

September 15, 2014

Via E-mail and Overnight Mail

Anthony Taylor, Esq.
Special Counsel, City of Irvine
Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, California 92612
ATaylor@awattorneys.com

Re: Great Park Performance Review – Gafcon, Inc.

Dear Anthony:

Gafcon, Inc. (“Gafcon”) is a family-owned business with a long history of successfully managing hundreds of design, development and construction projects. As we have repeatedly discussed, Gafcon is deeply concerned by the misinformation that has been publicly released regarding the Orange County Great Park project, the Great Park Design Studio and Gafcon’s role as a design administrator in the Great Park Design Studio for development of the Park’s Master Plan and Schematic Design.

As you know, the audit firm HSNO issued a preliminary audit report in January. While we understand that the work done on the preliminary report pre-dates your appointment as Special Counsel, the report contains numerous factual inaccuracies, erroneous assumptions and speculative preliminary conclusions. Much of the report is simply without any legitimate evidentiary basis and its findings are easily refuted. As we have repeatedly discussed, Gafcon’s reputation has been severely harmed by the output of misinformation caused by the release of the preliminary audit report.

As part of the Ken Smith Design team, Gafcon was hired on the merit of its work which included a jury selection process. In addition, the Great Park Board of Directors personally vetted Gafcon and conducted site inspection visits of past projects and conducted personal interviews with the Ken Smith Design team.

Once engaged, the Great Park Design Studio followed the requirements of its Great Park contract and direction given by the City of Irvine in a professional manner, completing work on time and within budget. The City Council and Great Park Corporation Board were involved in every major decision regarding the Great Park and continually provided direction to the Great Park Design Studio, as well as other subcontractors. In addition, the City of Irvine imposed multiple levels of oversight on the Great Park Design Studio and its consultants. Bovis Lend

Anthony Taylor, Esq.
September 15, 2014
Page Two

Lease, one of the largest construction managers in the world, served as the project manager and monitored all work and invoices of the Design Studio and other contractors. The City's contemporaneous processes insured that all funds were accounted for and deliverables were submitted.

The City has now spent more than eight years and approximately \$11 million with independent program management and auditing firms, reviewing and auditing the Design Studio's work. None of the prior reviews or audits have yielded any findings of wrongdoing by the Design Studio or Gafcon.

Following the troubling release of the preliminary audit report in January, Gafcon undertook the extraordinary effort of conducting its own review of the City of Irvine's Great Park video archive. This project took months because the City's archive contains 10 years of meetings and documents relating to the Irvine City Council and Great Park Corporation Board's activities. Although time consuming, the review of the archive is exceedingly important because it evidences the many important issues that were debated and documented at the time. Indeed, Gafcon discovered that the City records, standing alone, demonstrated that each allegation in the preliminary report relating to the Design Studio was false. Gafcon found the video evidence so compelling that the company produced a documentary and a website so that the public can appreciate that each of the allegations made against Gafcon are directly refuted by contemporaneous statements made by the members of City Council and Great Park Corporation Board, City Staff, Great Park Corporation staff, their prior independent auditors, Great Park program manager, City consultants and/ or City documents.

Several weeks ago, we provided you with a courtesy viewing of Gafcon's video presentation just prior to its completion. Per your specific request, Gafcon is now providing you with a copy of the full video, a video transcription (bearing Bates numbers GAFCONGP0035450-GAFCONGP0035450) and supporting reference materials. Gafcon invites you to view its website at www.greatparktruth.com for information about the false, misleading and speculative information contained in the preliminary report. We trust that you will consider this significant evidence in your current phase of the investigation.

As your investigation is nearing its end, we look forward to beginning a dialog regarding issues that have been investigated and concluded in Gafcon's favor. We welcome this dialog, as the resolution of these issues will finally begin to undo some of the underserved damage caused to Gafcon by the publication of these unsubstantiated allegations in the preliminary audit report. This dialog will also serve the important purpose of clarifying which issues remain part of your active investigation, and Gafcon looks forward to its continued cooperation to provide you with additional information and materials to fully resolve any concerns, and to ensure the City of Irvine reaches fair, prudent and accurate audit findings.

Anthony Taylor, Esq.
September 15, 2014
Page Three

If you have any questions, please feel free to contact me at (949) 725-4080.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Kathleen Marcus".

Kathleen M. Marcus
STRADLING YOCCA CARLSON & RAUTH

KMM:ahk
Enclosures