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Our File No.: F0002
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June 4, 2008

TRANSMITTED BY EMAIL – HARDCOPY TO FOLLOW

President Chuck Cesena
Vice President Julie Tacker
Director Lisa Schicker
Director Steve Senet
Director Joe Sparks
Los Osos Community Services District
P.O. Box 6064
Los Osos, California 93412

Re: Resignation

Dear President Cesena and Members of the Board:

I regret to inform you that I have been advised by my firm that given possible conflicts in our representation of the District, we can no longer continue as the District's General Counsel. While we at Burke, Williams & Sorensen, LLP, remain strongly committed to the Los Osos community, certain issues related to the pending litigation filed by Taxpayer's Watch have put us in an untenable legal position. We must therefore give you notice that we withdraw as legal counsel to the District effective July 4, 2008. We will, of course, cooperate fully with your new General Counsel with regard to the transfer of files and the preparation and execution of such substitution of attorney forms as may be necessary to assure a smooth transition.

Because the Taxpayer Watch case is inextricably intertwined with the pending bankruptcy and the various matters of litigation that are being pursued or are stayed by that action, we also are prohibited from further representation of the District in any of those matters. Because the closed session now scheduled for 5:00 p.m. tomorrow is to be devoted to discussion of all of those issues and cases, we cannot attend or participate in that portion of the closed session.

The second matter to be discussed in tomorrow's closed session is the performance evaluation of the General Manager, which also may include discussion regarding the Taxpayer Watch litigation. As such, and because this agenda item does not require the presence of legal counsel to move forward, we do not plan to attend the

Los Osos Community Services District
June 4, 2008
Page 2

closed session scheduled for tomorrow. Given these circumstances, we ask that the District inform us whether it is necessary for us attend the open session of the Board meeting tomorrow. Unless we hear from the District to the contrary, we will assume that it does not wish us to attend.

As you know, we have had the privilege during the last four years of representing the interests of the Los Osos Community. This representation has involved the commitment and sacrifice of substantial firm resources. As you also know, we worked without compensation for six months in 2006 dealing with the Regional Water Quality Control Board ACL hearings, the contractor litigation, a dissolution proceeding before LAFCO and generally representing the District in a variety of contentious and politically charged situations. When the District declared Chapter 9 bankruptcy, we continued as legal counsel at the request of the District even though we were no longer obligated to do so. We appreciate the opportunity to have served the Los Osos community and we thank you for the confidence you have exhibited in us.

As you move forward on behalf of the District, we commend you on the commitment you have each made to serve your community and we wish you well in the years ahead.

Sincerely,

Burke, Williams & Sorensen, LLP



Julie Hayward Biggs

JHB:dkc
cc: John Schempf, General Manager