

Board of Directors  
San Diego Tourism Marketing District Corporation  
8880 Rio San Diego Drive, Suite 800  
San Diego, CA 92108

January 2016

Directors,

With the concerted efforts focused on the TMD validation lawsuit, Citizens' Initiative and Convention Center expansion issues, it is easy to overlook the banner year that the San Diego Tourism Marketing District had in 2015. Through its competitive application process, the SDTMD Corporation strategically deployed nearly \$24 million of TMD assessment funds into city council-approved programs. These funds supported a wide variety of promotional initiatives designed to increase the city's lodging business production. In 2015, San Diego's occupancy rate, ADR and RevPAR enjoyed robust growth as did the city's record-breaking TOT collections from the TMD businesses. In short, the San Diego lodging industry had a record year, which is the overarching mission of the TMD.

On a personal note, FY 2016, which promises similar increases for TMD properties, marks my eighth year as the SDTMD Corporation's executive director, its sole employee. With San Diego's lodging industry at an all-time high and the initial phase of the current litigation now complete, the opportunity for me to step aside and embark on the next chapter of my professional life has arrived.

When I was hired in 2008, San Diego's TMD was one of the first large tourism marketing districts in California to be established. I was attracted to the position for the unique challenge of helping to develop a new organization from the "ground up" that would make a positive impact in San Diego for years to come. With my previous management experience in the hospitality industry, including start-up operations and volunteer leadership roles on non-profit boards, I felt prepared and passionate to take on the tasks required of the new position.

From the start, there were challenges for the SDTMD to navigate. Securing and growing San Diego's market share through the Great Recession immediately tested

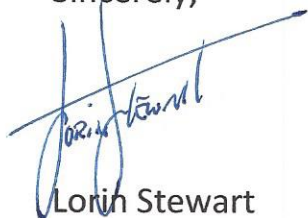
the SDTMD's new application process and our board's strategic deployment of TMD funds. These proved to be challenging yet exciting times. As a barometer of our success, the SDTMD model was copied by many of our competing destinations. Today, there are over 90 TMDs in California. Ultimately, the SDTMD's positive track record led to the renewal of the District in 2013 for an unprecedented 39.5 years.

With the industry's current success, timing of the legal and election calendar, and future release of the 20-year master plan, there is a unique opportunity, right now, to update the executive leadership role, including identifying adequate support staff, to address the current and future needs of the SDTMD Corporation. Ideally, this leader should be in place by April or May of 2016, in order to lead the FY 2017 year and hire the targeted staff.

That brings me to the timing of my resignation. I offer my resignation effective March 1, 2016 with optional monthly extensions, if available and mutually agreed upon, through June 2016 to facilitate the effective transition of leadership.

As I look forward to cultivating a number of consulting and employment opportunities for the next stage of my career, I am extremely proud of all that our board of directors and contractors have accomplished during my eight-year tenure with the SDTMD Corporation. I feel deeply honored to have been part of the original team that got the TMD "up-and-running" and through some extremely challenging times. Now, I am equally excited to see how the next team will forge a path to the future successes that the Tourism Marketing District lodging businesses so richly deserve.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lorin Stewart", with a long horizontal line extending from the end of the signature to the right.

Lorin Stewart