



HARRIS

CONSTRUCTION CO., INC.
Contractor's License No. 113061

October 10, 2016

Via: U.S. Mail

Mr. Russell Tidrick
Tidrick Tile, Inc.
3865 N. Ann Ave.
Fresno, CA 93727

RE: Fresno Chaffee Zoo – African Adventure Exhibit
Project Close Out

Dear Mr. Tidrick,

As you know, your company, along with Harris and several other subcontractors and suppliers, substantially completed the African Adventure Exhibit at the Fresno Chaffee Zoo ("Project") one year ago. The Project has been a tremendous success for the City and County of Fresno; the Zoo is experiencing record attendance and revenue since the Project was opened to the public on October 11, 2015. However, Harris and its subcontracts are owed millions of dollars. While construction projects the size and complexity of the African Adventure Exhibit are rarely, if ever, completed without obstacles and difficulties, for these matters not to be resolved a year after the Project has been completed is inexcusable. Despite Harris' repeated efforts to meet with the Owner to finalize the remaining open issues, the Zoo Management Team has refused to cooperate.

The Zoo has yet to consummate several approved Change Proposal Requests into Contract Change Orders. All of this work has been completed and the vast majority of it has been paid for by the Zoo. However, Harris needs a formal Change Order from the Zoo in order to close-out the Project. In addition, rather than resolve several Project issues during the course of the Project, the Zoo Management Team elected to put them off until the end of the Project. Harris has made repeated attempts to resolve these items only to be stonewalled by the Zoo Management Team. Also, a few warranty issues have developed. Rather than deal with these items as warranty items, the Zoo has used these matters to justify the withholding of retention. Harris and the involved subcontractors are working diligently to resolve the warranty items, but some include Project specified material that originates from outside the USA; acquiring these materials has been extremely difficult and time consuming.

The open issues on the Project are not insurmountable, and it remains Harris' intent to close these items out without litigation; a process that would only further delay the release of funds from the Owner. Contributing to the complexity of this matter is the Project authority above the Zoo Management Team. Ultimately, both the City and County of Fresno have jurisdiction over the Zoo, however, multiple boards have management and fund disbursement authority that further complicate our efforts to resolve all open items and close-out the Project.

Recent progress has been made. Harris issued a letter last month to all of the Boards and Agencies having jurisdiction over the Zoo. Our letter explained that while the City, County and each of the Boards are enjoying the accolades associated with the New African Exhibit at the Fresno Chaffee Zoo, Harris and its subcontractors are struggling to balance their finances absent millions of dollars that remain unpaid. Astonishingly, most of the individuals that received our letter were unaware of the delinquent payments. This has resulted in a renewed effort by the Zoo Management Team to review and finalize the open Project issues.

We understand the difficulty this process has had on your company; Harris too is owed hundreds of thousands of dollars on this Project. It is our hope that the open items will be resolved over the next few weeks, so that final payment, including retention can be released. Should our efforts be successful, it will likely be several more weeks before Harris actually receives any payment from the Zoo. Once paid, we will quickly process payments to all subcontractors. If, however, we are unable to resolve all open items with the Zoo Management Team, we have established a mediation process that will circumvent the Zoo Management Team and resolve all issues. We will keep you advised of our progress.

Thank you again for your patience in this trying matter. Please contact us if you have any questions or concerns.

Sincerely,
Harris Construction Co., Inc.



David P. Parkes
President/CEO

Cc: Sub File