



November 17, 2008

TO: The Honorable Mayor and City Council

FROM: Scott Tulloch, Interim City Manager *ST*

SUBJECT: Gaylord Bayfront Project

This afternoon Bennett Westbrook announced that Gaylord is discontinuing its Chula Vista bayfront project. Attached is a letter explaining Gaylord's decision that was hand delivered to Mayor Cheryl Cox. Gaylord will be issuing a news release after 4:30 p.m. today making its decision public.

Over the next several days, I will be meeting with my staff to review Gaylord's decision and determine the next steps concerning Chula Vista's bayfront.

Attachment

GAYLORD ENTERTAINMENT

*Bennett Westbrook, Senior Vice President, Development, Design &
Construction*

November 17, 2008

The Honorable Cheryl Cox, Mayor
City Council Members
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

Mr. Bruce Hollingsworth, President
Board of Port Commissioners
Port of San Diego
P.O. Box 102488
San Diego, CA 92112-0488

Dear Mayor Cox, City Council Members, Mr. Hollingsworth and Port Commissioners,

It is with great disappointment that I write this letter to inform you that Gaylord is discontinuing its plans to develop a resort and convention center project on the Chula Vista bayfront. This has been a complex and challenging project which started with our joint efforts to overcome a complicated regulatory and legal structure, as well as conflicting community interests. While we have made many strides on these fronts, we have been unable to overcome perhaps the biggest hurdle of the project – funding the enormous infrastructure costs associated with the bayfront redevelopment in a manner that will generate adequate financial returns for Gaylord, the Port, and the City. From the outset, we knew that overcoming this obstacle was a tall order. As we have jointly dedicated significant internal and external resources to analyze all possible alternatives, we have concluded that there is no workable solution despite our collective best efforts. This conclusion is amplified all the more by the current tumultuous economic environment.

We are profoundly disappointed at this ultimate result, as we have no doubt that a Gaylord facility would operate very successfully in Chula Vista. However, we are confident today that this is the correct decision for our company and shareholders.

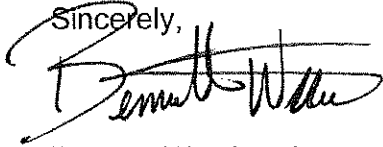
I want to express our sincere appreciation for the hard work that you and your teams have contributed in leading this effort. We have developed great respect for Mayor Cheryl Cox, Bruce Hollingsworth and their respective leadership boards and staff. This

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unfortunate outcome is notwithstanding the best efforts of all parties involved to make this project a reality.

On a personal note, I have truly enjoyed getting to know each of you and regret that this decision marks the conclusion of our work together on this project.

Sincerely,

A handwritten signature in black ink, appearing to read "Bennett Westbrook". The signature is stylized with a large initial "B" and a long horizontal stroke.

Bennett Westbrook

cc: Randa Coniglio
Denny Stone