

CONFLICT WAIVER AGREEMENT BETWEEN RUTAN & TUCKER, LLP, RANCHO PAUMA MUTUAL
WATER COMPANY, AND YUIMA MUNICIPAL WATER DISTRICT

WHEREAS, Rancho Pauma Mutual Water Company (“Rancho Pauma”) is a former client of Rutan & Tucker LLP (“Rutan”);

WHEREAS, Rutan represented RP as General Counsel from approximately 2013 to 2017, during which time confidential Rancho Pauma information was shared by Rancho Pauma with Rutan attorneys;

WHEREAS, Rancho Pauma entered into a retention agreement with Rutan, and such retention agreement prospectively waives any future conflicts associated with Rutan’s representation of other clients, even where such representation is adverse to the other client, except to the extent that Rutan has obtained confidential information that could be used to the detriment of Rancho Pauma;

WHEREAS, Rutan specifically represented Rancho Pauma in litigation against Yuima in the now resolved case of *Rancho Pauma Mutual Water Company v. Yuima Municipal Water District* (2015) 239 Cal. App. 4th 109, which concluded with a Court of Appeals decision finally resolving the dispute in that litigation;¹

WHEREAS, during the course of that litigation against Yuima, Rutan may have obtained confidential information regarding Rancho Pauma and its water rights;

WHEREAS, Rancho Pauma is aware that Rutan possesses confidential information, but consistent with the terms and conditions of this Agreement, consents to allow Rutan’s representation of Yuima as General Counsel, and to allow Rutan to use the confidential information obtained during the representation of Rancho Pauma during the representation of Yuima, subject to the limitations specified herein;

WHEREAS, authorized representatives from Rancho Pauma and Yuima have met and discussed pertinent issues related to the representation, and both Parties are satisfied that if the terms of this Agreement are followed, Rancho Pauma’s and Yuima’s interests will be protected consistent with Rutan’s ethical obligations to both parties such that any confidential information previously obtained by Rutan from Rancho Pauma will not be used to Rancho Pauma’s detriment;

¹ The dispute in this case centered on the enforcement of a stipulated judgment (“Stipulated Judgment”) in the case of *Strub v. Palomar Mutual Water Company*, San Diego Superior Court Case No. 162650.

WHEREAS, no current adversity exists between Rancho Pauma and Yuima on any water rights issue, or on any other issue on which Rutan is likely to possess confidential information that could be used to Rancho Pauma's detriment vis-a-vis Yuima;

WHEREAS, Yuima understands the limitations imposed on Rutan by this Agreement, is satisfied that the retention of Rutan as General Counsel is in Yuima's best interests, and further understands and agrees that Rutan's ethical obligations to Yuima will be satisfied through the implementation of this Agreement, notwithstanding the limitations on Rutan's representation of Yuima detailed herein.

Therefore, the Parties Hereby Agree as Follows:

1. Rutan may accept employment as Yuima's General Counsel, and may represent Yuima in all matters, except the following:

a. Any water right dispute between Yuima and Rancho Pauma related to the litigation in *Strub v. Palomar Mutual Water Company* ("*Strub*") and the implementation of the stipulated judgment in that case.²

b. Any dispute over the wholesale water supply agreement between Rancho Pauma and Yuima, as that agreement existed on March 31, 2017.

2. On these two referenced categories of matters where Rutan possesses confidential information, Rutan attorneys may not represent or advise Yuima in any dispute with Rancho Pauma absent specific written approval by Rancho Pauma's General Manager. However, Rutan attorneys may attend Yuima closed sessions, and other Yuima meetings as General Counsel, pertaining to items 1.a and 1.b above, provided: (1) special counsel not affiliated with Rutan has been retained by Yuima for the purpose of advising Yuima on the dispute with Rancho Pauma; (2) the Rutan attorney present in the closed session does not disclose Rancho Pauma confidential information.

3. Where Rancho Pauma, in good faith and after reasonable due diligence, determines that a Rutan attorney is utilizing confidential information obtained from Rutan's representation of Rancho Pauma in a manner that Rancho Pauma deems to be prohibited by this Agreement, Rancho Pauma shall, in good faith, promptly make this concern known to Rutan, and if the Parties cannot come to a mutual resolution of the matter, the Rutan Attorney possessing Rancho Pauma confidential information shall promptly cease advising Yuima on the matter which Rancho Pauma deems to involve improper use of its confidential information per this Agreement. However, Rancho Pauma agrees that invocation of this paragraph by Rancho

² The Parties, agree, however, that Rutan, as General Counsel for Yuima, shall be allowed to certify and file the annual reports that Yuima is required to make per the Stipulated Judgment in *Strub*, and to make such other ministerial filings as may be required for Yuima to comply with its obligations under the Stipulated Judgment.

Pauma shall not, unless otherwise required by law, necessitate Rutan's withdrawal from representing Yuima as General Counsel.

RUTAN & TUCKER, LLP

RANCHO PAUMA MUTUAL WATER COMPANY

Jeremy N. Jungreis

Bobby Graziano

Partner

General Manager

Dated: _____

Dated: _____

YUIMA MUNICIPAL WATER DISTRICT

Amy Reeh

Interim General Manager

Dated: _____