

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

502



FROM: Human Resources Department

SUBMITTAL DATE:
April 29, 2013

SUBJECT: Waiver of Conflict of Interest for the law firm Katten Muchin Rosenman LLP (the "Firm") to represent iStar and its affiliate SFI SMR, LLC (collectively "iStar") in connection with iStar's efforts to develop a large residential project known as Spring Mountain Ranch (SMR).

RECOMMENDED MOTION: That the Board of Supervisors 1) approve and consent to the waiver of conflict of interest and authorize the letter of consent of waiver for the law firm of Katten Rosenman LLP, to represent iStar and advise iStar in connection with permitting issues and potentially other matters, including litigation against the County.

BACKGROUND: The County, through the Human Resources Department, Retirement Division, had previously retained Russell Greenblatt, of the law firm Katten Muchin Rosenman LLP, to assist with the implementation of the County's VEBA Health Savings Plan.

Barbara A. Olivier

Barbara A. Olivier
Asst. County Executive Officer/Human Resources Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Ivan M. Chand*
Ivan M. Chand 5/1/2013

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Benoit and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Benoit and Ashley
Nays: None
Absent: Stone
Date: May 14, 2013
xc: HR, Co.Co.

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

SUBMITTA - J BH 5:20
CLERK BOARD OF SUPERVISORS
SECRETARY BOARD OF SUPERVISORS

Prev. Agn. Ref.: | **District:** All | **Agenda Number:**

3-19

Dept' Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Departmental Concurrence

BACKGROUND (continued):

Mr. Greenblatt is an expert in this specialized field, and the Human Resources, Retirement Division utilizes his services on a limited and periodic basis for advice in connection with the plan. The Firm has not been used by the Human Resources Department since calendar year 2012 on matters regarding the VEBA Health Savings Plan. Additionally, the representation being sought by iStar and the representation previously received by the Human Resources Department are totally unrelated interests. However, since the Firm has represented the County and would like to now represent iStar, a conflict of interest exists.

To ensure the Firm acts and represents in good faith with the County and iStar, the Firm is requesting the County and iStar to affirm their understanding of the conflict issues and their agreement to waive those conflicts.

County Counsel and Human Resources have reviewed the attached waiver of conflict of interest letter and do not believe that the County's interest in regard to the VEBA Health Savings Plan would be adversely affected by the Firm's representation of iStar in the matter as represented in their letter.

Katten

Katten Muchin Rosenman LLP

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Chicago, IL 60661-3693
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312.902.1061 fax

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(312) 902-5222 direct
(312) 577-8815 fax

April 1, 2013

VIA E-MAIL AND FEDERAL EXPRESS
COUNTYCOUNSEL@CO.RIVERSIDE.CA.US

Pamela Walls, County Counsel
County of Riverside
3960 Orange Street
Suite 500
Riverside, CA 92501

Re: Informed Consent to Representation
Client/Matter: iStar/Spring Mountain Ranch

Dear Ms. Walls:

Katten Muchin Rosenman LLP (the "Firm") represented the County of Riverside (the "County") in connection with the implementation of an employee benefit plan sometimes referred to as the VEBA Health Savings Plan. Our services now involve limited periodic advice in connection with the plan. Last year, the County paid the Firm a total of \$4,500 for services. The Firm is not now engaged and has not been engaged for any other purposes by the County.

The Firm also regularly represents iStar Financial Inc. and its subsidiary and related entities. The Firm has been retained by iStar to represent it and its affiliate SFI SMR, LLC. (collectively "iStar") in connection with iStar's efforts to develop a large residential project known as Spring Mountain Ranch ("SMR"). As you probably know, SMR is located in the County near Pigeon Pass Road.

Our representation of iStar in connection with the SMR project is unrelated to our ongoing and limited engagement by the County. As iStar's counsel on the SMR matter, we will be required to advise and represent iStar in connection with permitting issues and potentially other matters involving the County. We presently are aware that the County seeks to impose substantial fines on iStar as the successor developer on the SMR project, and our representation will include handling this and other matters adverse to the County, including potential litigation with the County.

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As a result of our representation of iStar and our limited, but unrelated representation of the County, a conflict of interest exists. An attorney, without the written consent of both clients, may not accept employment from another client or act in a manner that is against the interests of a current client. An attorney owes a duty to represent a client with undivided loyalty without being influenced by the interests of others, including the interests of other current clients in unrelated matters. A lawyer's judgment and advice must be independent of any such influences. An attorney's ability to discharge his or her duty of loyalty is impaired when a lawyer cannot consider, recommend or carry out an appropriate course of action for the client because of the lawyer's other responsibilities or interests towards a different client.

Here, the interests of iStar and the County in connection with the SMR project are adverse. However, the attorney that has represented the County on the employee benefit matter, Russell Greenblatt, is not and will not be involved in the SMR project. In fact, Mr. Greenblatt is located in Katten's Chicago office and the attorneys handling the SMR matter are resident in Katten's Los Angeles office. Ethical walls will be erected within the Firm to prevent any communication or disclosure by the lawyers handling the SMR matter with lawyers, materials or information relating to the employee benefit matter and vice versa.

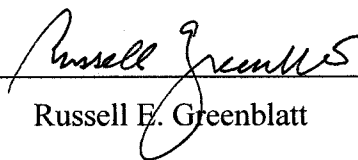
Therefore, before we represent iStar with respect to the SMR Project, we are requesting both the County and iStar to indicate their understanding of the conflict issues described above as well as their willingness to waive those conflicts. iStar has already executed a waiver of the conflict. By way of this letter, if the County consents to allow Katten to represent iStar in this matter, it will be necessary for the County to sign the last page of this letter indicating its informed consent regarding conflicts. After signing the last page of this letter, please return it to my attention in the enclosed self-addressed stamped envelope.

The County may wish to seek independent legal counsel to review the issues in this letter. Please call me if you have any questions or comments.

Very truly yours,

RUSSELL E. GREENBLATT, P.C.

By:



Russell E. Greenblatt

REG/gpc/61056989

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INFORMED CONSENT REGARDING CONFLICT

This informed consent refers to and incorporates the entirety of this letter contained above. By signing below, the County of Riverside is providing its informed consent to have Katten Muchin Rosenman LLP represent iStar in the matter discussed above.

Pamela Walls
On behalf of the County of Riverside

Date

Consent provided for Katten Muchin Rosenman LLP to represent iStar in the above-discussed matter.

Signed: _____

Name: _____

On Behalf of iStar **Executive Vice President**

Steve Magee

Date

4/15/13