract Analyst to notify SDCVB Sales Manager that a license agreement for the event will be generated and sent to client; at this time SDCVB Sales Manager responsible to notify SDCCC Contract Analyst of any outstanding issues relating to the event (i.e., contact changes, potential substantial changes regarding event space & dates, etc).
- SDCCC Contract Analyst to administer and manage all pending subsidy agreements for future events, to include collection of signed subsidy agreements from participating hotels, and monitoring of room block to ensure all participating hotels have been include on the subsidy agreement distribution; SDCVB Sales Manager to assist with coordination with hotel subsidy where needed, as determined by SDCCC Contract Analyst.

SAN DIEGO CONVENTION CENTER

License Fees - Rates in Effect July 2007 - December 2015

EXHIBIT SPACE

Exhibit Hall	Exhibit Hall Gross Sq.Ft.	Number 10' x 10' Booths	Minimum Daily Rate	Additional Move-in/Move-out
GROUND LEVEL				
Exhibit Hall A	48,613	270	\$7,600	\$3,800/day
Exhibit Hall B-1	72,642	406	\$11,900	\$5,950/day
Exhibit Hall B-2*	36,043	203	\$5,600	\$2,800/day
Exhibit Hall C	92,040	509	\$14,800	\$7,400/day
Exhibit Halls ABC	249,338	1,388	\$39,900	\$19,950/day
Exhibit Hall D	58,725	324	\$9,200	\$4,600/day
Exhibit Hall E	43,350	240	\$6,800	\$3,400/day
Exhibit Hall F	54,638	311	\$8,500	\$4,250/day
Exhibit Hall G*	54,808	311	\$8,500	\$4,250/day
Exhibit Hall H	64,842	365	\$10,100	\$5,050/day
Exhibit Hall DEFGH	276,363	1,551	\$43,100	\$21,550/day
Exhibit Hall ABCDEFGH	525,701	2,939	\$83,000	\$41,500/day

*Halls B-2 & G do not stand alone. Subject to availability and need, complimentary move-in and move-out days may be provided equal to number of show days.

Show Office A	600 gsf	Show Office E	650 gsf
Show Office B	900 gsf	Show Office F	350 gsf
Show Office C	450 gsf	Show Office G	330 gsf
Show Office D	700 gsf	Show Office H	330 gsf

UPPER LEVEL

Sails Pavilion	90,000	432	\$14,800	\$7,400/day
----------------	--------	-----	----------	-------------

MEETING SPACE

Room	Dimensions	Area (Sq.Ft.)	Clg. Ht.	Theater	Schoolroom	Banquet	Reception	Daily Rate
GROUND LEVEL				SEATING CAPABILITIES				
Exhibit Hall A	180'-0"x299'-4"	48,613	27'-4"-40'-0"	4,500	2,850	2,900	4,500	\$7,600/day
Exhibit Hall B-1	236'-9"x299'-4"	72,642	27'-4"-40'-0"	6,000	4,548	4,440	6,000	\$11,900/day
Exhibit Hall B-2	119'-9"x299'-4"	36,043	27'-4"-40'-0"	2,500	1,808	2,120	2,500	\$5,600/day
Exhibit Hall C	298'-6"x299'-4"	92,040	27'-4"-40'-0"	6,600	5,300	5,640	6,600	\$14,800/day
Exhibit Hall ABC	838'-9"x299'-4"	249,338	27'-4"-40'-0"	20,000	16,936	15,000	20,000	\$39,900/day
Exhibit Hall D	256'-0"x240'-4"	58,725	27'-4"-39'-4"	5,880	4,244	2,690	5,880	\$9,200/day
Exhibit Hall E	180'-0"x240'-4"	43,350	27'-4"-30'-0"	4,330	3,044	2,160	4,330	\$6,800/day
Exhibit Hall F	180'-0"x304'-0"	54,638	36'-4"-64'-0"	6,000	3,840	2,940	6,000	\$8,500/day
Exhibit Hall G	180'-0"x304'-0"	54,808	36'-4"-64'-0"	6,000	3,840	2,940	6,000	\$8,500/day
Exhibit Hall H	295'-0"x304'-0"	64,842	36'-4"-64'-0"	6,130	4,520	3,210	6,700	\$10,100/day
Exhibit Hall DEFGH	1072'-6"x304'-0"	276,363	Varies	28,910	22,038	15,200	28,910	\$43,100/day
Exhibit Hall ABCDEFGH	1918'-0"x304'-0"	525,701	Varies	48,910	36,776	32,000	48,910	\$83,000/day

*Halls B-2 & G do not stand alone.

All capacities based upon calculations of the San Diego Fire Marshal.

MEZZANINE LEVEL

				SEATING CAPABILITIES				
12	27'-10" x 38'-11"	1,055	10'-0"	105	60	60	150	\$525
13	34'-1" x 36'-10"	1,038	9'-11.5"	75	60	60	152	\$525
14A	37'-7" x 58'-5"	2,310	14'-6"	230	130	150	332	\$525
14B	39'-6" x 58'-6"	2,306	14'-6"	230	130	150	334	\$525
15A	39'-6" x 58'-6"	2,304	14'-6"	235	130	150	334	\$525
15B	39'-8" x 58'-6"	2,311	14'-6"	230	130	150	332	\$525
16A	39'-8" x 58'-7"	2,312	14'-6"	230	130	150	332	\$525
16B	39'-7" x 58'-7"	2,314	14'-6"	230	130	150	334	\$525
17A	58'-6" x 39'-7"	2,311	14'-6"	230	130	150	332	\$525
17B	58'-6" x 39'-7"	2,314	14'-6"	230	130	150	332	\$525
18	27'-8" x 38'-11"	1,049	9'-11.5"	105	60	60	150	\$525
19	34'-8" x 36'-8"	1,007	9'-11.5"	75	60	60	144	\$525

UPPER LEVEL

				SEATING CAPABILITIES				
1A	37'-10" x 58'-8"	2,207	14'-6"	220	120	150	319	\$525
1B	39'-7" x 58'-8"	2,308	14'-6"	220	120	150	328	\$525
2	59'-6" x 59'-5"	3,509	14'-6"	340	156	250	500	\$525
3	48'-9" x 59'-4"	2,833	14'-6"	280	155	200	403	\$525
4	48'-3" x 58'-7"	2,839	14'-6"	280	155	200	403	\$525
5A	39'-5" x 59'-5"	2,300	14'-6"	220	120	150	328	\$525
5B	40'-9" x 59'-8"	2,367	14'-6"	220	120	150	329	\$525

SAN DIEGO CONVENTION CENTER

License Fees - Rates in Effect July 2007 - December 2015

MEETING SPACE (continued)

Room	Dimensions	Area (Sq.Ft.)	Clg. Ht.	Theater	Schoolroom	Banquet	Reception	Daily Rate
UPPER LEVEL				SEATING CAPABILITIES				
Ballroom 6 ABCDEF	114'-3"x 348'-10"	40,955	23'-8.5"	4,000	2,360	2,700	5,760	\$9,000
6A	89'-11"x 114'-3"	10,573	23'-8.5"	1,040	576	630	1,472	\$2,250
6B	89'-9"x 114'-3"	10,607	23'-8.5"	1,040	576	630	1,508	\$2,250
6C	59'-9"x 89'-10"	5,291	23'-8.5"	560	360	350	754	\$1,125
6D	59'-0" x 74'-11"	4,508	23'-8.5"	442	264	300	632	\$1,125
6E	59'-0"x 74'-4"	4,508	23'-8.5"	442	264	300	632	\$1,125
6F	59'-9"x 89'-10"	5,294	23'-8.5"	560	360	350	754	\$1,125
7A	33'-5"x 58'-7"	1,950	14'-6"	200	110	150	285	\$525
7B	39'-6"x 58'-7"	2,304	14'-6"	230	130	150	328	\$525
8	59'-4"x 59'-5"	3,498	14'-6"	340	156	250	500	\$525
9	48'-3"x 58'-8"	2,838	14'-6"	280	155	200	403	\$525
10	48'-2"x 58'-8"	2,836	14'-6"	280	155	200	346	\$525
11A	39'-7"x 58'-8"	2,309	14'-6"	220	120	150	328	\$525
11B	40'-1"x 58'-7"	2,330	14'-6"	220	120	150	329	\$525
Ballroom 20 ABCD	151'-8"x 270'-4"	40,706	30'-0"	4,908	2,904	2,480	5,820	\$10,000
20 A	151'-8"x 88'-4"	13,100	30'-0"	1,362	860	780	1,880	\$3,000
20 AB	151'-8"x 133'-4"	20,050	30'-0"	2,274	1,352	1,260	2,865	\$5,000
20 ABC	151'-0"x 178'-4"	27,000	30'-0"	3,052	1,856	1,580	3,857	\$7,000
20 BC	151'-8"x 90'-0"	13,900	30'-0"	1,368	896	840	1,985	\$4,000
20 BCD	151'-0"x 182'-0"	27,606	30'-0"	3,034	1,912	1,540	3,943	\$7,000
20 CD	151'-8"x 137'-0"	20,656	30'-0"	2,132	1,352	1,260	2,865	\$5,000
20 D	151'-8"x 92'-0"	13,706	30'-0"	1,444	848	820	1,960	\$3,000
21	35'-10"x 32'-0"	1,222	18'-0"	120	48	70	125	\$525
22	45'-4"x 40'-2"	1,856	18'-0"	168	80	120	185	\$525
23 A	28'-6"x 42'-8"	1,211	18'-0"	112	72	60	135	\$525
23 B	30'-0"x 44'-4"	1,324	18'-0"	112	78	80	135	\$525
23 C	29'-8"x 46'-0"	1,418	18'-0"	126	78	80	135	\$525
24 A	29'-8"x 47'-2"	1,461	18'-0"	126	90	80	140	\$525
24 B	30'-0"x 49'-4"	1,476	18'-0"	126	90	80	140	\$525
24 C	28'-6"x 51'-2"	1,507	18'-0"	140	96	80	140	\$525
25 A	28'-6"x 52'-4"	1,550	18'-0"	154	102	80	160	\$525
25 B	30'-0"x 54'-4"	1,629	18'-0"	154	96	80	160	\$525
25 C	30'-6"x 56'-0"	1,708	18'-0"	154	108	90	160	\$525
26 A	30'-0"x 54'-6"	1,632	18'-0"	154	96	80	170	\$525
26 B	28'-6"x 56'-3"	1,655	18'-0"	168	108	80	170	\$525
27 A	35'-2"x 29'-6"	1,117	18'-0"	98	45	60	105	\$525
27 B	35'-2"x 28'-3"	992	18'-0"	98	60	60	105	\$525
28 A	55'-4"x 29'-8"	1,641	18'-0"	154	80	80	170	\$525
28 B	55'-4"x 30'-0"	1,660	18'-0"	154	80	80	170	\$525
28 C	55'-4"x 30'-0"	1,660	18'-0"	154	80	80	170	\$525
28 D	55'-4"x 30'-0"	1,660	18'-0"	154	80	80	170	\$525
28 E	55'-4"x 32'-0"	1,835	18'-0"	165	80	80	170	\$525
29 A	31'-4"x 57'-6"	1,835	18'-0"	168	90	100	180	\$525
29 B	30'-0"x 57'-6"	1,725	18'-0"	168	90	100	180	\$525
29 C	30'-0"x 57'-6"	1,725	18'-0"	168	90	100	180	\$525
29 D	28'-6"x 57'-6"	1,691	18'-0"	168	90	100	180	\$525
30 A	29'-8"x 57'-6"	1,760	18'-0"	168	108	100	175	\$525
30 B	30'-0"x 57'-6"	1,725	18'-0"	168	108	100	175	\$525
30 C	30'-0"x 57'-6"	1,725	18'-0"	168	108	100	175	\$525
30 D	30'-0"x 57'-6"	1,725	18'-0"	168	108	100	175	\$525
30 E	28'-6"x 57'-6"	1,691	18'-0"	168	108	100	175	\$525
31 A	28'-6"x 57'-6"	1,691	18'-0"	168	108	100	175	\$525
31 B	30'-0"x 57'-6"	1,725	18'-0"	168	108	100	175	\$525
31 C	29'-8"x 57'-6"	1,760	18'-0"	168	108	100	175	\$525
32 A	29'-8"x 57'-6"	1,760	18'-0"	168	108	100	175	\$525
32 B	29'-8"x 57'-6"	1,760	18'-0"	168	108	100	175	\$525
33 A	28'-6"x 57'-6"	1,686	18'-0"	168	108	100	175	\$525
33 B	30'-0"x 57'-6"	1,725	18'-0"	168	108	100	175	\$525
33 C	29'-8"x 57'-6"	1,756	18'-0"	168	108	100	175	\$525
Sails Pavilion	299'x 305'-5"	90,000	Varied	8,700	6,100	5,000	8,700	\$14,800

All capacities based on calculations of the San Diego Fire Marshall.

OUTDOORS

Location	Dimensions	Area (sq.ft.)	Location	Dimensions	Area (sq.ft.)
West Terrace	282'-6"x47'-6"	19,955	East Terrace	68'-8" x 25'-0"	20,422
Pavilion Terrace	247'-6"x47'-6"	17,920	Plaza Terrace	249'-6" x 87'-0"	11,752
Center Terrace	208'-5"x50'-6"	11,395	Mezzanine Terrace	328'-7" x 333'-10"	38,000

EXHIBIT B

San Diego Convention Center Corporation

Booking Guidelines

Introduction & Overview

The following booking guidelines are utilized to ensure that all events confirmed at the San Diego Convention Center Corporation (SDCCC) are done in a way which will maximize hotel room night production for the destination. ConVis and SDCCC's overriding mission is to generate significant economic benefits and hotel room night usage for the greater San Diego region by hosting international and national conventions and trade shows in our world-class facility. We also recognize that facility revenue enhancement is critical to support a talented staff and to provide for building improvements and modernization.

The guidelines outlined are based upon the proposed expansion of the existing convention center. Upon completion of the expansion, the center's space inventory will be as follows:

- 750,000 gsf of contiguous exhibit space (Halls A-H)
- One (1) 80,000 gsf Ballroom
- Two (2) 40,000 gsf ballrooms
- Approximately 123 meeting rooms
- Sail Pavilion (90,000 gsf)

Exceptions to these booking guidelines must be approved by ConVis Senior VP of Convention Center Sales. Although as a general rule these guidelines are consulted when reviewing all booking opportunities, they are not requirements, and many different factors are considered before determining if a booking opportunity business will be pursued by ConVis sales staff.

Convention Center Production Goals

Convention Center booking goals are based on room night bookings attributable to events at the center. The 2013 goal has been increased from 850,000 to 900,000. This is made up of a Citywide Team booking goal of 860,000 and a Center short-term goal of 40,000. While these goals will be evaluated on an annual basis, we do not anticipate an increase until the additional expansion space is available for sale. Once the expansion is available for sale, we anticipate an increase in the annual booking goal to approximately 1,200,000.

In addition to the above fiscal year booking goals, the targeted room night utilization will be 750,000 pre and 1,000,000 post expansion. Defined more clearly, the goal includes all room nights utilized in the destination that are directly related to the Center events in any given calendar year.

Booking Requirements

The following 3 main criteria must first be considered in regard to any new booking opportunity. These address the room night usage of the group, and are designed to ensure that space in the building is allocated to ensure that room night usage is maximized for the destination.

Minimum Peak Room Night Requirement

To ensure that convention center space is available for those events potentially generating the greatest hotel room demand over a given time period for the destination, those larger events are given a greater time frame and preferential booking opportunities. Goal is ultimately to achieve multiple stackable bookings totaling the minimum peak indicated.

Booking Time Frame	Minimum Peak Room
12-18 months out	750
2 years out	1,000
3 years out	1,500
4 years out	2,500
5 years out	3,000
6 years out	4,000
7- 9 years out	5,000
Greater than 10 years out	7,000

Exhibit Hall Allocation (750,000 gsf)

Convention center exhibit hall space is also allocated based on room nights generated, as outlined below, to facilitate the potential to “stack” simultaneous events in the building. This guideline does not apply to events booked within three years.

Exhibit Hall Space Required	Minimum Peak Room Night
Entire Exhibit Hall	6,000
¾ of Exhibit Hall (approx. 560,000 gsf)	5,000
½ of Exhibit Hall (approx. 375,000 gsf)	3,000

¼ of Exhibit Hall (approx. 190,000 gsf)	2,000
1/8 of Exhibit Hall (approx. 95,000 gsf)	1,000

Meeting Space Allocation per Exhibit Hall Usage

The amount of convention center meeting rooms and ballroom space allocated to a particular booking should be as outlined below. Space allocation is limited to the corresponding exhibit halls utilized by a given client. This allows greater flexibility when attempting to “stack” or “marry” multiple groups in the building over the same dates, as it helps ensure that sufficient meeting space will be available for each group. As a general rule, meeting space is allotted to a group proportionate to the hall space they are utilizing. For example, if a group is using half of the exhibit hall, they will be allotted half of the meeting and ballroom space in the building. Any deviation from the space allocation as outlined below must receive approval of the ConVis Sr. VP of Convention Sales.

Complimentary meeting and ballroom space is allotted based on the amount of exhibit space which is rented (as outlined per the SDCCC internal rental rate sheet). However, the client’s meeting space requirements should be carefully examined prior to committing all allowable complimentary space, to ensure that we are not committing space to a client which they otherwise would not need. This will allow us to potentially have more space available to rent to another potential client wanting to book over the same dates. Additional meeting and ballroom above the complimentary allotment allowed can be rented to a client, provided the additional space rented is in the corresponding side of the building as the Halls used by the client. For example, a client utilizing Halls AB can purchase additional meeting rooms on the West side of the building (rooms 1-19) but cannot purchase rooms on the Eastside(20-33). Any deviation from this guideline will require prior approval of the ConVis Sr. VP of Convention Sales.

Exhibit Halls Used	Meeting Space Allocated
Halls A-C	Rooms 1-5, 7-19 - Ballroom 6
Halls D-H	Rooms 21-33 - Ballroom 20 All Expansion Meeting Rooms & Expansion Ballroom
Halls D-E	Rooms 21-33 - Ballroom 20
Halls F-H	All Expansion Meeting Space & Expansion Ballroom
Sail Pavilion	Rooms 1-5, 7-19, Ballroom 6 or Rooms 21-33 & Ballroom 20

Exhibit Hall Move-in/ Move-out

It is critical to always ensure that the number of move-in/move-out days is limited to as few as possible for any event booked in the center. The actual days of an event's move-in/move-out usually result in limited hotel room usage, as few attendees will be at the convention during these days. In addition, excessive move-in/move-out days for a particular group take more convention center space out of inventory, making it difficult to "stack" or "marry" groups together. Complimentary move-in/move-out days are allocated based on the number of show days for an event. For example, a 3 day show, requiring 3 move-in days and 2 move-out days (5 total days), would receive a total of 3 complimentary days, and would be required to pay for 2 days. In addition, attempts should always be made to "buy back" move-in and move-out days from a contracted event in order to confirm an additional event over similar dates.

Additional Booking Policies

Room Night History

A minimum of two years of room night history is required prior to confirming any event definite, in order to ensure that the above room night minimums are met. First time events with no room night history will only be considered if the event is looking to confirm dates within 3 years, unless the first time event in question is a "co-location" of two previously existing shows, which each have sufficient room night history to support the new show.

Room night history will be reviewed on a yearly basis up until the date of the event, to ensure the room night usage for the group is consistent with the projected totals when the event was initially booked. In the event of a substantially lower room night usage, ConVis reserves the right to re-evaluate the space that has previously been committed to the client, and adjust the space accordingly based on the more updated room night usage.

Group Confirmation/ License Agreement Process

The Group Confirmation Agreement (GCA) must first be reviewed by a ConVis Sr. VP of Convention Sales prior to being issued to the client, to ensure the event meets the required booking guidelines. Any deviations from these booking guidelines must receive prior approval of the SVP before agreement is issued to client. The GCA should also first be reviewed by SDCCC booking manager, to ensure that no double bookings exist. The issuing of license agreements will be the responsibility of SDCCC.

Convention Center Pricing Negotiations

When negotiating Convention Center rental & pricing, the policies and guidelines as outlined in the "Facility Rental and Contracting Guidelines," must be adhered to. Any deviation from these parameters requires prior approval from the ConVis Sr. VP of Convention Sales. ConVis will consult with SDCCC senior management when considering significant discounts for business. Potential booking opportunities over

any holiday, off-peak, or identified “need” period will be given special consideration in terms of rental pricing, and substantial additional discounts will be considered to help secure these business opportunities.

Hotel Room Night Patterns

Attempts should always be made to book events which result in a room night pattern of either Thu-Sun, or Sun-Tue, as these patterns are generally more attractive to the hotel community. In general, a preferential room night pattern will allow us to offer a better overall package to the hotel partners. Availability at the Center or the client’s inability to revise their pattern may not allow any flexibility in this regard. However, whenever possible, the room night pattern should be considered when trying to place business on the books, and, attempts should be made to shift the group’s overall usage dates to accommodate these preferred room night patterns.

Hotel Subsidies

When negotiating to confirm a booking and meet a client’s given rental requirements, it may be necessary to solicit the hotel community to participate in a subsidy program. A hotel subsidy should be considered **only** after all internal discounts have been considered, and a rental reduction of at least **25%** off rack rental has been offered. In the event additional rental needs to be offset after these reductions have been applied, any offer of a subsidy to the client will first require written approval from those hotels contributing to the room block for the group. At this point in the process, the decision to offer a subsidy will be that of the hotel community, based upon whether they feel it is in their best interest to confirm a particular booking. If there is a collective decision amongst the hotels to move forward with a subsidy, the SDCCC contract manager will issue subsidy agreements to each hotel which will outline the projected financial obligation and contribution toward the subsidy program for which each hotel will be responsible.

Moving Groups or Revising Contracted Space to Accommodate another Booking Opportunity

Space committed to contracted or definite groups must regularly be revised or amended in order to accommodate other new opportunities. Generally, it will be difficult to drastically revise or move space for a large citywide group, as it would require also revising space and room block commitments at numerous hotels. However, revising or “buying back” some space (such as exhibit hall move-in or move-out days) from a contracted or definite client is commonplace, and certain incentives will always be considered in order to maximize bookings in the building.

Booking Exceptions

Exceptions to the above guidelines are considered based upon but not limited to the following criteria. Exceptions are subject to approval of the ConVis Sr. VP Convention Sales. Booking exceptions are evaluated based on the projected room night utilization, weighed against the opportunity cost of opting to instead only book events that would satisfy the three main booking guidelines.

Holidays and "Hot Dates"

As these dates are considered less desirable for Convention Center clients, exceptions are made when a particular booking opportunity falls on or around these dates, which are oftentimes considered "off-peak". Holidays include, but are not limited to: Christmas, New Year's Day, Thanksgiving, Easter, all major Jewish Holidays, Memorial Day, Independence Day, and Labor Day. Exceptions will be made for additional dates based upon any historical booking patterns or trends which are evident in previous years over that particular date time frame. For example, an exception may be considered over Mother's Day in a certain year, if it is noted that in recent years that particular holiday date ranges has not been dates which have consistently booked.

Annual Events

Exceptions may be given to clients who have booked numerous events in the City, and have a long history of producing room nights for the destination. For example, if a certain group is able to book on a yearly basis, and whose room night history is consistent year over year, but does not meet the peak room night booking guideline for a particular year, an exception may be considered. However, the client must allow from a considerable level of flexibility with their dates, allowing ConVis to place the group in and around other groups which may already be on the confirmed. If no such dates can be determined to be available, this booking exception will not be approved.

Medical Meetings

Medical shows are proven to be much more valuable for a destination as it relates to overall economic impact, based on the demographic of the meeting delegate who usually attends these meetings. Therefore, an event of this nature with a smaller peak room night requirement, offers relatively more overall value to the destination than an event representing more peak room nights from a varying market segment. As a result, exceptions may be considered if the event meets these criteria.

"Stacking" or "Marrying" of two smaller groups over similar dates

Booking exceptions can be considered if two smaller groups, neither of which may meet the minimum peak room night requirement, can be booked over similar dates to jointly meet the minimum. In this scenario, convention center space must still be allocated in a way which would satisfy Guideline #2 as outlined above. In other words, if two groups are "stacked" over similar dates, and the combined peak room night usage amounts to 3,000 total peak room nights, then only ½ of the exhibit hall (approx. 375,000 gsf) should be allocated collectively for these two events. This would leave the remaining exhibit space for another group, creating an opportunity to stack up to 3 events. NOTE: "Stacking" does not necessarily require that each group's room block is over the same days, but rather that the full run of each show, to include move-in, show days, and move-out, take place over similar dates. This allows for room nights to

be generated during dates which would otherwise be "dark", if one larger peak room night group were booked over those same dates.

Small Booking Window:

Convention Center space may be limited due to two large groups already having been booked into the entire facility. As a result, a relatively small window availability of convention center exhibit and meeting space may exist. As larger groups, requiring larger peak night room blocks, normally require a relatively longer move-in and move-out, these small windows of availability are dates over which a booking exception may be allowed, as it would be unlikely that a larger peak room night group could be accommodated over these dates. In this scenario, a booking exception would be considered, as the space at the convention center would otherwise most likely be under-utilized, resulting in little or no room night production over the dates.

Lack of Headquarter Hotel Availability:

Most if not all large conventions which create substantial room nights for the destination require a large room block at a headquarter hotel. Therefore, if there is limited availability at the three San Diego headquarter hotels (Marriott Marquis, Hilton Bayfront, and Manchester Grand Hyatt) over a certain set of dates, then it is unlikely that a larger event will be able to book those dates. As ConVis sales has access to the room inventory of these three hotels, a booking exception may be considered for a group which does not meet the requirements, if it is determined by ConVis sales that there is indeed a lack of headquarter hotel rooms over a given set of dates, and if the group for which the exception is being offered can consider booking the dates without having one of these hotels in their room block. This scenario allows the ConVis sales team to create additional room night demand for other hotel properties, and help maximize room night demand over a certain set of dates for the destination.

Attendance

Exceptions to the peak room night requirement are allowable for convention/trade and corporate events which show a historically large attendance to room night requirement ratio, and to which a substantial large "around the block" requirement can be attributed. For example, a certain group may have historically actualized 3,000 rooms on peak night, but now may only be blocking 2,000 peak, while still maintaining the same attendance as in previous years. In this case, it is reasonable to assume that the event is still requiring sufficient room nights to warrant an exception.

Minimal "Opportunity Costs" / Lack of other Viable Booking Options

Booking Exceptions will be considered, for a certain future set of dates, it is determined that little or no other viable booking options will be available as the dates grow closer. This determination will be based upon historical booking performance over the dates in question. Similar justification is used in regards to the Holiday booking exception as outlined above. However, as ConVis sales team keeps updated account

information on the booking opportunities which will be available to us for a given time frame, it makes good business sense to allow an exception if no other viable booking options are available. For example, traditionally August is a month which relatively few large events can consider booking. So, if we ensure that the few groups which we know do book in August are already committed to another destination and are therefore not viable options for us, then a booking exception may be allowed in this case. The "opportunity cost" in this case of booking a group which does not meet booking guidelines is therefore minimized, as the likely alternative is to have no bookings at all over these particular dates.