

June 17, 2013

San Diego Lodging Businesses Subject to TMD Assessment:

Ladies and Gentlemen:


As you know, the TMD Corporation entered into a First Amendment to the Operating Agreement between TMD Corporation and the City of San Diego which allows the City to withhold from TMD Corporation assessments paid by hotels which do not sign the Unilateral Agreement to Waive Refund of Assessments and to Provide Indemnification and Defense ("the Unilateral Agreement"). I write to clarify two promises the TMD Corporation makes for your benefit.

Accordingly, on behalf of the TMD Corporation, I provide these further assurances which will be part of our agreement if you execute the Unilateral Agreement:

1. TMD Corporation will defend, at its cost, any litigation filed against the City of San Diego or any other beneficiary of the Unilateral Agreement to challenge San Diego City Council Resolution No. R-307843 to renew the San Diego Tourism Marketing District and to levy the TMD Assessment. By doing so, TMD Corporation reduces the amount the City of San Diego or other beneficiaries of the Unilateral Agreement might claim against the limited indemnity you provide by making the Unilateral Agreement.
2. TMD Corporation will satisfy any claim by the City of San Diego or any other beneficiary of the Unilateral Agreement, to the extent of any and all of TMD Corporation's assets, before the City of San Diego or any other beneficiary of the Unilateral Agreement invokes the limited indemnity you provide by making the Unilateral Agreement. Thus, your indemnity is in third position behind the City's District Fund and TMD Corporation assets.

If you have any questions or concerns about these assurances, please contact TMD Corporation Executive Director Lorin Stewart at the telephone or email shown below.

Very truly yours,

  
C. Terry Brown  
Chair, Board of Directors

c: Board of Directors  
Lorin Stewart, Executive Director  
John Lambeth, General Counsel

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