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9 Attorneys for Plaintiff SAN LUIS OBISPO COUNTY  
10 LOCAL AGENCY FORMATION COMMISSION

11 **SUPERIOR COURT OF CALIFORNIA**  
12 **COUNTY OF SAN LUIS OBISPO**

13 SAN LUIS OBISPO COUNTY LOCAL  
14 AGENCY FORMATION  
15 COMMISSION,

16 Plaintiff,

17 vs.

18 TAXPAYERS WATCH, et al.,

19 Defendants.

Case No. CV 070005

**STIPULATION FOR ENTRY OF  
JUDGMENT**

20 Plaintiff SAN LUIS OBISPO COUNTY LOCAL AGENCY FORMATION  
21 COMMISSION (hereinafter "LAFCO") and Defendants TAXPAYERS WATCH, JOYCE  
22 ALBRIGHT, ROBERT CRIZER, SHARON FREDERICKS and GORDON HENSLEY  
23 (hereinafter "TW") stipulate and agree as follows:

24 (a) On or about January 9, 2006, Taxpayers Watch, an unincorporated association,  
25 entered into an agreement with LAFCO to pay the costs of a Petition for Dissolution of the Los  
26 Osos Community Services District. An initial deposit was made.

27 (b) In September of 2006, the LAFCO Board heard the Petition and denied it.  
28 LAFCO has calculated the costs associated with the Petition and contends Taxpayers Watch and  
certain named individuals (specifically Joyce Albright, Robert Crizer, Sharon Fredericks and  
Gordon Hensley) are responsible for an additional \$27,747.50 above the deposit.

1 (c) On January 4, 2007, LAFCO filed a lawsuit against Taxpayers Watch and the  
2 individuals (San Luis Superior Court Case No. CV 070005, hereinafter the "Lawsuit"), claiming  
3 the entity and all named individuals were responsible for payment of the \$27,747.50.

4 **STIPULATION**

5 1. TW has agreed to pay to LAFCO the total sum of \$27,747.50, on a payment  
6 schedule set forth in a Settlement Agreement executed concurrently herewith. If TW fails to pay  
7 the full balance by June 30, 2008, LAFCO may apply to the Court by Declaration, after ten days'  
8 written notice to TW, and enter this Stipulation for Entry of Judgment for the amount of any  
9 unpaid balance. The parties hereto stipulated that the Dismissal Without Prejudice, filed by  
10 LAFCO at the time of settlement, may be vacated, so that this Stipulation may be entered.

11 2. If payments are timely made, no judgment will be entered against TW or any of  
12 the individual defendants.

13 **IT IS SO STIPULATED.**

14 DATED: March 23, 2007

  
\_\_\_\_\_  
JOYCE ALBRIGHT

16 DATED: March 23, 2007

  
\_\_\_\_\_  
ROBERT CRIZER

19 DATED: March 22, 2007

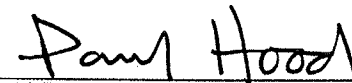
  
\_\_\_\_\_  
SHARON FREDERICKS

22 DATED: March \_\_\_, 2007

\_\_\_\_\_  
GORDON HENSLEY

24 DATED: March 30, 2007

SAN LUIS OBISPO COUNTY LOCAL  
AGENCY FORMATION COMMISSION

  
\_\_\_\_\_  
PAUL HOOD  
Executive Officer

1 (c) On January 4, 2007, LAFCO filed a lawsuit against Taxpayers Watch and the  
2 individuals (San Luis Superior Court Case No. CV 070005, hereinafter the "Lawsuit"), claiming  
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10 LAFCO at the time of settlement, may be vacated, so that this Stipulation may be entered.

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12 the individual defendants.

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14 DATED: March \_\_, 2007

\_\_\_\_\_  
JOYCE ALBRIGHT

16 DATED: March \_\_, 2007

\_\_\_\_\_  
ROBERT CRIZER

18 DATED: March \_\_, 2007

\_\_\_\_\_  
SHARON FREDERICKS

20 DATED: <sup>April</sup> ~~March~~ 2, 2007

\_\_\_\_\_  
*Gordon Hensley*  
GORDON HENSLEY

22 DATED: March \_\_, 2007

\_\_\_\_\_  
SAN LUIS OBISPO COUNTY LOCAL  
AGENCY FORMATION COMMISSION

\_\_\_\_\_  
PAUL HOOD  
Executive Officer

1 APPROVED AS TO FORM AND LEGAL EFFECT.

2

3 DATED: March 14, 2007



KATE M. NEISWENDER  
Attorney for Defendants TAXPAYERS  
WATCH, CRIZER, ALBRIGHT,  
FREDERICKS and HENSLEY

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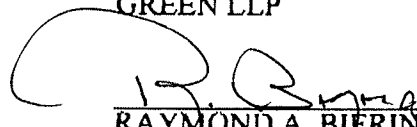
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8 DATED: March 28, 2007

ADAMSKI MOROSKI MADDEN &  
GREEN LLP

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10



RAYMOND A. BIERING, *Of Counsel*  
Attorneys for SAN LUIS OBISPO  
COUNTY LOCAL AGENCY  
FORMATION COMMISSION

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## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between Plaintiff SAN LUIS OBISPO COUNTY LOCAL AGENCY FORMATION COMMISSION (hereinafter "LAFCO") and Defendants TAXPAYERS WATCH, JOYCE ALBRIGHT, ROBERT CRIZER, SHARON FREDERICKS and GORDON HENSLEY (hereinafter collectively "TW") with respect to the following facts:

### RECITALS

On or about January 9, 2006, Taxpayers Watch, an unincorporated association, entered into an agreement with LAFCO to pay the costs of a Petition for Dissolution of the Los Osos Community Services District. An initial deposit was made.

In September of 2006, the LAFCO Board heard the Petition and denied it. LAFCO has calculated the costs associated with the Petition and contends Taxpayers Watch and certain named individuals are responsible for an additional \$27,747.50 above the deposit.

On January 4, 2007, LAFCO filed a lawsuit against TW and Gordon Hensley (San Luis Superior Court Case No. CV070005, hereinafter the "Lawsuit"), claiming the entity and all named individuals were responsible for payment of the \$27,747.50. TW disputes this, but wishes to settle and resolve the Lawsuit on the terms stated herein.

**NOW, THEREFORE**, for and in consideration of the foregoing, and of the mutual promises contained herein, LAFCO and TW agree as follows:

**1. LAFCO's Agreement.** LAFCO shall initially dismiss the Lawsuit without prejudice. When all of the terms and conditions of this Agreement have been completed, LAFCO shall dismiss the Lawsuit with prejudice. In addition, the LAFCO Board will review certain charges that TW believes are excessive and unfair. A list of said charges are attached as Exhibit A. A decision concerning said charges will be provided to TW no later than May 1, 2007.

**2. TW's Agreement.** TW agrees to pay to LAFCO the total sum of \$27,747.50.

(1) Concurrently with the execution of this Agreement, TW will pay to LAFCO \$2,500.00. Thereafter, TW will pay a minimum of \$1,000 per month beginning April 1, 2007, and continuing on the first day of each calendar month thereafter until paid. In no event will the balance be paid later than June 30, 2008.

(2) If TW fails to pay the balance by June 30, 2008, or fails to timely make any installment payment due hereunder within ten (10) days, LAFCO may apply to the Court by Declaration and enter a Stipulation for Entry of Judgment for any unpaid balance. Such a Stipulation is attached hereto as Exhibit B.

(3) If payments are timely made, no judgment will be entered against TW or any of the individual defendants.

3. **Release by LAFCO.** Upon execution of this Agreement, LAFCO, on behalf of itself, its predecessors, successors and assigns, hereby releases and absolutely discharges TW and their respective officers, directors, assigns, predecessors, successors, agents, shareholders, attorneys, representatives, employees and each of them, of and from any and all claims, demands, damages, debts, liabilities, accounts, accounting, reckonings, obligations, costs, expenses, liens, actions and causes of action, of every kind and nature whatsoever, at law or in equity, known or unknown, suspected or unsuspected, which LAFCO ever had or now has against TW arising out of, related to, or connected with the Petition for Dissolution, including without limitation, any act arising out of, related to, or connected with the Lawsuit. LAFCO hereby acknowledges that it may subsequently discover facts different from or in addition to those now known or believed to be true, and agrees that this Agreement and release shall remain in full force and effect, regardless of the discovery and/or existence of any such different or additional facts. LAFCO hereby expressly waives all provisions, rights, and benefits of Section 1542 of the California Civil Code, which provides as follows:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."**

4. **Release by TW.** Upon execution of this Agreement, TW, on behalf of themselves, their officers, directors, assigns, predecessors, successors, agents, shareholders, attorneys, representatives, and employees (the "TW parties"), hereby release and absolutely discharge LAFCO of and from any and all claims, demands, damages, debts, liabilities, accounts, accounting, reckonings, obligations, costs, expenses, liens, actions and causes of action, of every kind and nature whatsoever, at law or in equity, known or unknown, suspected or unsuspected, which the TW parties ever had or now have against LAFCO arising out of, related to, or connected with the Petition for Dissolution, including without limitation, any act arising out of, related to, or connected with the Lawsuit. The TW parties hereby acknowledge that they may subsequently discover facts different from or in addition to those now known or believed to be true, and agree that this Agreement and release shall remain in full force and effect, regardless of the discovery and/or existence of any such different or additional facts. The TW parties hereby expressly waive all provisions, rights, and benefits of Section 1542 of the California Civil Code, which provides as follows:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."**

5. **Indemnity Against Assignment.** The parties warrant and represent that they have not assigned or transferred or purported to assign or transfer, voluntarily, involuntarily, or by operation of law, any matter released pursuant to this Agreement, or any part or portion thereof. The

parties hereby agree to indemnity and hold each other harmless from and against any claim, demand, damage, debt, liability, account, accounting, reckoning, obligation, cost, expense, lien, action or cause of action (including the payment of attorneys' fees and costs actually incurred, whether or not litigation is commenced) based upon, in connection with, or arising out of any such assignment or transfer, or purported assignment or transfer.

**6. No Admission.** This Agreement affects the settlement of claims or potential claims which are denied or contested. Nothing contained herein shall be construed as an admission by any party hereto of any wrongdoing or liability of any kind to any person.

**7. Entire Agreement.** This Agreement contains the sole, complete and entire agreement and understanding between LAFCO and TW concerning the matters contained herein. All prior discussions and negotiations have been and hereby are merged into this Agreement. No conditions precedent to the effectiveness of this Agreement exist, other than as may be expressly provided herein. This Agreement cannot be modified or changed except by a written instrument signed by all parties.

**8. Waiver and Mistake.** Each party represents and certifies that he, she or it has executed this Agreement with full knowledge of any and all rights which they have, and that they do not rely and have not relied upon any representation made by any of the parties hereto or any of their attorneys with regard to this Agreement or the basis thereof. LAFCO and TW acknowledge that they have either (i) had the independent advice of their respective counsel and have executed this Agreement after independent consultation with said counsel, and without threat, duress or undue influence, or (ii) proceeded without the advice of counsel and with the knowledge that they do so at their own risk. Each of the parties hereto hereby assumes the risk of any mistake of fact on its part in connection with the facts involved herein and with regard to any facts which are now unknown to it.

**9. Benefit and Binding Effect.** This Agreement shall be binding upon and inure to the benefit to the parties hereto, and their respective heirs, representatives, officers, employees, agents, attorneys, administrators, successors and assigns.

**10. Attorneys' Fees.** Each party agrees to bear all of its, his or her respective costs, expenses, and attorneys' fees incurred in the Lawsuit and the negotiations and preparation of this Agreement. Notwithstanding the foregoing, if any legal action is required to enforce the terms of this Agreement, the prevailing party shall recover, as part of its costs, the reasonable attorneys' fees actually incurred by it in the prosecution or defense of said action.

**11. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

**12. Notices.** Any notice, request, demand, consent, approval or other communication to any party hereto shall be effective when given, as defined herein, and shall in writing, and sent by registered mail, postage prepaid, or by courier service to the address set forth below or at such other address as shall hereafter be furnished in writing to the other. All such notices

and other communication shall be deemed given three days after postmark thereon, or upon the date of personal service.

Notices to LAFCO:

San Luis Obispo County Local Agency Formation Commission  
Attn: Executive Officer  
1042 Pacific Street, Suite A  
San Luis Obispo, California 93401

Notices to TW:

Joyce Albright  
Taxpayers Watch  
597 Woodland Drive  
Los Osos, California 93402

Any addressee whose address hereafter changes is obligated to provide notice thereof to the other addressees.

**13. Severability.** If any provision of this Agreement is invalid or unenforceable, then, to the extent possible, all of the remaining provisions of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.

**14. Choice of Law and Forum.** The rights of the parties under this Agreement shall be determined under the laws of the State of California, and any legal action brought regarding this Agreement shall be brought in the San Luis Obispo County Superior Court, state of California.

**15. Implementation.** The parties agree to execute any documents, writings, or other papers necessary to implement and carry out the intent of this Agreement.

**16. Section Headings.** The section headings are for convenience only, and are not to be used in the construction or interpretation of this Agreement.

*[Signatures appear on the following page.]*



IN WITNESS WHEREOF, each of the parties has executed this Release Agreement below.

**For the TW parties:**

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Joyce Albright (Individually and on behalf of Taxpayers Watch)

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Robert Crizer

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Sharon Fredericks

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Gordon Hensley

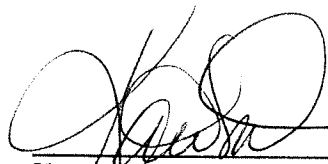
**For LAFCO:**

Dated: March \_\_\_\_, 2007

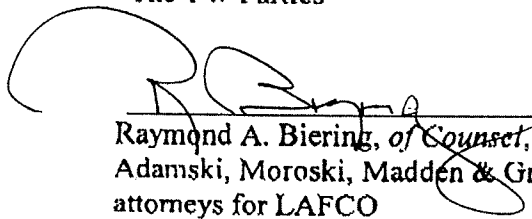
\_\_\_\_\_  
Paul Hood, LAFCO Executive Officer  
For LAFCO

**Approval of Counsel:**

Dated: March 21, 2007

  
\_\_\_\_\_  
Kate M. Neiswender, attorney for  
The TW Parties


Dated: March 28, 2007

  
\_\_\_\_\_  
Raymond A. Biering, of Counsel,  
Adamski, Moroski, Madden & Green, LLP,  
attorneys for LAFCO

IN WITNESS WHEREOF, each of the parties has executed this Release Agreement below.

**For the TW parties:**

Dated: March 23, 2007

  
\_\_\_\_\_  
Joyce Albright (Individually and on behalf of Taxpayers Watch)

Dated: March 23, 2007

  
\_\_\_\_\_  
Robert Crizer

Dated: March 22, 2007

  
\_\_\_\_\_  
Sharon Fredericks

Dated: March \_\_\_\_\_, 2007

\_\_\_\_\_  
Gordon Hensley

**For LAFCO:**

Dated: March 30, 2007

  
\_\_\_\_\_  
Paul Hood, LAFCO Executive Officer  
For LAFCO

**Approval of Counsel:**

Dated: March \_\_\_\_\_, 2007

\_\_\_\_\_  
Kate M. Neiswender, attorney for  
The TW Parties

Dated: March \_\_\_\_\_, 2007

\_\_\_\_\_  
Raymond A. Biering, *of Counsel*,  
Adamski, Moroski, Madden & Green, LLP,  
attorneys for LAFCO

IN WITNESS WHEREOF, each of the parties has executed this Release Agreement below.

**For the TW parties:**

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Joyce Albright (Individually and on behalf of Taxpayers Watch)

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Robert Crizer

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Sharon Fredericks

Dated: <sup>April</sup> ~~March~~ 2, 2007

\_\_\_\_\_  
*Gordon R. Hensley*  
Gordon Hensley

**For LAFCO:**

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Paul Hood, LAFCO Executive Officer  
For LAFCO

**Approval of Counsel:**

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Kate M. Neiswender, attorney for  
The TW Parties

Dated: March \_\_\_\_, 2007

\_\_\_\_\_  
Raymond A. Biering, of Counsel,  
Adamski, Moroski, Madden & Green, LLP,  
attorneys for LAFCO