

ALSTON & BIRD LLP

333 South Hope Street
16th Floor
Los Angeles, CA 90071-1410

213-576-1000
Fax: 213-576-1100
www.alston.com

Martha S. Doty

Direct Dial: 213-576-1145

E-mail: martha.doty@alston.com

January 12, 2012

Terry Tao, Esq.
Atkinson Andelson Loya Ruud & Romo
12800 Center Court Drive
Suite 300
Cerritos, CA 90703

VIA EMAIL AND U.S. MAIL

**Confidential and Privileged Settlement Communication
Pursuant to Cal. Evidence Code §1152**

Re: *Peninsula Stadium Lights Steering Committee*

Dear Mr. Tao:

This responds to your letter to me of January 10, 2012. Your letter contains several factual inaccuracies that I intend to address first, followed by a response to your statements regarding donations.

First, you assert that the Board's comments at the November 15, 2011 meeting that a collaborative process "should have occurred" meant only that one should have occurred in the past, not that such a process should occur going forward. Your assertion incompletely recites the Board member's statements at the meeting and creates the false impression that the matter was closed as of that date. While it is true that several members lamented the lack of collaboration *up to that point*, Board Members Vanden Bos and Collatos both made affirmative statements about *future collaborative efforts*. I took copious notes during the meeting and, where significant, quoted the Board members verbatim in my notes. For example, Board Member Collatos stated, "I'm absolutely convinced now that there should be lights" and "I hope we can go toward compromise. We as a Board want something to be done. Hopefully there's a road back." Similarly, Board Member Vanden Bos concluded his remarks by stating, "I'd like to see a solution, maybe portable lights, but it has to be done collaboratively."

Your statement, "Certainly, the Board comments shouldn't have been interpreted as an invitation to engage Board members or an attempt to open a collaboration directly

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with the Committee” flies in the face of any plain reading of those comments. Contrary to your statement (made 2 months after that meeting), they absolutely invite engagement which is why Nina MacLeay contacted Mr. Vanden Bos immediately afterwards to see if a meeting could be arranged. Further, if in fact those statements do not invite dialogue, why did you not so advise me in your email to me of November 25th in which you stated that your clients preferred discussions about the matter to be conducted through counsel? Similarly, if in fact the matter was closed and the Board intended no further discussions on it, why did you invite me, during our telephone call on December 8, 2011 to convey the Committee’s ideas about resolution to you for you to pass on to the Board?

Indeed, if there “certainly” was no “invitation to engage” as you now belatedly claim, you would have told me – either in your November 25th email or during our live conversation on December 8th – that your clients were *not* interested in meeting with my clients, that there would be no further discussions about the matter, and that the matter was fully and finally resolved. You said none of those things either by email or on the phone. To the contrary, my notes reflect that during our conversation on the 8th you expressly invited me to provide my clients’ proposals. Accordingly, my December 13th letter to you did precisely that. Therefore, my clients’ statements (made in response to a direct question asked of them at the ABC Board meeting the night of December 13th) that they were in discussions with the Board and that those discussions included the subject of portable lights were accurate.

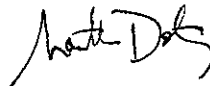
Finally, if your clients have not intended since November 15th to have any further discussions with my clients, as you now assert, why did you wait for nearly a month after my December 13th letter to so advise? Your first attempt at communicating with me after my letter did not occur until nearly 10 days later, on December 22nd (voice mail message when I was out for the holidays), and did not indicate that the matter was closed. Your letter of January 10th asserting for the first time that the matter has been closed since November 15th was sent nearly 2 months after my clients’ first efforts following the Board meeting and your request that I provide you a settlement proposal.

For all of these reasons, your suggestion that the Committee has somehow acted improperly with respect to the return of the funds is misplaced at best and specious at worst. To the extent your legal conclusions about possible tax implications for donors derive from your false statement of the facts as set forth above, they are likely erroneous. Moreover, your suggestion that the Committee’s actions will have “long term effects” on future capital campaigns and donations is particularly ironic in light of your clients’ misleading actions throughout this process. In any event, I will review the authorities you cite and confer with tax counsel in my Firm to ensure full and complete compliance with the law.

Finally, I feel compelled to comment upon the manner in which you and your client Walker Williams have acted in connection with this discussion. As noted above, immediately following the Board meeting on November 15, 2011, my clients contacted Board Member Vanden Bos directly by email and requested to meet in person to discuss the issue and to assess whether a negotiated resolution of the issue may be reached, as is their right as his constituents. On November 25, 2011, you emailed me stating that the Board Members preferred that all communications regarding this matter should be conducted exclusively through counsel. My clients immediately ceased efforts to speak directly with any Board members and have, at all times since then, adhered to your request and the desire of your clients. In addition, and in further compliance with your request, my clients have refrained from distributing any of the communications between you and me to any interested parties.

Meanwhile, in direct contravention of our agreement to constrain the discussions of this issue to counsel, Mr. Williams immediately distributed your letter to me of Tuesday afternoon to a third party – before I even had time to review it, let alone respond. On further development of the facts, we now know that your letter was written for that very purpose. The third party then distributed the letter to at least 35 others (that we know of) by email. Under the circumstances, it seems appropriate for you to direct Mr. Williams to now distribute this letter to the same individual so that it may be circulated accordingly and the record will be clear. Alternatively, we again request the opportunity to meet with your clients to discuss this matter in a professional manner. Please let me know your response by Thursday, January 19, 2012.

Very truly yours,



Martha S. Doty
ALSTON & BIRD LLP

MSD/ngf