



ORANGE COUNTY | LOS ANGELES | RIVERSIDE | CENTRAL VALLEY

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October 1, 2018

James Acevedo
Grapevine Development, LLC
15301 Ventura Blvd., Bldg. B, Suite 490
Sherman Oaks, CA 91403

John Raymond
Executive Director
Carson Reclamation Authority
City of Carson
701 E. Carson Street
Carson, CA 90745

Kenneth Farfsing
City Manager
City of Carson
701 E. Carson St.
Carson, CA 90745

Re: Waiver of Potential Conflict of Interest

Gentlemen:

The purpose of this letter is to obtain, out of an abundance of caution, the informed written consent of Grapevine Development, LLC (“Grapevine”), the Carson Reclamation Authority (“Authority”) and the City of Carson (“City”) (the Authority and City are collectively the “City Parties”) for the legal representation by Aleshire & Wynder, LLP (“A&W”) of the City Parties in addition to their team member Daniel Aleshire in connection with the planning for, and redevelopment of, that certain property known as the 157 Acre Site located in the City (“Site”).

As you know, the Authority and the City each currently retains A&W as its legal counsel and has since 2003 and this representation is ongoing. A&W has never represented Grapevine in any matter, however, one of my colleagues, Daniel Aleshire, previously represented Grapevine in an unrelated matter for a project Grapevine proposed to develop located in El Monte, California (the “El Monte Matter”) while he was an associate at Liner, LLP from June, 2014 to August, 2015. Mr. Aleshire has done no work for Grapevine since 2015.

I. Background

Generally, the purpose of our representation of the Authority and the City is to assist the Authority and the City with the development of the Site, including the completion of the necessary transactional documents with potential developers, such as Grapevine, for the redevelopment of the Site.

A&W has represented the City since 2003 and during virtually the whole time has been involved with development proposals for the Site including as a redevelopment project from 2005-2006 as the Boulevards Specific Plan with the Hopkins group and then Lennar; thereafter with the Chargers/Raiders as an NFL Stadium Site; and from 2016-2018 as a retail/entertainment site through the District at South Bay Specific Plan. The 42-acre, Cell 2 portion of the Site, is subject to the Macerich/Simon proposal for outlet retail which was originally approved in April 2018. This involved massive environmental and planning studies and approvals and negotiation of complex conveyance agreements.

Grapevine was not involved in those transactions but is now negotiating to be a developer in the remainder of the Site and has entered into an exclusive negotiating agreement with respect to Cell 1 of the Site.

Daniel Aleshire joined A&W as an associate in May 2018 and due to his real estate background will join the A&W development team on the 157 Acre Site. At Liner, he performed some limited land use analysis and related work to assist the firm in its representation on the El Monte Matter. Mr. Aleshire does not recall any confidential information he obtained relative to Grapevine's El Monte Project, or any other Grapevine project, or pertaining to the 157 Acre Site.

II. Rules of Responsibility

As you know, the Rules of Professional Conduct that regulate the conduct of all California lawyers provide specific guidance as to actual and potential conflicts of interest. Rule 3-310 Avoiding the Representation of Adverse Interests, provides, as follows:

- “(A) For purposes of this rule:
 - (1) **“Disclosure” means informing the client or former client of the relevant circumstances and of the actual and reasonably foreseeable adverse consequences to the client or former client;**
 - (2) “Informed written consent” means the client's or former client's written agreement to the representation following written disclosure;
 - (3) “Written” means any writing as defined in Evidence Code section 250.
- (B) A member shall not accept or continue representation of a client without providing written disclosure to the client where:

- (1) The member has a legal, business, financial, professional, personal relationship with a party or witness in the same matter; or
 - (2) The member knows or reasonably should know that:
 - (a) **the member previously had a legal, business, financial, professional, or personal relationship with a party or witness in the same matter; and**
 - (b) **the previous relationship would substantially affect the member's representation; or**
 - (3) The member has or had a legal, business, financial, professional, or personal relationship with another person or entity the member knows or reasonably should know would be affected substantially by resolution of the matter; or
 - (4) The member has or had a legal, business, financial, or professional interest in the subject matter of the representation.
- (C) A member shall not, without the informed written consent of each client:
- (1) Accept representation of more than one client in a matter in which the interests of the clients potentially conflict; or
 - (2) Accept or continue representation of more than one client in a matter in which the interests of the clients actually conflict; or
 - (3) Represent a client in a matter and at the same time in a separate matter accept as a client a person or entity whose interest in the first matter is adverse to the client in the first matter.
- (D) A member who represents two or more clients shall not enter into an aggregate settlement of the claims of or against the clients without the informed written consent of each client.
- (E) **A member shall not, without the informed written consent of the client or former client, accept employment adverse to the client or former client where, by reason of the representation of the client or former client, the member has obtained confidential information material to the employment.**
- (F) A member shall not accept compensation for representing a client from one other than the client unless:
- (1) There is no interference with the member's independence of professional judgment or with the client-lawyer relationship; and
 - (2) Information relating to representation of the client is protected as required by Business and Professions Code section 6068, subdivision (e); and
 - (3) The member obtains the client's informed written consent, provided that no disclosure or consent is required if:
 - (a) such nondisclosure is otherwise authorized by law; or

- (b) **the member is rendering legal services on behalf of any public agency which provides legal services to other public agencies or the public.”**

III. Disclosure

We said at the outset of this letter that we do not believe technically that a conflict waiver is required, but that nevertheless we wanted to bring this situation to the attention of the parties and seek waivers in any event. Under the ethical rules cited above, Rule 3-310(A) defines disclosure as informing the client or former client of the relevant circumstances and of the “reasonably foreseeable adverse consequences” to the client or former client. We have disclosed the relevant circumstances above and will provide comment on the foreseeable circumstances below.

First, based on the provisions of Rule 3-310 cited above we would like to explain why we do not think a conflict waiver is required. As you are well aware, we have jointly represented the City and the Authority on this project in negotiating with various developers, and now, including Grapevine. Rule 3-310(F)(3) excuses written consent where the member is rendering legal services on behalf of any public agency to other public agencies. Additionally, A&W has not previously represented Grapevine and therefore, Grapevine is not a former client; thus, under Sections (B) and (E) A&W is not required to get the informed written consent of Grapevine. So the only potential issue is whether the informed written consent of the public agencies or Grapevine is now required for A&W’s associate, Daniel Aleshire, to now represent the public agencies and be adverse to Grapevine who he formerly represented in a different matter (the El Monte Matter).

Under Subsection (B) the attorney must provide disclosure to a client where the attorney previously had a legal relationship with a party in the same matter and the prior representation would substantially affect the representation in the current matter, or where the attorney had a legal relationship with a party which would be affected substantially by the current matter. Here, the prior relationship is not in the same matter and the relationship with Grapevine has ended and there is no current relationship with Grapevine which would be affected. so subsection (B) does not seem applicable to the current circumstances.

Likewise Subsections (C) and (D) concern concurrent representation of clients who have adverse interests, which is also not the case here.

Subsection (E) deals with getting informed written consent of a client or former client in accepting representation adverse to a former client where the attorney has obtained confidential information from the former client material to the representation in the current matter. This, then would be the only section which might apply and require written consent if Mr. Aleshire had obtained confidential information from representing Grapevine which would be material to the

representation with respect to the 157 Acre Site. Based on the information we have, Mr. Aleshire has no such confidential information.

If Grapevine disagrees with the facts as we have represented them and believes that Mr. Aleshire did obtain confidential information with respect to the El Monte Matter which might be relevant to the 157 Acre Site, we would appreciate that being clarified.

With respect to the adverse implications of having such confidential information, and based on speculation, let us suppose that in the El Monte Matter Mr. Aleshire had obtained information concerning the financial strength or resources of tenants or financial partners who Grapevine intended to introduce to the 157 Acre Site. Let us further suppose that Grapevine will be asking for financial assistance for its proposed project for the Site based on the needs of such tenants or partners. Perhaps such confidential information would cause the City to take a different position with respect to such negotiations adverse to Grapevine's position.

We suggest this scenario only because our ethical obligation to disclose requires outlining adverse implications. Only you know if you think Mr. Aleshire might have been involved at a sufficient level to have such information. Additionally, we would state that financial conditions concerning tenants and financial partners may have changed since 2015, and moreover, the City is retaining a reputable independent financial advisor to review the project proforma and offer advice as to financial issues. So we do not think that Mr. Aleshire has such confidential information or that it is foreseeable that the legal team will play a significant role with regards to the financial analysis of the project.

So for the reasons above, we would hope that this discussion provides a reasonable basis for evaluating whether real conflicts arise from Mr. Aleshire's joining the A&W team with respect to the negotiations of the development and conveyancing agreements with Grapevine and undertaking the environmental and land use analysis of its proposed project, and permitting Grapevine to either identify concerns or giving a knowing and informed waiver. Additionally, we are providing the same information to the City and Authority and seeking their informed approval to have Mr. Aleshire as a part of the City's legal representation in this matter.

IV. Consent

In sum, our firm is unaware of any matter that Mr. Aleshire has handled for Grapevine where he obtained confidential information from Grapevine that is material to his proposed representation of the City and/or Agency concerning the redevelopment of the Site for purposes of Rule 3-310(E), or any conflict which would arise under other applicable provisions of the Rules of Professional Conduct. However, out of an abundance of caution and in light of any potential conflict, I am requesting the consent of Grapevine given Mr. Aleshire's prior representation of Grapevine in the El Monte Matter.

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If Mr. Aleshire's and our firm's representation of the City and Authority in this matter is acceptable, please have the following consent provision executed by the appropriate representative for Grapevine and the City Parties. Please let me know if you have any questions. I appreciate your assistance in this regard.

Very truly yours,

ALESHIRE & WYNDER, LLP

Sunny K. Soltani
Partner

CONSENT

Aleshire & Wynder, LLP ("A&W") has explained to the undersigned the potential conflicts of interest in connection with representation of the City Parties including with Daniel Aleshire as a member of the City/Authority development team.

By consenting, the undersigned agrees to waive potential conflicts, if any, arising from representation of the City Parties in this case. I am aware I have the right to seek independent legal advice prior to giving consent and that I do not have any obligation to give consent.

Dated: October 2, 2018

GRAPEVINE DEVELOPMENT, LLC



Name: James Acevedo
Title: Chief Executive Officer / Managing Partner

Dated: OCTOBER 2, 2018

CITY OF CARSON

By: 

Name: Kenneth Farfsing
Title: City Manager

Dated: Oct 2, 2018

CARSON RECLAMATION AUTHORITY

By: 

Name: John Raymond
Title: Executive Director