



September 1, 2015

Ms. Carol Wallace
President & CEO
San Diego Convention Center Corporation
111 W. Harbor Drive
San Diego, CA 92101

Dear Ms. Wallace:

CSL recently issued a Market Demand and Economic Impact Analysis for Potential San Diego Convention Center Expansion. The report considered two basic expansion options: a contiguous plan that included added space connected to the existing SDCC, and a campus option that developed added space in a separate facility several blocks from the existing SDCC.

Unfortunately, we included the construction cost for an alternative contiguous expansion scenario (\$410 million versus \$549 million), and are making the necessary correction by including the costs for the correct scenario. These changes will be reflected in Exhibits ES-1 and 6-6 in the report. In addition, we characterized the TMD assessment as a "tax". The correct wording for this will be incorporated into the updated report.

With the updated cost total, the \$157 million per year in incremental direct spending generated in the region as a result of the contiguous option would equal the initial project investment within approximately 3.5 years. When considering annual total economic output, the incremental \$270.8 million generated in the region would equal the initial project investment within 2 years. It is important to note that the recommendations in the full study remain unchanged, and that the contiguous option provides a superior impact to cost ratio.

I apologize for the inconvenience these changes have caused. We will be making the necessary edits to the report and will issue an updated full report shortly.

Sincerely,

John T. Kaatz
CSL International