

BACKGROUND

Team San Jose (TSJ) is a 501c(6) nonprofit economic development organization. Formed in 2004 as a partnership between hotels, labor, arts and the business community, the focus of the organization is to generate economic activity by serving as the venue management company for seven public venues and acting as the official destination marketing organization for San Jose. Since Team San Jose's inception, the organization has grown substantially both in terms of the lines of business handled and revenue generated.

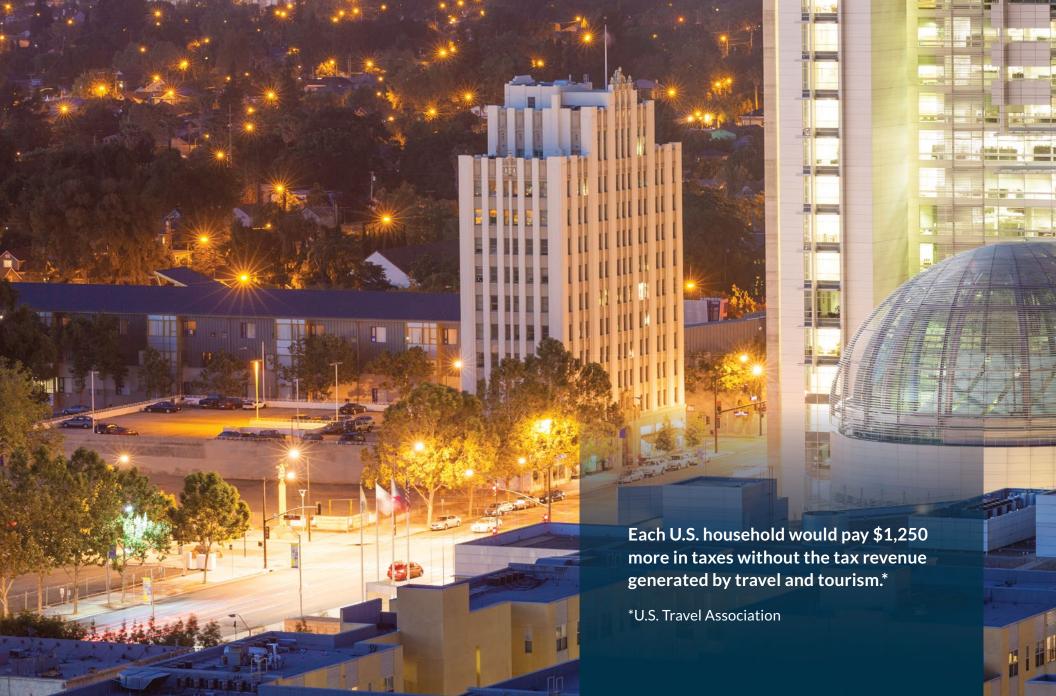
Not afraid to take calculated risks, in 2009, we ended our relationship with a third party caterer, hired an executive chef and culinary team, and brought food and beverage service in-house. That change brought an additional \$2 million to the City of San Jose in 2016. It also provided us with the ability to source food locally, customize our menus and provide high-end restaurant quality meals and service.

In 2013, Team San Jose determined that by bringing IT services in-house, we could save our clients money and generate additional dollars for San Jose. And that's just what we did, returning an additional \$600,000 to the City in IT services annually.

This same entrepreneurial spirit drove Team San Jose to take the bold step of becoming a UPS franchisee in December 2016. Our clients needed a business center and state-of-the-art shipping service within the San Jose McEnery Convention Center, and we determined that investing in a UPS store would get our clients what they need and generate additional revenues.

The Team San Jose model provides us with the flexibility to implement new opportunities that allow us to stay competitive in the national marketplace and encourages us to look for ways to increase the level of service to our patrons.







DEAR FRIENDS AND COLLEAGUES,

It is our pleasure to provide you with Team San Jose's Annual Report for 2016. Even though Team San Jose's fiscal year runs from July 1–June 30, we made the decision in 2015 and going forward to have our Annual Report cover the previous calendar year. This allows us enough time to audit our numbers and make sure we can report on a full year of work, by not having a print deadline that occurs before the end of the year we are reporting on, as our by-laws require an annual meeting in June.

We are very pleased to report that it was another great year for our City. In 2016, Team San Jose generated over \$158 million in direct spending to our local economy, brought in \$47 million in revenue, earned \$12.9 million in gross operating profit and welcomed 1.48 million visitors to the venues we manage. In February 2016, Super Bowl 50 took place throughout the Bay Area and provided us with the opportunity to launch the "Visit San Jose" brand at Super Bowl City and in promotional and advertising campaigns leading up to the big game. This resulted in exposure to over 1.1 million people.

Team San Jose's group sales efforts were responsible for putting over 220,000 hotel room nights into San Jose in 2016. We also sold 192,000 room nights for future years. Our sales team continues to partner with the hotel community to identify and layer in group room nights to assist in maximizing profits.

Of course, none of these things would be possible without the support of so many. We extend our gratitude to the Team San Jose Board of Directors and staff, the Client Advisory Board, our colleagues in City Hall and our many community partners who have contributed their time, expertise and support to our shared mission. We especially want to acknowledge and thank the Theater Preservation Board and the Hotel Business Improvement District for their generous financial support, which allowed us to make upgrades and enhancements to our theaters and provided additional sales and marketing support that enabled us to be competitive in the national marketplace. We look forward to partnering with all of you for a very successful 2017!

Best Regards,







Haroly Kichgesh

Michael E. Fox, Jr.
Chairman of the Board

Karolyn Kirchgesler Chief Executive Officer

2016 ECONOMIC IMPACT

FISCAL RESULTS FROM SAN JOSE CONVENTION AND CULTURAL FACILITIES



\$47.5 million in revenue generated



\$13.7 million in gross operating profit



101,700 people are employed in the San Jose hospitality industry (up nearly 16 percent from the previous calendar year)



Team San Jose has 109 full-time employees, with up to 1,610 people working in our facilities at any given time

ATTENDANCE AND ECONOMIC IMPACT



1.48 million attendees visited the San Jose convention and cultural facilities



\$158 million spent by attendees at San Jose hotels, restaurants and other attractions



For every tax dollar invested in San Jose convention and cultural facilities, \$2.38 was returned



\$11.8 million generated in total local taxes from attendees

SAN JOSE ACCOLADES

"Very few cities match the entrepreneurial spirit of San Jose, and living at the doorstep of Google and Apple imbues San Jose with a creative energy." Condé Nast Traveler, March 2016

3



Best Place to Live In America

U.S. News & World Report, 2017 BEST



City for Men
Men's Health, 2016

LONGEST



Life Expectancy
Silicon Valley
Business Journal, 2016

RICHEST



City Bloomberg, 2016

2



Best City for Young Professionals Forbes. 2016

BEST



Performing City
Forbes, 2016

‡ 3



M O S T
Educated Cities
Forbes, 2016

1



Minority-Owned Business

NerdWallet, 2016

1



Place to Start a Business

CNBC, 2016

1



City for Web Developers

Zippa, 2016

:



Highest Density of Computer and Math-Related Jobs

Adobo, 2016

MOST



Future Ready City

Dell, 2016

WEIRDEST



City in America
Washington Post,

Vashington Po 2016 # 3



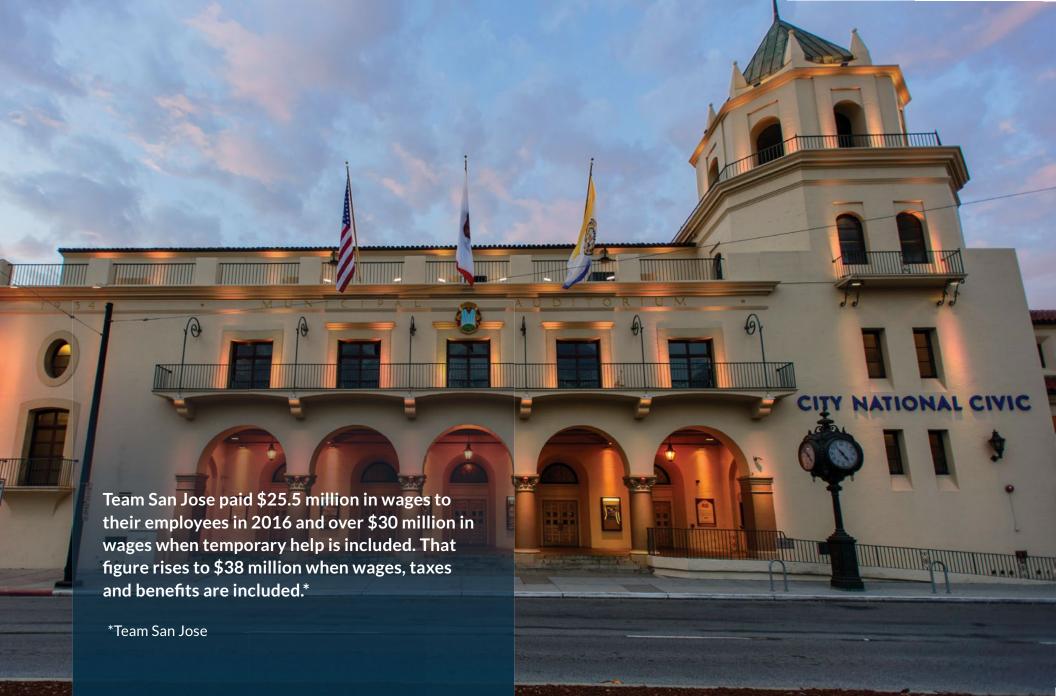
Best Metro for Entrepreneurship Growth

Silicon Valley Business Journal 2016 San Jose Airport North American Priority Pass



Lounge of the Year

Airport Lounge Development Inc. 2016



DOLLARS & SENSE

DIRECT SPENDING + INDIRECT SPENDING = INDUCED IMPACT

While the Sales Department's main goal is to generate revenue through selling catering, room nights at local hotels, and event space in our venues, its greater impact is felt throughout San Jose. Besides spending money on hotel rooms, convention attendees purchase meals, pay for entertainment, go shopping and visit local attractions – all of which are referred to as direct spending. This activity creates jobs in the travel industry and employee payroll. In turn, the travel industry buys product from suppliers to meet traveler demand, which creates jobs and payroll in other industries - known as indirect spending. The consumer spending by the employees of the travel industry and their suppliers then creates additional employment and payroll in other sectors – referred to as induced impact. An increase in convention and meeting attendees translates into more jobs within the City and more tax revenue generated for City services like the police department, fire department, libraries and parks.

Sales efforts to attract business to the San Jose McEnery Convention Center and Team San Jose managed cultural facilities were directly responsible for bringing in 436 events, attended by nearly 1.5 million people in 2016. These attendees spent approximately \$158 million in direct spending and \$11.8 million

in local taxes. In addition, Team San Jose touched an additional 165 meetings and events that were booked into ancillary local venues or were self-contained within local hotels.

Satisfied and happy clients are more likely to re-book and Team San Jose prides itself on exceptional customer service. All meeting planners are provided an online survey after each event, with responses being sent directly to our contract administrator at the City of San Jose, as well as our labor partners and exclusive vendors. Our customer satisfaction rate in 2016 was 98 percent for overall performance, with a 31 percent response rate.

It's no surprise that one in nine U.S. non-farm jobs directly and indirectly relies on the travel industry.*

*US Travel Association

FUNFOR EVERYONE

SOME HOBBIES AREN'T JUST HOBBIES

From Furries and Drones... here in Silicon Valley, San Jose is building a strong reputation for hosting unique events that are becoming increasingly popular – particularly here in Silicon Valley.

FURTHER CONFUSION (FURCON)

In January 2016, FurCon returned to the San Jose McEnery Convention Center for the 7th consecutive year, celebrating the anthropomorphics genre or furry fandom – including charitable benefits, educational seminars and panels, an art show, and general social activities.

SILICON VALLEY COMIC CON

Tech icon Steve Wozniak presented the first Silicon Valley Comic Con in March 2016. The event featured Stan Lee, William Shatner, Jeremy Renner, Michael J. Fox and many other notable figures. Over 50,000 Comic Con enthusiasts attended the event! Their return to San Jose in 2017 grew to 67,500 attendees.

FANIME

Fanime Con is an annual celebration of Japanese art and popular culture and is Northern California's largest anime convention. 32,400 enthusiasts enjoyed nonstop video programming, extraordinary costumes, music, games, tournaments, panels and renowned international guests.

HEROES & VILLAINS

New to San Jose, Heroes and Villains bring the stars of today's comic-inspired television shows and movies to you. From Agents of SHIELD to Guardians of the Galaxy, you won't just meet superheroes... you'll become one! 15,300 would-be superheroes tested their skills by flying on the zip line, climbing the velcro wall, and doing an agility test on the inflatable obstacle course.

DRONE WORLD EXPO

1,400 thought leaders, industry experts and end users gathered in San Jose at Drone World Expo to present real world solutions and discuss applications, parcel delivery, security and public safety, video and film, humanitarian efforts and much more. Attendees shared international lessons learned, and the impact drones are having on Geographic Information Systems (GIS), Big Data and the Internet of Things (ioT).

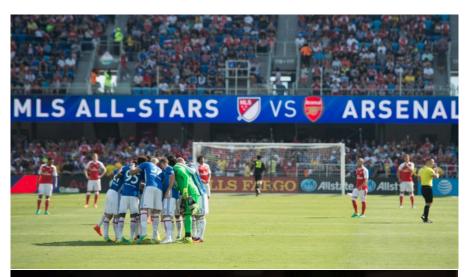


SANJOSE IS GAME

THANKS TO SAN JOSE SPORTS AUTHORITY, SAN JOSE HAS ITS GAME FACE ON

Team San Jose partnered with the San Jose Sports Authority, the SAP Center and Levi's® Stadium to bring a number of incredible sporting events to the South Bay in 2016. Besides bringing Super Bowl 50 in February, two major events landed here on the same July weekend – the USA Gymnastics Olympic Team Trials at the SAP Center and National Congress at the San Jose McEnery Convention Center, and the Women's U.S. Golf Open held at the CordeValle Golf Club in nearby San Martin. Just a few weeks later, the 2016 Major League Soccer All-Star Game was held in San Jose.

A special thank you to Patricia Ernstrom and her team at the San Jose Sports Authority for the work that they do year-round to keep San Jose in the national spotlight.





FULL STEAM AHEAD

CONSUMER-FACING BRAND "VISIT SAN JOSE" MAKES ITS BIG DEBUT

In 2016, the Marketing & Communications team created a consumer-facing brand and identity geared towards the leisure and business traveler. The new "Visit San Jose" brand was launched at Super Bowl City and promoted in advertising and public relations campaigns leading up to the Super Bowl. The response has been fantastic and resonates well with our visitors as it more clearly illustrates our role in the travel industry.

Other projects and campaigns we worked on in 2016 included crafting a tri-county collaboration with Visit Santa Cruz County and the Monterey County Convention and Visitors Bureau to promote the region as a gateway for international travelers. The partnership gives all participants a chance to showcase the region's diverse offerings and includes collaboration with media and trade, joint regional messaging and joint representation at international tradeshows.

We also launched a new meetings campaign promoting the City as a destination to the meeting planner audience through trade publications. We created new photo and video assets, hosted multiple sweepstakes and launched San Jose's first consumer e-newsletter.













PRINT AND DIGITAL: RESULTS

Trade print ads: 1,401,620 impressions

Trade digital ads: 831,945 impressions

Leisure print ads: 2,800,063 impressions

Leisure digital ads: 23,300,000 impressions

81 ad placements total

Placed in 52 total trade and leisure publications

Impressions = number of times something is potentially seen.

GO BIG... OR GO HOME

MARKETING, PUBLIC RELATIONS & COMMUNICATIONS

2016 kicked off with one of the largest Bay Area events ever – Super Bowl 50. We leveraged this opportunity for a major PR victory generating over 1,000 media placements for San Jose that reached millions of consumers and industry influencers. In addition, our marketing and communications team secured over 200 digital placements. Team San Jose was fortunate to have a programmed space within Super Bowl City that our marketing team turned into a small pavilion with stage area. We entertained guests at the pavilion for nine days with over 100 hours of programming by 39 local arts and cultural partners. At one point, the Calpulli Tonalehqueh Aztec dancers were attracting such a large crowd, that event organizers threatened to "shut us down" because of the congestion. Approximately 1.1 million people visited Super Bowl City and due to our location by one of the key entry points, we received great exposure.

Leading up to and throughout the Super Bowl, we began to build a consumer database through promotional giveaways and sweepstakes. At the same time, our marketing and communications team launched our first-ever consumer and event-driven digital newsletter, delivered monthly via email. Over 3,500 consumers signed up for the newsletter during the Super Bowl festivities, providing a means for us to have continued conversations with them throughout the year about all things San Jose.





DIGITAL MARKETING CAMPAIGNS

In July 2016, Team San Jose began our first digital marketing campaign. Instead of targeting trade publications, this campaign targets new audiences on social network services like Facebook, LinkedIn and Pandora, among others. The purpose of the campaign is to provide education about San Jose as a destination to meeting planners and business travelers in an attempt to encourage them to extend their business stay and add leisure activities to their trips.

Additionally, our efforts have helped increase our number of followers and impressions through engagement with influencers and visiting journalists, as well as targeting messages with San Jose-specific hashtags, such as #VisitSanJose. We actively began working with local partners on themed campaign efforts. These efforts continue to raise our numbers as we see increasing interactions with celebrities and influencers taking an interest in San Jose.

The San Jose Jazz Summer Fest is a wonderful annual event that continues to draw music lovers to San Jose. Using digital ads and a VIP weekend giveaway sweepstakes on Pandora's mobile platform, Team San Jose successfully promoted the festival to a national music audience and created brand awareness focusing on the leisure traveler.





The Pandora sweepstakes generated over 13,000 subscribers to add to our newsletter distribution list



San Jose - Where Cultures Shine



San Jose & the Monterey Bay



Happiest City in America - San Jose California - San Jose



Healthiest City in America - San Jose California - Visit San Jose



Smartest City in America - San Jose California - Visit San Jose



Visit San Jose

DIGITAL TOOLS AND PROMOTION

In 2016, Team San Jose created a San Jose-themed promotional video for in-market and domestic leisure and meetings travel audiences, along with an international promotional video to promote the City of San Jose and the surrounding region as a leisure destination. The San Jose video was posted on Facebook in early October 2016 and has reached 338,000 views with 4,400 reactions, 1,300 comments and 6,331 shares.

With the influx of travel writers and the new interest being generated in San Jose, due to expanded International Flights to SJC, the marketing team held several photo shoots to build a digital assets library that we can use to promote San Jose and the surrounding area. And we've offered complimentary use of the videos and images to our partners who want to use them in their collateral pieces and initiatives that promote San Jose. These assets are available in the media section of our website.

Check out these great videos on our website and on Team San Jose's YouTube Channel

THEY'RE TALKING ABOUT US

In 2016, our Team hosted 54 travel writers as part of familiarization press trips and individual media visits to San Jose, which doubled the number of travel writers we hosted in 2015.

In addition to hosting members of the travel media that came to explore and write about San Jose, in conjunction with our New York Public Relations agency, we were able to secure appointments with a number of influential editors and visit them at their offices in NYC. During one of those appointments, we even arranged for famed radio show host and TV personality Peter Greenburg to come to San Jose to tape one of his syndicated worldwide radio shows. It included interviews with Mayor Sam Liccardo and several other San Jose influencers.

Our top media placements for 2016 included: Wine Enthusiast, The London Telegraph, Forbes, Frankfurter Allgemeine Zeitung, National Geographic Traveler, High Life, GQ China, Esquire China, Conde Nast Traveler, Peter Greenberg Worldwide.

"In San Jose and throughout the Silicon Valley, computers, technology and the brilliant minds behind the latest innovations rule. It is where the tech geeks have always gathered long before they began to run the planet. Here, more than anywhere, geek is chic."





Heather Greenwood Davis, National Geographic Traveler

SETTING THE SCENE

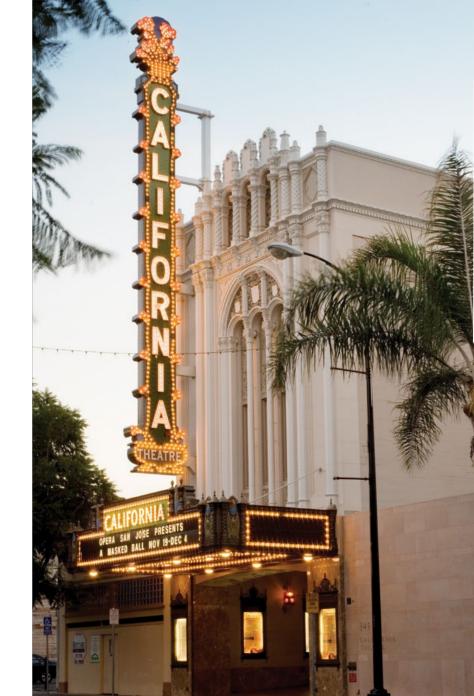
THEATERS PROP UP LOCAL SPEND

In 2016, Team San Jose hosted 556 performances in the theaters we manage, with 86% being concerts or performing arts events. Arts, entertainment and special events held at our theaters brought over 536,000 attendees to downtown San Jose and created almost \$12 million in visitor spending in the community.

The offerings in 2016 ranged from Broadway smashes, visionary symphonic and cinematic experiences, sold-out comic performances and vocal concerts by Grammy Award-winning music icons. The theaters continued their history of supporting San Jose's resident art programs: Broadway San Jose, Children's Musical Theater, Lyric Theatre, Opera San Jose, and Symphony Silicon Valley.

In preparation for the *Phantom of the Opera* coming to San Jose, the Center for the Performing Arts underwent a 3-month period of construction to allow the play to stay true to its original design. The Team San Jose Operations team constructed under-stage support to hold the one ton set and built seismic bracing to withstand the massive 1,500 lb chandelier. It had over 600 hand-strung crystals, housed 50 pyrotechnic elements, 5 pyrotechnic effects, and could sustain a controlled drop of 10 feet per second.

Thanks to a donation from the Theatre Preservation Fund, Team San Jose is especially proud of the newly renovated and expanded outdoor Courtyard that is located in the area between the Montgomery Theater and City National Civic, complete with LED lighting, surround sound, and built-in heating elements.









2016 resident art partners:

Broadway San Jose

Mamma Mia, Disney's Newsies, Alton Brown,

The Wizard of Oz, Shen Yun



NEW & RENEWABLE

NEW CULINARY TEAM, NEW MENUS AND RENEWABLE RESOURCES

In 2016 three new members joined the Culinary Management team at San Jose: Peter Gennaro as the Director of Culinary Operations, Michael Doyle as Executive Chef and Jake Prelas as Executive Sous Chef. All three men have strong backgrounds working at acclaimed resorts, iconic hotels and other 5-star operations. They are dedicated to making the guest experience as memorable as possible through scratch cooking, dynamic presentations, sophisticated restaurant-quality food, and a focus on local flavors and sustainable products.

In the theater concession outlets and at Peet's Coffee in the Convention Center lobby, the team has implemented new menus, a new point of sale system, and better revenue and sales tracking. These upgrades have allowed us to heighten the guest experience, better track our inventory and increase operational effectiveness. In 2017, look forward to the launch of our new brand – 408 Catering – which will bring our acclaimed cuisine and service out to the greater Bay Area.

Team San Jose continues to be committed to environmentally sustainable food and beverage practices. We are dedicated to recycling and to sourcing our food and other products locally. We're very proud that 65% of the produce we use comes directly from local farmers and we hope to increase that number every year.

We strive to be good community partners. In 2016 we donated the equivalent of 205,000 prepared, but unserved surplus meals, that were paid for by our clients. So, instead of sending that food to local landfills, it goes to local food banks and charities to help feed those in need.









RISING ABOVE & BEYOND

CONSTANT UPGRADES ALWAYS IN THE WORKS

The Operations department not only maintains the San Jose McEnery Convention Center and the entertainment venues, but they are also constantly improving our facilities. The California Theatre underwent structural reinforcement of the over-stage rigging to accommodate larger national tours. The Center for the Performing Arts has new, expanded ADA-compliant platforms and can accommodate 20 patrons with disabilities. The City National Civic just completed renovations of the outdoor space. It doubled the patio size and can now be used for events like Christmas in the Park and the Summer Concert Series.

In 2016, funding was approved for a number of big projects that are going to substantially enhance the venues that Team Jose manages. The largest and most impactful is the \$22 million in funding for new exhibit hall ceilings which goes under construction in June 2017. In summer 2017, \$6.2 million in funding was approved for air conditioning in City National Civic and will be installed. We've also begun some of the \$2.4 million in improvements for our vertical transportation systems (escalators and elevators) in the Convention Center, City National Civic and the Center for the Performing Arts.

While updating the venues, we also aligned construction with the City's Green Vision by reducing water usage by thousands of gallons per day and retrofitting with LED lights when possible. The garage lighting project has reduced energy consumption and operating costs by 55 percent.



UP, UP & AWAY

SAN JOSE SOARS TO NEW HEIGHTS

In 2016, San Jose expanded international airlift to include London Heathrow on British Airways, Vancouver on Air Canada, Shanghai on Air China and Frankfurt on Lufthansa, as well as adding two daytime transcontinental routes: Baltimore-Washington on Southwest and Charlotte on American Airlines. This created a wonderful opportunity to promote San Jose to these new destinations.

Based on the number of new flights, Team San Jose was awarded a two-year contract with the City of San Jose to promote the new international airlift. Our team promoted San Jose by participating in several inaugural flight delegations, including holding press lunches in Shanghai, Frankfurt and London. The purpose of these lunches was to educate the key media and travel planners on all of the things that San Jose and the region have to offer. We also participated in media and sales missions with Visit California in Frankfurt, Hamburg and London. And we partnered with Visit California to host media familiarization trips in San Jose to generate coverage in these markets. We have participated in tradeshows in Berlin and China and are planning Public Relations missions to India and London.

For 2017, plans are underway to hire agencies in Beijing, Shanghai and Germany to assist us in getting the word out about San Jose and serve as our on-the-ground team to educate foreign travel planners.

We extend a big congratulations to the staff at the Mineta San Jose International Airport for their success in bringing these direct flights to San Jose.





Team San Jose has a 17 member Board of Directors with our bylaws calling for a set number of representatives for each of the following sectors: hotels, labor, business community, and arts partners. In addition, we have two liaison positions which include a City Council Member and a high ranking City staff member.

RETIRING BOARD MEMBERS

We would like to thank our retiring board members, Michael Miller and Lee Wilcox, for their contributions and support. Their leadership was vital in positioning Team San Jose as a leader in the meetings and hospitality industry.



Michael Miller Theatrical Professional



Lee Wilcox City of San Jose

HOTEL PARTNERS



Bonnie Best Hotel Valencia



Gary Hageman Hilton San Jose



Michael Mussara Fairmont San Jose



Patrick Reece DoubleTree by Hilton



John Southwell San Jose Marriott

LABOR PARTNERS



Bill Fairweather IATSE Local 134



Enrique Fernandez UNITE HERE Local 19



Ben Field South Bay Labor Council



Owen Murphy Sign and Display Craft Local 510

BUSINESS COMMUNITY PARTNERS



Michael E. Fox, Jr. Goodwill Industries Chairman of the Board ARTS PARTNERS



Michael Mulcahy SDS NexGen Partners, LP Immediate Past Chair



Chuck Toeniskoetter Toeniskoetter Development, Inc.



Steve Wymer Nextdoor Treasurer



Dana Zell Childrens Musical Theater



Kerry Adams Hapner City of San Jose



Raul Peralez Council Member District 3





Larry Hancock Opera San Jose Secretary

2017 CLIENT ADVISORY BOARD

Our Client Advisory Board is a panel of experienced national meeting professionals. They meet with Team San Jose twice a year but interact with staff on a regular basis to give them feedback and input on best business practices and initiatives that are impacting our customers and stakeholders.

Lisa Beverly

Senior Event Manager, Corporate Events Adobe

Hunter Clemens

CAE, CMP Vice President Meetings Management Group

Cathy Clifton

Meeting & Event Manager Experient, A Maritz Travel Company

Scott Falk

Vice President Arrowhead Conferences & Events

Jamal Aaron Hageb

Senior Meetings Manager American Bar Association

Sara Haukap Yeboah

Events Manager SmithBucklin

Sheryl Huynh

Senior Director, Worldwide Events & Creative Operations NVIDIA Corporation

Lisa Krass

CMP Director, Events & Corporate Relations ACN, Inc.

Lori Luna

Vice President, Event Operations SheKnows Media

Amy Mackreth

Senior Director of Field Marketing & Events Altyrex

Ann McLeod

CEM, CAE
Director of Meetings &
Expositions
Society of American
Military Engineers (SAME)

Mike Nichols

CAM, Vice President, Operational Excellence & Professional Development National Business Aviation Association, Inc.

Brian Santor

Executive Director/Founder Event Housing, Inc.

Tim Wheeler

Corporate & Global Events eBay

Cory Fransway New Member 2017

Director Strategic Accounts Experient, A Martiz Travel Company

Nadine George New Member 2017

Senior Corporate Events Manager Visa, Inc.



At Team San Jose, we're committed to excellence, and that commitment wouldn't be possible without our CEO and Senior Team. Each member of our executive team brings 20+ years of experience in their respective areas to the organization.



Karolyn Kirchgesler
Chief Executive Officer



Dave Costain
Chief Operating Officer



Janette Sutton
Chief Financial Officer



Laura Chmielewski Vice President, Marketing & Communications



Ken Slattery
Vice President, Sales &
Destination Services



Madina Moore Vice President, Human Resources

