

**CONFIDENTIAL AGREEMENT AND GENERAL RELEASE**

This Confidential Agreement and General Release (“Agreement”) is made and entered into by and between VICTORIA BALLESTEROS (“BALLESTEROS”) and the CALIFORNIA STATE SENATE, THROUGH THE SENATE RULES COMMITTEE (“THE SENATE”).

**RECITALS**

WHEREAS, BALLESTEROS was formerly employed by THE SENATE; and

WHEREAS, BALLESTEROS has asserted the contention that she possesses certain rights and claims as a result of her employment with THE SENATE; and

WHEREAS, THE SENATE denies the existence of any and all of BALLESTEROS' claims and denies that THE SENATE has in any way acted contrary to law with respect to BALLESTEROS; and

WHEREAS, BALLESTEROS and THE SENATE, in order to avoid the costs, uncertainty, and operational burden of a further dispute, desire to settle, fully and finally, all of BALLESTEROS' alleged claims against THE SENATE as well as any such alleged claims against any current or former Senators, officers, agents, consultants, attorneys, and/or employees (hereinafter “agents”), and in no way limited to claims described or raised at the time of this Agreement;

NOW THEREFORE, in consideration of the mutual promises herein contained, and without admission of any liability or potential liability of THE SENATE, the parties agree as follows:

1. Effective Date. The Effective Date of the Agreement shall be the date on which BALLESTEROS and her attorney and THE SENATE’S Chief Executive Officer, Greg Schmidt,

and the Senate's attorney, sign this Agreement.

2. Consideration. On or before September 17, 2007, provided that BALLESTEROS and her attorney first have executed this Agreement, THE SENATE with best efforts shall provide to BALLESTEROS the following consideration to which, but for this Agreement, BALLESTEROS would not be entitled: the payment of \$ 45,000.00 in a single lump sum made payable to Posner and Rosen LLP Trust Account. In addition, THE SENATE shall pay BALLESTEROS' share of the mediation fees.

3. Waiver of Re-Employment. BALLESTEROS agrees that by her signature on this Agreement, she promises not to seek or accept future employment with THE SENATE. The Rules Committee of THE SENATE, in its sole and absolute discretion, may waive this provision.

4. Covenant Not to Sue. BALLESTEROS represents that neither she, nor anyone acting on her behalf, has now pending any administrative agency claim or charge or complaint in civil litigation against THE SENATE or its Agents or the present or former agents or employees of any of them with any state or federal agency or court. BALLESTEROS agrees that neither she nor anyone acting on her behalf will assert or advance any such claim, charge or complaint, arising in whole or in part out of any act or omission occurring on or before the date she executes this Agreement.

5. Release of All Claims by BALLESTEROS. As a material inducement to THE SENATE to enter into this Agreement, BALLESTEROS hereby irrevocably and unconditionally releases and forever discharges THE SENATE and all persons acting by, through, under or in concert with THE SENATE or its agents from any and all charges, claims, liabilities, obligations, promises, grievances, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually

incurred), of any nature whatsoever, known or unknown, which BALLESTEROS may now have or has ever had against THE SENATE or its agents arising from acts or omissions occurring, in whole or in part, on or before the Effective Date of this Agreement. This Agreement specifically covers, but is not limited to, any and all claims arising from or related to BALLESTEROS' employment with THE SENATE, all Claims and Causes of Action, including but not limited to claims under the California Constitution, federal, state, or local laws prohibiting employment discrimination, harassment or retaliation (among others, Title VII of the Civil Rights of 1964, as amended by the Civil Rights of 1991, 42 U.S.C., § 2000e, et seq., the California Fair Employment and Housing Act, Cal. Gov't Code § 12940, et seq., the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq.), and federal, state or local laws pertaining to leaves of absence (California Family Rights Act, Cal. Gov't Code § 12945.2, et seq.), any claims alleging defamation or harm to personal reputation, or under any applicable wage and hour law or anti-retaliation law, including, but not limited to, the California Labor Code and the Fair Labor Standards Act or any law, regulation, or ordinance whatsoever, or any claim whatsoever.

6. Waiver of Civil Code Section 1542. BALLESTEROS expressly waives and relinquishes any rights and benefits afforded her by Section 1542 of the California Civil Code and does so understanding and acknowledging the significance and consequences of such a waiver. Section 1542 of the California Civil Code states as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in her favor at the time of executing the release, which if known by her must have materially affected her settlement with the debtor.

Thus, notwithstanding the provisions of Section 1542 and for the purpose of implementing a full and complete release and discharge of THE SENATE and its agents as set

forth in Paragraph 5 above, BALLESTEROS expressly acknowledges that (a) this Agreement is intended to include in its effect, without limitation, all claims, causes of action or grievances against THE SENATE or its agents which she does not know or suspect to exist in her favor at the time she executes this Agreement, and (b) that this Agreement contemplates the extinction of any such claim, cause of action, or grievance.

7. Attorneys' Fees. In the event any action, proceeding or claim is brought or asserted by any party hereto to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs incurred.

8. Voluntary Agreement. BALLESTEROS expressly warrants that she has been supplied with, has read and has had an opportunity to discuss the terms of the Agreement with legal counsel of her own choosing and further warrants that she fully understands the content and effect of this document, approves and accepts the terms and provisions of this Agreement, agrees to be bound thereby, and signs the same of her own free will. BALLESTEROS agrees that in signing this Agreement, she has not relied on any representation not set forth herein. The parties agree that because the terms of this Agreement have been fully negotiated by legal counsel for the parties hereto, the statutory presumption regarding interpretation against the drafter of any agreement does not apply. BALLESTEROS further acknowledges that she enters into this Agreement freely and voluntarily and is not acting under coercion, duress, menace, economic compulsion, nor is she entering into this Agreement because of any supposed disparity in bargaining power; rather, she is freely and voluntarily signing this Agreement for her own benefit.

9. Confidentiality. BALLESTEROS represents and agrees that she will keep the terms and amount of the Agreement completely confidential and that she will not hereafter directly or

indirectly disclose or in any way publicize such information without the prior written consent of THE SENATE, unless required by law. If asked, BALLESTEROS will respond to requests for information regarding the terms of this Agreement by stating words to the effect that "The matter has been resolved." Notwithstanding the foregoing, for legitimate business reasons, BALLESTEROS may disclose the fact of this Agreement and the Settlement Sum to her spouse, accountants, legal counsel, state or federal taxing authorities, or in such other circumstances as disclosure is required by federal, state, or local statute or regulation. Nothing herein limits BALLESTEROS' responsibility to respond truthfully if subject to subpoena.

10. Modification. Any modification of the terms of this Agreement must be made in writing and signed by all parties to this Agreement.

11. Severability. This Agreement is made and entered into in the State of California and shall in all respects be interpreted and enforced in accordance with California law. Should any provision of this Agreement be declared or be determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term, or provision shall be automatically conformed to the law, if possible, or deemed not to be a part of the Agreement, if not.

**PLEASE READ CAREFULLY. THIS SETTLEMENT AGREEMENT AND  
GENERAL RELEASE INCLUDES A RELEASE OF ALL KNOWN OR UNKNOWN  
CLAIMS.**

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Dated: September 5, 2007

By:



VICTORIA BALLESTEROS

Dated: September 6, 2007

CALIFORNIA STATE SENATE

By:



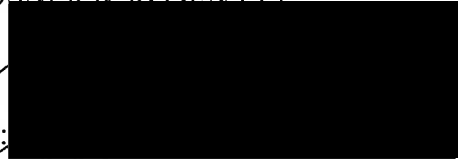
GREG SCHMIDT  
through the SENATE RULES  
COMMITTEE

APPROVED AS TO FORM

Dated: September 5, 2007

POSNER & ROSEN LLP

By:



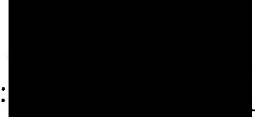
HOWARD Z. ROSEN  
Attorneys for  
VICTORIA BALLESTEROS

APPROVED AS TO FORM:

Dated: September 5, 2007

HANSON, BRIDGETT, MARCUS,  
VLAHOS & RUDY LLP

By:



JOHN D. ADKISSON  
Attorneys for THE  
CALIFORNIA STATE SENATE,  
THROUGH SENATE RULES  
COMMITTEE