

The draft disclosure statement accompanying this draft plan of adjustment has not been approved by the Bankruptcy Court. The distribution of the draft disclosure statement and of this draft plan is not intended as, and should not be construed to be, the solicitation of a vote on this draft plan or on any other plan.

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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION

In re
CITY OF STOCKTON, CALIFORNIA,
Debtor.

Case No. 2012-32118
Chapter 9

**FIRST AMENDED PLAN FOR
THE ADJUSTMENT OF DEBTS
OF CITY OF STOCKTON,
CALIFORNIA (NOVEMBER 15,
2013)**

The draft disclosure statement accompanying this draft plan of adjustment has not been approved by the Bankruptcy Court. The distribution of the draft disclosure statement and of this draft plan is not intended as, and should not be construed to be, the solicitation of a vote on this draft plan or on any other plan.

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TABLE OF AUTHORITIES

(TO BE FILED ON NOVEMBER 18, 2013)

The draft disclosure statement accompanying this draft plan of adjustment has not been approved by the Bankruptcy Court. The distribution of the draft disclosure statement and of this draft plan is not intended as, and should not be construed to be, the solicitation of a vote on this draft plan or on any other plan.

1 The City of Stockton, California, a debtor under chapter 9 of the Bankruptcy Code
2 in the case styled *In re City of Stockton, California*, Case No. 2012-32118, currently pending in
3 the United States Bankruptcy Court for the Eastern District of California, hereby proposes the
4 following First Amended Plan of Adjustment of Debts for City of Stockton, California
5 (November 15, 2013) pursuant to section 941 of the Bankruptcy Code.¹

6 Please refer to the accompanying Disclosure Statement for a discussion of the
7 City's financial condition, the developments throughout the Chapter 9 Case, a summary and
8 analysis of this Plan, and for other important information. The City encourages you to read this
9 Plan and the Disclosure Statement in their entirety before voting to accept or reject this Plan. No
10 materials other than the Disclosure Statement and the various exhibits and schedules attached to
11 or incorporated therein have been approved for use in soliciting acceptance or rejection of this
12 Plan.

13 **I. DEFINITIONS, INTERPRETATION AND RULES OF CONSTRUCTION**

14 **A. Definitions.**

15 **1. 2003 Fire/Police/Library Certificates** means the 2003A
16 Fire/Police/Library Certificates and the 2003B Fire/Police/Library Certificates.

17 **2. 2003 Fire/Police/Library Certificates Reimbursement Agreement**
18 means that certain Reimbursement Agreement, dated as of June 1, 2003, by and between the
19 Successor Agency and the City.

20 **3. 2003 Fire/Police/Library Certificates Supplemental Trust Agreement**
21 means the First Supplemental Trust Agreement, dated as of May 9, 2013, by and among Wells
22 Fargo, the Financing Authority, and the City, the form of which is attached as Exhibit B to the
23 Declaration of Robert Deis in Support of the City of Stockton's Motion Under Bankruptcy
24 Rule 9019 for Approval of Its Settlement with Ambac Assurance Corporation, filed in the
25 Chapter 9 Case on February 26, 2013 [Dkt. No. 725].

26 ///

27 _____
28 ¹The definitions of capitalized terms used throughout this Plan are set forth in Section I(A). As set forth in Section I.B., unless otherwise noted, all references to a "section" are references to a section of the Bankruptcy Code.

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1 4. **2003 Fire/Police/Library Certificates Trust Agreement** means the Trust
2 Agreement, dated as of June 1, 2003, by and among Wells Fargo, the Financing Authority, and
3 the City, relating to the 2003 Fire/Police/Library Certificates.

4 5. **2003 Fire/Police/Library Certificates Trustee** means Wells Fargo, as
5 trustee under the 2003 Fire/Police/Library Certificates Trust Agreement, or any successor trustee
6 thereunder.

7 6. **2003A Fire/Police/Library Certificates** means the Certificates of
8 Participation (Redevelopment Housing Projects) Series 2003A, issued on June 27, 2003, in the
9 original principal amount of \$1,160,000.

10 7. **2003B Fire/Police/Library Certificates** means the Certificates of
11 Participation (Redevelopment Housing Projects) Taxable Series 2003B, issued on June 27, 2003,
12 in the original principal amount of \$12,140,000.

13 8. **2004 Arena Bond Indenture** means the Indenture of Trust, dated as of
14 March 1, 2004, by and between the Successor Agency and the 2004 Arena Bond Trustee, relating
15 to the 2004 Arena Bonds.

16 9. **2004 Arena Bond Insurance Policy** means the Municipal Bond New
17 Issue Insurance Policy No. 04010198 issued by NPMFG, as successor to Financial Guaranty
18 Insurance Company, with respect to the 2004 Arena Bonds.

19 10. **2004 Arena Bond Trustee** means Wells Fargo, as indenture trustee under
20 the 2004 Arena Bonds Indenture, or any successor indenture trustee thereunder.

21 11. **2004 Arena Bonds** means the Successor Agency of the City of Stockton
22 Revenue Bonds, Series 2004, (Stockton Events Center – Arena Project), issued on March 26,
23 2004 in the original aggregate principal amount of \$47,000,000.

24 12. **2004 Parking Bond Insurance Policy** means the Municipal Bond New
25 Issue Insurance Policy No. 04010390 issued by NPMFG, as successor to Financial Guaranty
26 Insurance Company, with respect to the 2004 Parking Bonds.

27 13. **2004 Parking Bond Trustee** means Wells Fargo, as indenture trustee
28 under the 2004 Parking Bonds Indenture, or any successor indenture trustee thereunder.

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1 **14. 2004 Parking Bonds** means the Stockton Public Financing Authority
2 Lease Revenue Bonds, Series 2004, (Parking and Capital Projects), issued on June 25, 2004, in
3 the original aggregate principal amount of \$32,785,000.

4 **15. 2004 Parking Bond Indenture** means the Indenture of Trust, dated as of
5 June 1, 2004, by and between the Financing Authority and the 2004 Parking Bond Trustee,
6 relating to the 2004 Parking Bonds.

7 **16. 2006 SEB Bond Insurance Policy** means the Financial Guaranty
8 Insurance Policy No. 47756(1) issued by NPMG, as successor to MBIA Insurance Corporation,
9 with respect to the 2006 SEB Bonds.

10 **17. 2006 SEB Bond Trustee** means Wells Fargo, as indenture trustee under
11 the 2006 SEB Bonds Indenture, or any successor indenture trustee thereunder.

12 **18. 2006 SEB Bonds** means the Stockton Public Financing Authority 2006
13 Lease Revenue Refunding Bonds, Series A, issued on April 6, 2006, in the original aggregate
14 principal amount of \$13,965,000.

15 **19. 2006 SEB Indenture** means the Indenture of Trust, dated as of March 1,
16 2006, by and between the Financing Authority and the 2006 SEB Bond Trustee, relating to the
17 2006 SEB Bonds.

18 **20. 2007 Office Building Bond Insurance Policy** means, collectively, the
19 Financial Guaranty Insurance Policy No. D-2007-293 and the Financial Guaranty Insurance
20 Policy No. D-2007-295, each issued by Assured Guaranty with respect to the 2007 Office
21 Building Bonds (Series A) and the 2007 Office Building Bonds (Series B), respectively.

22 **21. 2007 Office Building Bond Trustee** means Wells Fargo as the indenture
23 trustee under the 2007 Office Building Bonds Indenture, or any successor indenture trustee
24 thereunder.

25 **22. 2007 Office Building Bonds** means, collectively, the 2007 Series A Bonds
26 and the 2007 Series B Bonds.

27 **23. 2007 Office Building Bonds Indenture** means the Indenture of Trust,
28 dated as of November 1, 2007, by and between the Financing Authority and the 2007 Office

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1 Building Bond Trustee, relating to the 2007 Office Building Bonds.

2 **24. 2007 Series A Bonds** means the Stockton Public Financing Authority
3 Variable Rate Demand Lease Revenue Bonds, 2007 Series A (Building Acquisition Financing
4 Project), issued on November 29, 2007, in the original aggregate principal amount of
5 \$36,500,000.

6 **25. 2007 Series B Bonds** means the Stockton Public Financing Authority
7 Taxable Variable Rate Demand Lease Revenue Bonds, 2007 Series B (Building Acquisition
8 Financing Project), issued on November 29, 2007, in the original aggregate principal amount of
9 \$4,270,000.

10 **26. 2009 Golf Course/Park Bond Trustee** means Wells Fargo as the
11 indenture trustee under the 2009 Golf Course/Park Bonds Indenture, or any successor indenture
12 trustee thereunder.

13 **27. 2009 Golf Course/Park Bonds** means the Stockton Public Financing
14 Authority Lease Revenue Bonds, 2009 Series A (Capital Improvement Projects), issued on
15 September 9, 2009, in the original aggregate principal amount of \$35,080,000.

16 **28. 2009 Golf Course/Park Bonds Indenture** means the Indenture of Trust,
17 dated as of September 1, 2009, by and between the Financing Authority and the 2009 Golf
18 Course/Park Bond Trustee, relating to the 2009 Golf Course/Park Bonds.

19 **29. 400 E. Main Office Building Property** means the office building located
20 at 400 E. Main Street in the City.

21 **30. AB 506** means Assembly Bill 506, codified at California Government
22 Code 53760 *et seq.*

23 **31. Additional Tax Increment Revenues** has the meaning set forth in the
24 definition of Arena Lease Back Transaction.

25 **32. Administrative Claim** means the costs or expenses of administration of
26 the Chapter 9 Case not already paid by the City, allowed under section 503(b) and entitled to
27 priority under section 507(a)(2) to the extent made applicable in Chapter 9: (i) which the City
28 agrees is an Allowed administrative expense; or (ii) which the Bankruptcy Court determines is an

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1 Allowed administrative expense. The City’s consent to the Bankruptcy Court adjudicating
2 Administrative Claim status is given without the City in any way consenting or agreeing that
3 Claims for postpetition obligations of the City are or would be entitled to status as Administrative
4 Claims as “the actual necessary costs and expenses of preserving the estate” under section 503(b),
5 and the City reserves its right to maintain that such Claims would instead constitute Other
6 Postpetition Claims.

7 **33. Allowed means,**

8 (a) with reference to any Claim, a Claim that

9 (i) has been listed on the list of creditors filed by the City, as
10 such list may be amended from time to time pursuant to Bankruptcy Rule 1009; is not listed as
11 unliquidated, contingent or disputed; and for which no contrary proof of claim has been filed
12 (subject to objection as set forth in the next subsection);

13 (ii) is asserted in a proof of claim filed in compliance with
14 section 501 and any applicable orders of the Bankruptcy Court or listed in the list of creditors
15 filed by the City and as to which: (A) no objection has been, or subsequently is, filed within the
16 deadline established pursuant to Section X(A) of the Plan (as such deadline may be extended by
17 the Bankruptcy Court upon application of the City from time to time); (B) the Bankruptcy Court
18 has entered a Final Order allowing all or a portion of such Claim (but only in the amount so
19 allowed); or (C) the Bankruptcy Court has entered a Final Order under section 502(c) estimating
20 the amount of the Claim for purposes of allowance;

21 (iii) is subject to a stipulation between the City and the holder of
22 such Claim providing for the allowance of such Claim;

23 (iv) is deemed “Allowed” pursuant to this Plan;

24 (v) is designated as “Allowed” in a pleading entitled
25 “Designation Of Allowed Claims” (or a similar title of the same import) filed with the
26 Bankruptcy Court by the City on or after the Effective Date; or

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1 (b) with reference to any Administrative Claim or Other Postpetition
2 Claim, as to which the Bankruptcy Court has entered a Final Order allowing all or a portion of
3 such Administrative Claim or Other Postpetition Claim (but only in the amount so allowed).

4 34. **Ambac** means Ambac Assurance Corporation, a Wisconsin stock
5 insurance corporation.

6 35. **Ambac Effective Date** means the first business day following the day on
7 which all the conditions contained in section 5.1 of the Ambac Settlement Agreement have either
8 occurred or been expressly waived by the parties thereto.

9 36. **Ambac Insurance Policy** means the Financial Guaranty Insurance Policy
10 No. 21154BE issued by Ambac in connection with the Fire/Police/Library Lease Back
11 Transaction, which insures the 2003 Fire/Police/Library Certificates executed and delivered by
12 the 2003 Fire/Police/Library Certificates Trustee to fund affordable housing projects in the City.

13 37. **Ambac Settlement Agreement** means the Stipulation and Settlement
14 Agreement, dated as of February 26, 2013, by and among the City, the Financing Authority, the
15 2003 Fire/Police/Library Certificates Trustee, and Ambac, which is attached as Exhibit A to the
16 Declaration of Robert Deis in Support of the City of Stockton's Motion Under Bankruptcy
17 Rule 9019 for Approval of Its Settlement with Ambac Assurance Corporation, filed in the
18 Chapter 9 Case on February 26, 2013 [Dkt. No. 725].

19 38. **Arena** means that property described as Parcel 4, as shown on the Parcel
20 Map filed for record in the office of the Recorder of the County of San Joaquin, State of
21 California, on March 4, 2003, in Book 23 of Maps, page 15, and the Arena located thereon, an
22 indoor facility capable of hosting events such as ice hockey, indoor football, indoor soccer,
23 concerts, boxing events, rodeos, and other such indoor events, and located at 248 West Fremont
24 Street in downtown Stockton.

25 39. **Arena Claims of the 2004 Arena Bond Trustee/NPFG** means the Claims
26 arising in connection with the Arena Lease Back Transaction (which claims are asserted by the
27 2004 Arena Bond Trustee at the direction of NPFG (as the insurer of the 2004 Arena Bonds) as a
28 result of the assignment by the Successor Agency of all of its rights under the Arena Lease Out

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and the Arena Lease Back to the 2004 Arena Bond Trustee), as modified by the NPMFG

Settlement. The Arena Claims of the 2004 Arena Bond Trustee/NPMFG do not include any claims arising out of non-payment of the 2004 Arena Bonds as all such claims are claims against the Successor Agency and are not obligations of the City (except to the extent specifically provided under the terms of the NPMFG Settlement).

40. **Arena Lease Back** means that certain Lease Agreement, dated as of March 1, 2004, pursuant to which the Successor Agency leased the Arena to the City.

41. **Arena Lease Back Transaction** means, collectively, all transactions memorialized in, among other things, the 2004 Arena Bonds, Arena Lease Out, and the Arena Lease Back, and all related documents in connection therewith.

42. **Arena Lease Out** means that certain Site Lease, dated as of March 1, 2004, pursuant to which the City leased the Arena to the Successor Agency.

43. **Arena Pledge Agreement** means that certain Pledge Agreement, dated as of March 1, 2004, between the City, as pledgor, and the Successor Agency, as pledgee, pursuant to which the City pledged certain incremental tax revenues expected to be collected from the West End Urban Renewal Project No. 1.

44. **Assumption Motion** means the motion to be filed by the City pursuant to section 365(a) pursuant to which the City shall seek approval and authorization for its assumption of such executory contracts and unexpired leases as are identified in such motion.

45. **Assured Guaranty** means, collectively, Assured Guaranty Municipal Corp. and Assured Guaranty Corp.

46. **Assured Guaranty Settlement** means the settlement among the City and Assured Guaranty relating to the Office Building Lease Back Transaction and the Pension Obligation Bonds, the terms of which settlement are memorialized in the Assured Guaranty Settlement Documents.

47. **Assured Guaranty Settlement Documents** means the documents implementing the Assured Guaranty Settlement, copies of which documents are annexed as Collective Exhibit 1 to the Plan Supplement.

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1 **48. Ballot** means the ballot(s), in the form(s) approved by the Bankruptcy
2 Court in the Plan Solicitation Order accompanying the Disclosure Statement and provided to each
3 holder of a Claim entitled to vote to accept or reject this Plan.

4 **49. Bankruptcy Code** means title 11 of the United States Code, as amended
5 from time to time, as applicable to the Chapter 9 Case.

6 **50. Bankruptcy Court** means the United States Bankruptcy Court for the
7 Eastern District of California, Sacramento Division, or such other court that lawfully exercises
8 jurisdiction over the Chapter 9 Case.

9 **51. Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, as
10 amended from time to time, as applicable to the Chapter 9 Case, together with the local rules of
11 the Bankruptcy Court applicable to the Chapter 9 Case. Unless otherwise indicated, references in
12 this Plan to “Bankruptcy Rule _____” are to the specifically identified rule of the Federal Rules
13 of Bankruptcy Procedure.

14 **52. Bar Date** means the applicable date by which a particular proof of claim
15 must be filed, as established by the Bankruptcy Court.

16 **53. Business Day** means a day other than a Saturday, a Sunday, or any other
17 day on which banking institutions in New York, New York, are required or authorized to close by
18 law or executive order.

19 **54. CalPERS** means the California Public Employees’ Retirement System.

20 **55. CalPERS Pension Plan** means the pension plan contract between
21 CalPERS and the City, dated as of September 1, 1944, as amended (CalPERS ID 6373973665).

22 **56. CalPERS Pension Plan Participants** means those current and former City
23 employees and their survivors and other dependents who are the beneficiaries of the CalPERS
24 Pension Plan.

25 **57. Cash** means cash and cash equivalents, including withdrawable bank
26 deposits, wire transfers, checks, and other similar items.

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1 **58. Chapter 9 Case** means the case under chapter 9 of the Bankruptcy Code
2 commenced by the City, styled *In re City of Stockton, California*, Case No. 2012-32118, currently
3 pending in the Bankruptcy Court.

4 **59. City** means the City of Stockton, California, the debtor in the Chapter 9
5 Case.

6 **60. City Council** means the duly elected legislative body of the City.

7 **61. CJPRMA** means California Joint Powers Risk Management Authority.

8 **62. Claim** has the meaning set forth in section 101(5).

9 **63. Class** means any group of Claims classified herein pursuant to
10 section 1123(a).

11 **64. Confirmation Date** means the date on which the Clerk of the Bankruptcy
12 Court enters the Confirmation Order on the docket of the Bankruptcy Court.

13 **65. Confirmation Hearing** means the hearing to be conducted by the
14 Bankruptcy Court regarding confirmation of this Plan, as such hearing may be adjourned,
15 reconvened or continued from time to time.

16 **66. Confirmation Order** means the order of the Bankruptcy Court confirming
17 this Plan pursuant to section 943.

18 **67. Construction Agreement** means that certain “Agreement Regarding
19 Construction Costs” dated as of April 29, 2008, among SCC 16, the City, and the Successor
20 Agency, relating to the City’s obligation to reimburse SCC 16 for construction costs paid by
21 SCC 16 that the City was otherwise liable to pay, for the construction of improvements to certain
22 premises located in the Edmund S. Coy Parking Structure leased by SCC 16.

23 **68. Controller** means the California State Controller’s Office.

24 **69. Convenience Class Claim** means any Allowed Claim that is greater than
25 \$0.00 in Allowed amount and less than or equal to \$100 in Allowed amount or irrevocably
26 reduced to \$100 in Allowed amount at the election of the holder of the Allowed Claim as
27 evidenced by the Ballot submitted by such holder; *provided, however*, that an Allowed Claim

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1 may not be subdivided into multiple Claims of \$100 or less for purposes of receiving treatment as
2 a Convenience Class Claim.

3 70. **DBW** means the California Department of Boating and Waterways, now
4 the Boating and Waterways division of the Department of Parks and Recreation.

5 71. **Dexia** means Dexia Crédit Local, a banking corporation duly organized
6 and existing under the laws of the Republic of France, acting through its New York branch.

7 72. **Disallowed** means a Claim or portion thereof that: (i) has been disallowed
8 by a Final Order of the Bankruptcy Court; (ii) has been listed by the City in its list of creditors, as
9 it may be amended from time to time in accordance with Bankruptcy Rule 1009, as in the amount
10 of \$0.00, contingent, disputed, or unliquidated, and as to which no proof of claim has been filed
11 by the applicable deadline or deemed timely filed pursuant to any Final Order of the Bankruptcy
12 Court; (iii) as to which the holder thereof has agreed to be equal to \$0.00 or to be withdrawn,
13 disallowed or expunged; or (iv) has not been listed in the list of creditors and as to which no proof
14 of claim has been filed by the applicable deadline or deemed timely filed pursuant to a Final
15 Order of the Bankruptcy Court.

16 73. **Disclosure Statement** means the disclosure statement, and all exhibits and
17 schedules incorporated therein, that relates to this Plan and that is approved by the Bankruptcy
18 Court pursuant to section 1125, as the same may be amended, modified, or supplemented in
19 accordance with the Bankruptcy Code.

20 74. **Disposition and Development Agreement** means that certain Disposition
21 and Development Agreement between SCC 16 and the Successor Agency, dated as of October 8,
22 2002, regarding the development of the City Center Cinema project in the City.

23 75. **Disputed Claim** means any Claim or portion thereof that has not become
24 Allowed and that is not Disallowed. In the event that any part of a Claim is a Disputed Claim,
25 except as otherwise provided in this Plan, such Claim shall be deemed a Disputed Claim in its
26 entirety for purposes of distribution under this Plan unless the City otherwise agrees in writing in
27 its sole discretion. Without limiting the foregoing, a Claim that is the subject of a pending

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1 application, motion, complaint, objection, or any other legal proceeding seeking to disallow,
2 limit, reduce, subordinate, or estimate such Claim shall be deemed to be a Disputed Claim.

3 **76. Edmund S. Coy Parking Structure** means the parking structure located at
4 N. Hunter Street and E. Channel Street in the City.

5 **77. Effective Date** means the first Business Day after the Confirmation Date
6 on which the conditions specified in Section XIII of the Plan have been satisfied or waived.

7 **78. Eligibility Contest** means, collectively, the trial on the City's eligibility to
8 be a debtor under Chapter 9 of the Bankruptcy Code and all ancillary and related pleadings,
9 discovery, hearings, and actions.

10 **79. Exculpated Party** means each or any of the City, NPMG, Assured
11 Guaranty, Ambac, the Indenture Trustee, and the respective Related Persons of each of the
12 foregoing.

13 **80. Events Center Project** has the meaning set forth in the definition of Arena
14 Lease Back Transaction.

15 **81. Final Order** means a judgment, order, ruling, or other decree issued and
16 entered by the Bankruptcy Court or by any state or other federal court or other tribunal having
17 jurisdiction over the subject matter thereof which judgment, order, ruling, or other decree has not
18 been reversed, stayed, modified, or amended and as to which: (i) the time to appeal or petition for
19 review, rehearing, or certiorari has expired and no appeal or petition for review, rehearing, or
20 certiorari is then pending; or (ii) any appeal or petition for review, rehearing, or certiorari has
21 been finally decided and no further appeal or petition for review, rehearing, or certiorari can be
22 taken or granted.

23 **82. Financing Authority** means the Stockton Public Financing Authority, a
24 joint powers authority organized and existing under the laws of the state of California and that
25 certain Joint Exercise of Powers Agreement dated as of June 16, 1990, by and between the City
26 and the Successor Agency.

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1 **83. Fire/Police/Library Lease Back** means that certain Lease Agreement,
2 dated as of June 1, 2003, pursuant to which the Financing Authority leased the
3 Fire/Police/Library Properties to the City.

4 **84. Fire/Police/Library Lease Back Transaction** means, collectively, all
5 transactions memorialized in, among other things, the 2003 Fire/Police/Library Certificates
6 Reimbursement Agreement, the 2003 Fire/Police/Library Certificates, the Fire/Police/Library
7 Lease Out, the Fire/Police/Library Lease Back, and all related documents in connection therewith.

8 **85. Fire/Police/Library Lease Out** means that certain Site and Facility Lease,
9 dated as of June 1, 2003, pursuant to which the City leased the Fire/Police/Library Properties to
10 the Financing Authority.

11 **86. Fire/Police/Library Lease Out Assignment Agreement** means the
12 Assignment Agreement by and between the Financing Authority and the 2003 Fire/Police/Library
13 Certificates Trustee, in substantially the form annexed to the Ambac Settlement Agreement as
14 Exhibit A (and referred to in the Ambac Settlement Agreement as the “Site Lease Assignment
15 Agreement”).

16 **87. Fire/Police/Library Properties** means, collectively, the City’s Main
17 Police Facility, located at 22 E. Market Street; the Maya Angelou Southeast Branch Library,
18 located at 2324 Pock Lane; Fire Station No. 1, located at 1818 Fresno Avenue; Fire Station No. 5,
19 located at 3499 Manthey Road; and Fire Station No. 14, located at 3019 McNabb Street.

20 **88. Fourth Floor Lease of 400 E. Main** means that certain 400 East Main
21 Street Office Lease dated as of June 1, 2012, between Main Street Stockton LLC and The City of
22 Stockton.

23 **89. Franklin** means, collectively, Franklin Advisers, Inc., Franklin High Yield
24 Tax-Free Income Fund, and Franklin California High Yield Municipal Fund.

25 **90. Franklin Re-characterization Adversary Proceeding** means the
26 adversary proceeding that the 2009 Golf Course/Park Bond Trustee, Franklin High Yield Tax-
27 Free Income Fund, and Franklin California High Yield Municipal Fund commenced by filing a

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1 Complaint for Declaratory Relief against the City in the Bankruptcy Court. [Dkt. No. 1181,
2 commencing Adversary Case 13-2315].

3 **91. General Fund** means the City's chief operating fund, which is used to
4 account for all financial resources except those required to be accounted for in another fund (such
5 as the Restricted Funds).

6 **92. General Liability Claim** means a tort or contract Claim filed against the
7 City pursuant to the Government Claims Act, California Government Code section 810 *et seq.*

8 **93. General Unsecured Claim** means any unsecured Claim *that is not* (i) an
9 Administrative Claim; (ii) a General Liability Claim; or (iii) a Workers Compensation Claim; *but*
10 *excluding* the unsecured portion, if any, of the claims of the holders of the Claims in Classes 1A
11 and 1B (Ambac), 2, 3, and 4 (NCFG), and 5 and 6 (Assured Guaranty), which unsecured claims,
12 if any, will be paid in accordance with the various settlements with such holders.

13 **94. Golf Course/Park Claims of the 2009 Golf Course/Park Bond**
14 **Trustee/Franklin** means the Claims arising from the rejection by the City of the Golf
15 Course/Park Lease Back (as limited under section 502(b)(6)) and the Claims, if any, arising from
16 the rejection by the City of the Golf Course/Park Lease Out, which claims are asserted by the
17 2009 Golf Course/Park Bond Trustee at the direction of Franklin, or its authorized successor in
18 interest, as the sole holder of the 2009 Golf Course/Park Bonds as a result of the assignment by
19 the Financing Authority of all of its rights under the Golf Course/Park Lease Out and the Golf
20 Course/Park Lease Back to the 2009 Golf Course/Park Bond Trustee. The Golf Course/Park
21 Claims of the 2009 Golf Course/Park Bond Trustee/Franklin do not include any claims arising out
22 of non-payment of the 2009 Golf Course/Park Bonds as all such claims are non-recourse claims
23 against the Financing Authority secured only by the assignment by the Financing Authority of the
24 Golf Lease Back Rental Payments and all of its rights under the Golf Course/Park Lease Out and
25 the Golf Course/Park Lease Back, and are not obligations of the City.

26 **95. Golf Course/Park Lease Back** means that certain Lease Agreement, dated
27 as of September 1, 2009, pursuant to which the Financing Authority leased the Golf Course/Park
28 Properties to the City.

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1 **96. Golf Course/Park Lease Back Rental Payments** means the semi-annual
2 rental payments in varying amounts that the City agreed to make as tenant under the Golf
3 Course/Park Lease Back.

4 **97. Golf Course/Park Lease Back Transaction** means, collectively, all
5 transactions memorialized in, among other things, the 2009 Golf Course/Park Bonds, the Golf
6 Course/Park Lease Out, and the Golf Course/Park Lease Back, and all related documents in
7 connection therewith.

8 **98. Golf Course/Park Lease Out** means that certain Site and Facility Lease,
9 dated as of September 1, 2009, pursuant to which the City leased the Golf Course/Park Properties
10 to the Financing Authority.

11 **99. Golf Course/Park Properties** means, collectively, Oak Park, the Van
12 Buskirk Golf Course, and the Swenson Golf Course.

13 **100. Impaired** means a Claim or interest that is impaired within the meaning of
14 section 1124.

15 **101. Indenture Trustee** means the 2003 Fire/Police/Library Certificates
16 Trustee, the 2004 Arena Bond Trustee, the 2004 Parking Bond Trustee, the 2006 SEB Bond
17 Trustee, the 2007 Office Building Bond Trustee, the 2009 Golf Course/Park Bond Trustee, and/or
18 the Pension Obligation Bonds Trustee, as the context requires.

19 **102. Insurance Policies** means the 2004 Arena Bond Insurance Policy, the 2004
20 Parking Bond Insurance Policy, the 2006 SEB Bond Insurance Policy, the 2007 Office Building
21 Bond Insurance Policy, and the Ambac Insurance Policy.

22 **103. Insured Portion** means that portion of an Allowed Workers Compensation
23 Claim or an Allowed General Liability Claim that is covered by one or more of the excess risk-
24 sharing pools of which the City is a member, up to the amount of the policy limits, including any
25 excess coverage policies.

26 **104. Leave Buyout Claim** means a Claim of a former City employee on
27 account of unpaid sick leave or other compensation or reimbursement due upon such employee's
28 retirement or other separation from City service.

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1 **105. Marina Construction Loan** means that certain Stockton Waterfront
2 Marina \$13,300,000 Loan Contract, dated as of June 21, 2004.

3 **106. Marina Construction Loan Agreement** means the amended Marina
4 Construction Loan.

5 **107. Marina Project** has the meaning set forth in the Marina Construction Loan
6 Agreement.

7 **108. Market Street Garage** means the structure located within the City's
8 Central Parking District on Market Street between Sutter and California Streets.

9 **109. New 400 E. Main Lease** means the lease to the City of a portion of the
10 400 E. Main Office Building Property, a copy of which lease is included in the Assured Guaranty
11 Settlement Documents.

12 **110. Notice of the Effective Date** shall have the meaning ascribed to such
13 phrase in Section XIV(E) of the Plan.

14 **111. NPFG** means National Public Finance Guarantee Corporation, a New York
15 stock insurance corporation.

16 **112. NPFG Arena Settlement** means the settlement between the City and
17 NPFG relating to the Arena Lease Back Transaction, the terms of which settlement are
18 memorialized in the NPFG Arena Settlement Documents.

19 **113. NPFG Arena Settlement Documents** means the documents implementing
20 the NPFG Arena Settlement, copies of which documents are annexed as Collective Exhibit 2 to
21 the Plan Supplement.

22 **114. NPFG Parking Settlement** means the settlement between the City and
23 NPFG relating to the Parking Structure Lease Back Transaction, the terms of which settlement are
24 memorialized in the NPFG Parking Settlement Documents.

25 **115. NPFG Parking Settlement Documents** means the documents
26 implementing the NPFG Parking Settlement, copies of which documents are annexed as
27 Collective Exhibit 3 to the Plan Supplement.

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1 **116. NPFG/SEB Settlement** means the settlement between the City and NPFG
2 relating to the SEB Lease Back Transaction, the terms of which settlement are embodied herein.

3 **117. NPFG Settlement** means, collectively, the NPFG Arena Settlement, the
4 NPFG Parking Settlement, and the NPFG/SEB Settlement.

5 **118. Oak Park** means the public park of approximately 61.2 acres in the City,
6 bounded on the east by Union Pacific railroad tracks, on the north by East Fulton Street, on the
7 south by East Alpine Street, and on the west by North Sutter and Alvarado Streets.

8 **119. Office Building Claims of the 2007 Office Building Bond**
9 **Trustee/Assured Guaranty** means the Claims arising in connection with the Office Building
10 Lease Back Transaction, which Claims are asserted by the 2007 Office Building Bond Trustee at
11 the direction of Assured Guaranty as a result of the assignment by the Financing Authority of all
12 of its rights under the Office Building Lease Out and the Office Building Lease Back to the 2007
13 Office Building Bond Trustee.

14 **120. Office Building Lease Back** means that certain Lease Agreement, dated as
15 of November 1, 2007, pursuant to which the Financing Authority leased the 400 E. Main Office
16 Building Property to the City.

17 **121. Office Building Lease Back Transaction** means, collectively, all
18 transactions memorialized in, among other things, the 2007 Office Building Bonds, the Office
19 Building Lease Out, and the Office Building Lease Back, and all related documents in connection
20 therewith.

21 **122. Office Building Lease Out** means that certain Site and Facility Lease,
22 dated as of November 1, 2007, pursuant to which the City leased the 400 E. Main Office Building
23 Property to the Financing Authority.

24 **123. Office Building Standby Agreement** means that certain Standby Bond
25 Purchase Agreement, dated as of November 29, 2007, entered into by the City, the Financing
26 Authority, and Dexia.

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1 **124. Omitted Agreements** means, collectively, the executory contract(s) or
2 unexpired lease(s) omitted from the schedules attached to the Assumption Motion and the
3 Rejection Motion, if any.

4 **125. Other Postpetition Claims** means Claims asserted against the City for
5 services rendered to, or goods delivered to, or obligations incurred by, the City after the Petition
6 Date that do not constitute Administrative Claims.

7 **126. Parking Structure Claims of the 2004 Parking Bond Trustee/NPFG**
8 means the Claims arising in connection with the Parking Structure Lease Back Transaction, as
9 modified by the NPFG Settlement. The Parking Structure Claims of the 2004 Parking Bond
10 Trustee/NPFG do not include any claims arising out of non-payment of the 2004 Parking Bonds,
11 as all such claims are non-recourse claims against the Financing Authority secured only by the
12 assignment by the Financing Authority of the Parking Structure Lease Back Rental Payments and
13 are not obligations of the City (except to the extent specifically provided under the terms of the
14 NPFG Settlement).

15 **127. Parking Structure Lease Back** means that certain Lease Agreement,
16 dated as of September 1, 2004, pursuant to which the Financing Authority leased the Parking
17 Structure Properties to the City.

18 **128. Parking Structure Lease Back Transaction** means, collectively, the
19 transactions memorialized in the 2004 Parking Bonds, the Parking Structure Lease Out, and the
20 Parking Structure Lease Back.

21 **129. Parking Structure Lease Out** means that certain Site and Facility Lease,
22 dated as of June 1, 2004, pursuant to which the City leased the Parking Structure Properties to the
23 Financing Authority.

24 **130. Parking Structure Properties** means, collectively, the Edmund S. Coy
25 Parking Structure, the Stockton Events Center Parking Structure, and the Market Street Garage.

26 **131. Pension Obligation Bonds** means the City of Stockton 2007 Taxable
27 Pension Obligation Bonds issued on April 5, 2007 in the aggregate principal amount of
28 \$125,310,000 pursuant to articles 10 and 11 (commencing with section 53570) of chapter 3 of

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1 part 1 of division 2 of title 5 of the Government Code of the State of California and the Pension
2 Obligation Bonds Indenture.

3 **132. Pension Obligation Bonds Claims** means the Claims arising in
4 connection with the Pension Obligation Bonds.

5 **133. Pension Obligation Bonds Indenture** means that certain Indenture of
6 Trust, dated as of April 1, 2007, by and between the City and the Pension Obligation Bonds
7 Trustee.

8 **134. Pension Obligation Bond Insurance Policy** means that certain Municipal
9 Bond Insurance Policy No. 208382-N issued by Assured Guaranty, as successor to Financial
10 Security Assurance, with respect to the Pension Obligation Bonds.

11 **135. Pension Obligation Bonds Trustee** means Wells Fargo, as indenture
12 trustee under the Pension Obligation Bonds Indenture, or any successor indenture trustee
13 thereunder.

14 **136. Petition Date** means June 28, 2012.

15 **137. Plan** means this First Amended Plan of Adjustment of Debts of City of
16 Stockton, California (November 15, 2013), together with any exhibits (including any Plan
17 Supplement and exhibits annexed to any Plan Supplement), each in their present form or as they
18 may be altered, amended or modified from time to time in accordance with the provisions of this
19 Plan, the Confirmation Order, the Bankruptcy Code, and the Bankruptcy Rules.

20 **138. Plan Document** means any agreement or instrument contemplated by, or
21 to be entered into pursuant to, this Plan, that is in form and substance acceptable to the City, has
22 been duly and validly executed and delivered, or deemed executed by the parties thereto, and for
23 which all conditions to its effectiveness have been satisfied or waived.

24 **139. Plan Solicitation Order** means the Order Approving (i) Adequacy of
25 Information in Disclosure Statement with Respect to the City's Plan of Adjustment; (ii) Form,
26 Scope and Nature of Solicitation, Balloting, Tabulation and Notices with Respect Thereto; and
27 (iii) Related Confirmation Procedures, Deadlines and Notices, by which the Bankruptcy Court on
28 [November __, 2013] approved the Disclosure Statement as containing adequate information for

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1 the purpose of dissemination and solicitation of votes on and confirmation of this Plan and
2 established certain rules, deadlines, and procedures for the solicitation of votes with respect to
3 and the balloting on this Plan.

4 **140. Plan Supplement** means the supplement to be filed with the Bankruptcy
5 Court in accordance with Section I.C. no later than 14 days prior to the deadline established for
6 objecting to confirmation of the Plan, containing, without limitation, the Assured Guaranty
7 Settlement Documents, the NCFG Arena Settlement Documents, the NCFG Parking Settlement
8 Documents, the Price Settlement Documents, and any other agreement or instrument
9 contemplated by, or to be entered into pursuant to, the Plan.

10 **141. Ports License Agreement** means that certain “Events Center Ball Park
11 License Agreement” dated as of March 2, 2004, between the City and Seventh Inning Stretch,
12 LLC regarding the terms and conditions upon which the Stockton Ports baseball team may use the
13 Banner Island Ballpark located next to the Arena.

14 **142. Pre-Confirmation Date Claims** means all Claims against the City that
15 arose prior to the Confirmation Date.

16 **143. Price Claims** mean the Claims of the Price Judgment Creditors, who filed
17 a proof of claim in the Chapter 9 Case in the amount of \$1,423,164.

18 **144. Price Judgment Creditors** mean Richard Price and five other low-income
19 individuals who were displaced from single-room-occupancy housing units in downtown
20 Stockton in connection with the City’s code-enforcement activities, and the Interfaith Council of
21 San Joaquin (formerly Stockton Metro Ministry Inc.), who collectively filed an action against the
22 City, the Successor Agency, and other parties on May 2, 2002, captioned as *Price, et al. v. City of*
23 *Stockton, et al.*, U.S. District Court for the Eastern District of California, case no. 2:02-cv-00065-
24 LKK-KJM.

25 **145. Price Settlement** means the settlement between the City and the Price
26 Judgment Creditors regarding the Price Claims. The terms of the Price Settlement are
27 summarized by the Price Settlement Documents.

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1 **146. Price Settlement Documents** means the documents implementing the
2 Price Settlement, copies of which documents are annexed as Collective Exhibit 4 to the Plan
3 Supplement.

4 **147. Professional Claim** means a Claim required to be filed pursuant to
5 Section II(B) of the Plan for approval of amounts, if any, to be paid after the Effective Date for
6 services or expenses in the Chapter 9 Case or incident to this Plan.

7 **148. Rejection Motion** means the motion or motions to be filed by the City
8 pursuant to section 365(a) by which the City shall seek approval and authorization for the
9 rejection of such executory contracts and unexpired leases as shall be identified in such motion(s).

10 **149. Related Persons** means, with respect to any Person, such Person's
11 predecessors, successors, assigns and present and former Affiliates (whether by operation of law
12 or otherwise) and subsidiaries, and each of their respective current and former officers, directors,
13 principals, employees, shareholders, members (including ex officio members), partners, agents,
14 financial advisors, attorneys, accountants, investment bankers, investment advisors, consultants,
15 representatives, and other professionals, and any Person claiming by or through any of them.

16 **150. Released Party** means each or any of NPFPG, Assured Guaranty, Ambac,
17 the Indenture Trustee, and the respective Related Persons of each of the foregoing.

18 **151. Restricted Funds** means the approximately 200 special purpose and
19 enterprise funds administered by the City, the use of which is restricted by, among other things,
20 grants, federal law, the California Constitution, or other California law, such that the assets of the
21 Restricted Funds may not lawfully be used to pay obligations of the General Fund, but which can
22 be used to pay the Pension Obligation Bonds and the Restricted Revenue Bond and Note Payable
23 Obligations.

24 **152. Restricted Revenue Bond and Note Payable Obligations** means,
25 collectively, (i) the City of Stockton Revenue Certificates of Participation 1998 Series A
26 (Wastewater System Project), the City of Stockton Certificates of Participation 2003 Series A
27 (Wastewater System Project), the Stockton Public Financing Authority 2005 Water Revenue
28 Bonds, Series A (Water System Capital Improvement Project), Stockton Public Financing

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1 Authority Water Revenue Bonds, Series 2009A (Delta Water Supply Project) & Taxable Build
2 America Bonds Series 2009 B (Delta Water Supply Project), Stockton Public Financing Authority
3 Variable Rate Demand Water Revenue Bonds, Series 2010A (Delta Water Supply Project),
4 including all installment purchase agreements, security agreements, trust indentures,
5 reimbursement agreements, fee letters, and other agreements with respect thereto to which the
6 City is a party and which are payable from and secured by special and restricted sources of
7 revenues; and (ii) the City's obligations under that certain Installment Purchase Agreement, dated
8 as of May 1, 2002, by and between the City and California Statewide Communities Development
9 Authority, to make installment payments, from certain revenues of the City's water system, that
10 relate to California Statewide Communities Development Authority Water and Wastewater
11 Revenue Bonds (Pooled Financing Program), Series 2002A .

12 **153. Retiree Health Benefit Claim** means a Claim by a former City employee
13 or dependent on account of or in any way related to the City's postpetition reduction of its
14 contribution to health benefit payments to former City employees and dependents.

15 **154. Retiree Health Benefit Claimant** means a former City employee (or
16 dependent) who was eligible for retiree health benefits based on his or her collective bargaining
17 agreement at the time of retirement and: (i) who was receiving City retiree health benefits as of
18 June 30, 2012 (which includes any retiree who had waived coverage prior to that date but was
19 otherwise eligible, or any retiree who had exceeded the 15-year cap for under-65 retiree health
20 benefits, but who was eligible for a City retiree benefit for an over-65 retiree); or (ii) who retired
21 prior to July 1, 2012 with his or her last day on payroll having occurred on or before June 30,
22 2012; or (iii) who was a surviving spouse of a deceased retiree who was receiving retiree benefits
23 on June 30, 2012.

24 **155. Retirees Committee** means the Official Committee of Retirees, appointed
25 in the Chapter 9 Case on April 1, 2013 [Dkt. No. 846], by the Office of the United States Trustee
26 pursuant to sections 1102(a)(1) and 1102(b)(1), as the membership thereof may have been
27 reconstituted from time to time by the Office of the United States Trustee.

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1 **156. Retirees Settlement** means the agreement between the City and the
2 Retirees Committee by which the City agrees to propose a plan of adjustment containing the
3 provisions set forth in the Retirees Settlement.

4 **157. Rights of Action** means any rights, claims, or causes of action owned by,
5 accruing to, or assigned to the City pursuant to the Bankruptcy Code or pursuant to any contract,
6 statute, or legal theory, including without limitation any rights to, claims, or causes of action for
7 recovery under any policies of insurance issued to or on behalf of the City.

8 **158. Risk Management Internal Service Fund** means the fund established by
9 the City to accumulate resources for interdepartmental charges expended on self insurance for
10 General Liability Claims. The City also has other internal service funds.

11 **159. Rust Omni** means Rust Consulting/Omni Bankruptcy, the Ballot Tabulator
12 in the Chapter 9 Case.

13 **160. SCC 16** means Stockton City Center 16, LLC, a California limited liability
14 company.

15 **161. SCC 16 Claims** means any Claim of SCC 16 arising out of the
16 Construction Agreement.

17 **162. SCC 16 Promissory Note** means that certain promissory note executed by
18 the City in favor of SCC 16 pursuant to, and in accordance with, the Construction Agreement.

19 **163. SCC 16 Settlement** means the settlement, if any, memorialized in the SCC
20 Settlement Agreement.

21 **164. SCC Settlement Agreement** means that certain settlement agreement, if
22 any, among the City, the 2004 Parking Structure Bond Trustee, and SCC 16.

23 **165. SEB Claims of the 2006 SEB Bond Trustee/NPFG** means the Claims (if
24 any) arising under the SEB Lease Back or the SEB Lease Out.

25 **166. SEB Lease Back** means that certain Lease Agreement, dated as of
26 March 1, 2006, pursuant to which the Financing Authority leased the SEB Properties to the City.

27 **167. SEB Lease Back Transaction** means, collectively, the transactions
28 memorialized in the 2006 SEB Bonds, SEB Lease Out, and the SEB Lease Back.

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1 **168. SEB Lease Out** means that certain Ground Lease, dated as of March 1,
2 2006, pursuant to which the City leased the SEB Properties to the Financing Authority.

3 **169. SEB Properties** means the Stewart/Eberhardt Building located at 22 East
4 Weber Avenue, in the City, and the adjacent public parking facility located at 15 North El Dorado
5 Street.

6 **170. Secured Claim** means a Claim that is secured, in whole or in part, (i) by a
7 lien that is not subject to avoidance or subordination under the Bankruptcy Code or applicable
8 non-bankruptcy law; or (ii) as a result of rights of setoff under section 553; but in any event only
9 to the extent of the value, determined in accordance with section 506(a), of the holder's interest in
10 the City's interest in property or to the extent of the amount subject to such setoff, as the case
11 may be.

12 **171. SIR Claim Portion** means the portion of a Workers Compensation Claim
13 or General Liability Claim subject to the City's self insurance retention. For any resolved
14 Workers Compensation Claim, the SIR Claim Portion is the first \$500,000. For any resolved
15 General Liability Claim, the SIR Claim Portion is the first \$1,000,000. The SIR Claim Portion is
16 an obligation of the City rather than an obligation of any excess risk-sharing pool of which the
17 City is a member.

18 **172. Special Assessment and Special Tax Obligations** means, collectively:
19 • Stockton Public Financing Authority Reassessment Revenue Bonds
20 (Arch Road and Stockton Business Park Assessment Districts) Series
21 1998, including claims related to those certain:
22 ○ Stockton Airport Business Park Ltd. Obligation Refunding
23 Improvement Bonds Project 84-1 Phase IV, Series 229 (Local
24 Obligation Bonds);
25 ○ Stockton Airport Business Park Ltd. Obligation Refunding
26 Improvement Bonds Project 84-1 Phase V, Series 230 (Local
27 Obligation Bonds);

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- 1 ○ Stockton Airport Business Park Ltd. Obligation Refunding
- 2 Improvement Bonds Project 84-1 Phase I, Series 231 (Local
- 3 Obligation Bonds);
- 4 • City of Stockton Camera Estates Community Facilities District No.
- 5 2003-1 Special Tax Bonds, Series 2003;
- 6 • City of Stockton Limited Obligation Improvement Bonds March
- 7 Lane/Holman Assessment District 2003-1;
- 8 • City of Stockton Limited Obligation Improvement Bonds Mosher
- 9 Assessment District 2003-02;
- 10 • City of Stockton Limited Obligation Improvement Bonds Waterford
- 11 Estates East Phase II Assessment District 2003-03;
- 12 • Stockton Public Financing Authority Refunding Revenue Bonds (West
- 13 Eighth Street Reassessment District);
- 14 • City of Stockton South Stockton Community Facilities District No. 90-
- 15 1 2005 Special Tax Refunding Bonds;
- 16 • Stockton Public Financing Authority Refunding Revenue Bonds (2005
- 17 Assessment Districts Refinancing) Series A Senior Lien Bonds and
- 18 Series B Subordinate Lien Bonds:
- 19 ○ City of Stockton Limited Obligation Refunding Bond Blossom
- 20 Ranch Assessment District No. 93-1 (Reassessment and Refunding
- 21 of 2005);
- 22 ○ City of Stockton Limited Obligation Refunding Bond La Morada
- 23 Assessment District No. 96-4 (Reassessment and Refunding of
- 24 2005);
- 25 ○ City of Stockton Limited Obligation Refunding Bond Morada
- 26 North Assessment District No. 2002-01 (Reassessment and
- 27 Refunding of 2005);

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- City of Stockton Limited Obligation Refunding Bond Morada Ranch Assessment District No. 2000-01 (Reassessment and Refunding of 2005);
- City of Stockton Limited Obligation Refunding Bond Waterford Estates East Assessment District No. 2002-03 (Reassessment and Refunding of 2005);
- City of Stockton Community Facilities District No. 90-2 (Brookside Estates) 2005 Special Tax Refunding Bonds;
- Stockton Public Financing Authority Revenue Bonds (Redevelopment Projects) 2006 Series A and Taxable Revenue Bonds (Housing Projects) 2006 Series C;
- City of Stockton Community Facilities District No. 1 (Weston Ranch) Special Tax Refunding Bonds, Series 2006;
- City of Stockton Spanos Park West Community Facilities District No. 2001-1 Special Tax Refunding Bonds, Series 2006;
- City of Stockton Community Facilities District No. 2006-1 (Riverbend) Special Tax Bonds, Series 2006;
- City of Stockton Community Facilities District No. 2006-3 (Northbrook) Woodside Improvement Area 1 Special Tax Bonds, Series 2007;
- City of Stockton Arch Road East Community Facilities District No. 99-02 2007 Special Tax Bonds;
- City of Stockton 2001 Combined Assessment District Refunding, 2001 Charter Way (86-4), North Stockton Interim Sewer (88-2), and Little John Creek (97-01) 2001 Limited Obligation Improvement Refunding Bonds;
- Stockton Public Financing Authority 2008 Refunding Revenue Bonds:

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- 1 o City of Stockton Limited Obligation Refunding Bonds,
- 2 Reassessment District No. 91-1R (Local Obligation Bonds);
- 3 o Stockton Public Financing Authority Communities Facilities
- 4 District No. 90-4 (Spanos Park) Special Tax Refunding Bonds
- 5 (Local Obligation Bonds); and
- 6 • All installment purchase agreements, security agreements, trust
- 7 indentures, reimbursement agreements, fee letters, and other
- 8 agreements with respect thereto to which the City is a party and which
- 9 are payable from and secured by special and restricted sources of
- 10 revenues.

11 **173. SPOA** means the Stockton Police Officers' Association.

12 **174. SPOA Claims** means the Claims of members of the SPOA in the

13 approximate amount of \$13 million included in and resolved under the SPOA MOU.

14 **175. SPOA MOU** means the Memorandum of Understanding between the City

15 and the SPOA effective July 1, 2012, through June 30, 2014, as approved by the City, a copy of

16 which is attached as Exhibit 5 to the Plan Supplement.

17 **176. Stockton Events Center Parking Structure** means the structure located at

18 the intersection of Fremont and Van Buren streets in the City.

19 **177. Successor Agency** means the City, acting in its capacity as Successor

20 Agency to the Redevelopment Agency of the City of Stockton following the dissolution of such

21 agency. References to actions by the Successor Agency in the Plan incorporate references to

22 actions taken and agreements entered into by the former Redevelopment Agency of the City of

23 Stockton prior to its dissolution and the Successor Agency's succession in interest.

24 **178. Swenson Golf Course** means the property in the City located on

25 approximately 219 acres at 6803 Alexandria Place.

26 **179. Thunder Claims** means the Claims arising in connection with the Thunder

27 License Agreement, as modified by the Thunder Settlement.

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1 **180. Thunder License Agreement** means that certain agreement dated as of
2 March 2, 2004, titled “Team Lease for Stockton Events Center (Ice Hockey Team)” between the
3 City and IFG-Stockton Franchise Group, Inc. as the same may have been amended from time to
4 time, relating to the rights of the Stockton Thunder ice hockey team to use the facilities of the
5 Arena.

6 **181. Thunder Settlement** means that certain settlement between the City and
7 SC Hockey Franchise Corporation, as successor to IFG-Stockton Franchise Group, Inc., regarding
8 the treatment under this Plan of the claims arising out of the Thunder License Agreement, the
9 material terms of which agreement are set forth in the Thunder Settlement Term Sheet.

10 **182. Thunder Settlement Term Sheet** means that certain Term Sheet—
11 Proposed Amendments to Team Lease for Stockton Events Center, dated as of September 18,
12 2013, a copy of which is attached as Exhibit E to the Disclosure Statement and incorporated by
13 reference.

14 **183. Unimpaired** means a Claim that is not Impaired within the meaning of
15 section 1124.

16 **184. Uninsured Portion Claim** means the amount in excess of the Insured
17 Portion of an Allowed Workers Compensation Claim or an Allowed General Liability Claim that
18 is covered by one or more of the excess risk-sharing pools of which the City is a member.

19 **185. Unsecured Claim Payout Percentage** means the percentage of the
20 Allowed Amount of General Unsecured Claims that will be paid to holders of Class 12 Claims,
21 equal to the percentage paid on account of the Retiree Health Benefit Claims (unless the amount
22 of the Retiree Health Benefit Claims changes, that percentage will be equal to 0.93578%, i.e.,
23 \$5,100,000 divided by \$545,000,000), or such other amount as is determined by the Bankruptcy
24 Court before confirmation of this Plan to constitute a pro-rata payment on such other General
25 Unsecured Claims; *provided, however*, the dollar amount to be paid on account of General
26 Unsecured Claims other than the Retiree Health Benefit Claims on the Effective Date shall not
27 exceed \$500,000. If the amounts to be paid exceed \$500,000, then such excess amounts shall be
28 made in two equal annual installments on the first and second anniversary of the Effective Date,

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1 together with simple interest accruing from and after the Effective Date at 5% per annum. Such
2 excess amounts may be prepaid at the option of the City.

3 **186. Wells Fargo** means Wells Fargo Bank, National Association, acting solely
4 in its role as 2003 Fire/Police/Library Certificates Trustee, the 2004 Arena Bond Trustee, the
5 2004 Parking Bond Trustee, the 2006 SEB Bond Trustee, the 2007 Office Building Bond Trustee,
6 the 2009 Golf Course/Park Bond Trustee, the Pension Obligation Bond Trustee, as well as in its
7 role as trustee, fiscal agent or other like capacity with respect to certain of the Restricted Revenue
8 Bond and Note Payable Obligations and the Special Assessment and Special Tax Obligations.

9 **187. Workers Compensation Claims** means those Claims pursuant to
10 California workers compensation law (California Labor Code section 3200 *et seq.*) of current and
11 former City employees who have suffered an eligible injury while employed by the City

12 **188. Workers Compensation Internal Service Fund** means the fund
13 established by the City to accumulate resources for interdepartmental charges expended on self
14 insurance for Workers Compensation Claims.

15 **B. Rules of Construction.**

16 The following rules of construction apply to this Plan: (a) unless otherwise
17 specified, all references in this Plan to “sections” (lowercased) are references to a section of the
18 Bankruptcy Code; (b) unless otherwise specified, all references in this Plan to “Sections” and
19 “Exhibits” (uppercased) are to the respective Section in or Exhibit to this Plan, as the same may
20 be amended or modified from time to time; (c) the headings in this Plan are for convenience of
21 reference only and do not limit or otherwise affect the provisions of this Plan; (d) words denoting
22 the singular number include the plural number and vice versa; (e) the rules of construction set
23 forth in section 102 apply; (f) in computing any period of time prescribed or allowed by this Plan,
24 the provisions of Bankruptcy Rule 9006(a) apply; (g) any term used in capitalized form herein
25 that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules
26 shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as
27 the case may be; and (h) the words “herein,” “hereof,” “hereto,” “hereunder,” and others of

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1 similar import refer to this Plan as a whole and not to an particular section, subsection, or clause
2 contained in this Plan.

3 **C. Plan Supplement.**

4 No later than 14 days prior to the deadline established by the Bankruptcy Court for
5 objection to confirmation of the Plan, the City shall file electronically and serve a hard copy of
6 the Plan Supplement in the Bankruptcy Court. In addition, the City shall make the Plan
7 Supplement electronically available on its website and on the website of Rust Omni. The exhibits
8 and schedules contained in the Plan Supplement are incorporated into, and are a part of, the Plan
9 as if set forth herein.

10 **II. TREATMENT AND DEADLINE FOR THE ASSERTION OF ADMINISTRATIVE**
11 **CLAIMS AND PROFESSIONAL CLAIMS**

12 **A. Treatment of Administrative Claims.**

13 Except to the extent that the holder of an Allowed Administrative Claim agrees to
14 a different treatment, the City or its agent shall pay to each holder of an Allowed Administrative
15 Claim, in full satisfaction, release, and discharge of such Allowed Administrative Claim, Cash in
16 an amount equal to such Allowed Administrative Claim on the later of (i) the Effective Date or
17 (ii) the date on which such Claim becomes an Allowed Administrative Claim, or as soon
18 thereafter as is practicable.

19 **B. Treatment of Professional Claims.**

20 Pursuant to section 943(a)(3), all amounts paid following the Effective Date or to
21 be paid following the Effective Date for services or expenses in the Chapter 9 Case or incident to
22 this Plan must be disclosed to the Bankruptcy Court and must be reasonable. There shall be paid
23 to each holder of a Professional Claim, in full satisfaction, release, and discharge of such Claim,
24 Cash in an amount equal to that portion of such Claim that the Bankruptcy Court approves as
25 reasonable, on or as soon as reasonably practicable following the date on which the Bankruptcy
26 Court enters a Final Order determining such reasonableness. The City, in the ordinary course of
27 its business, and without the requirement for Bankruptcy Court approval, may pay for
28 professional services rendered and costs incurred following the Effective Date.

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1 **C. Priority Claims in Chapter 9.**

2 The only priority claims incorporated into chapter 9 through section 901 are
3 Administrative Claims allowed under section 503(b) and entitled to priority under
4 section 507(a)(2). The treatment of all such Administrative Claims is set forth immediately above
5 in Sections II(A) and II(B). No other kinds of priority claims set forth in section 507 are
6 recognized in chapter 9 cases, and Claims that are not Administrative Claims herein and that
7 would constitute administrative expenses in a case under another chapter of the Bankruptcy Code,
8 including Other Postpetition Claims, are treated in chapter 9 and in this Plan as General
9 Unsecured Claims.

10 **D. Deadline for the Filing and Assertion of Other Postpetition Claims,**
11 **Administrative Claims and Professional Claims.**

12 **All proofs of claim for Other Postpetition Claims arising on or after**
13 **August 16, 2013, and requests for payment or any other means of preserving and obtaining**
14 **payment of Administrative Claims that have not been paid, released, or otherwise settled,**
15 **and all requests for approval of Professional Claims, must be filed with the Bankruptcy**
16 **Court and served upon the City no later than thirty (30) days after the date on which the**
17 **Notice of Effective Date is served.** Any proof of claim for Other Postpetition Claims, or request
18 for payment of an Administrative Claim or a Professional Claim, that is not timely filed by such
19 date will be forever barred, and holders of such Claims shall be barred from asserting such Claims
20 in any manner against the City. For the avoidance of doubt, proofs of claim for Other Post-
21 petition Claims that arose before August 16, 2013 must have been filed by August 16, 2013, in
22 order to be considered timely

23 **III. DESIGNATION OF CLASSES OF CLAIMS**

24 Pursuant to sections 1122 and 1123(a)(1), all Claims other than Administrative
25 Claims and Professional Claims are classified for all purposes, including voting, confirmation,
26 and distribution pursuant to this Plan, as follows:

27 Class 1A – Claims of Ambac – 2003 Fire/Police/Library Certificates;

28 Class 1B – Claims of Holders of 2003 Fire/Police/Library Certificates;

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- 1 Class 2 – SEB Claims of the 2006 SEB Bond Trustee/NPFG;
- 2 Class 3 – Arena Claims of the 2004 Arena Bond Trustee/NPFG;
- 3 Class 4 – Parking Structure Claims of the 2004 Parking Bond Trustee/NPFG –
- 4 2004 Parking Structure Bonds;
- 5 Class 5 – Office Building Claims of the 2007 Office Building Bond
- 6 Trustee/Assured Guaranty – 2007 Office Building Bonds;
- 7 Class 6 – Pension Obligation Bonds Claims;
- 8 Class 7 – Claims of DBW;
- 9 Class 8 – SCC 16 Claims;
- 10 Class 9 – Thunder Claims;
- 11 Class 10 – Claims of Holders of Restricted Revenue Bond and Note Payable
- 12 Obligations;
- 13 Class 11 – Claims of the Holders of Special Assessment and Special Tax
- 14 Obligations;
- 15 Class 12 – General Unsecured Claims.
- 16 This Class includes:
- 17 • General Unsecured Claims;
- 18 • Golf Course/Park Claims of the 2009 Golf Course/Park Bond
- 19 Trustee/Franklin;
- 20 • Retiree Health Benefit Claims;
- 21 • Leave Buyout Claims; and
- 22 • Other Postpetition Claims.
- 23 Class 13 – Convenience Class Claims;
- 24 Class 14 – Claims of Certain Tort Claimants;
- 25 Class 15 – Claims Regarding City’s Obligations to Fund Employee Pension Plan
- 26 Contributions to CalPERS, as Trustee under the CalPERS Pension Plan for the
- 27 Benefit of CalPERS Pension Plan Participants;
- 28 Class 16 – Claims of Equipment Lessors;

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1 Class 17 – Workers Compensation Claims;

2 Class 18 – SPOA Claims; and

3 Class 19 – Price Claims.

4 **IV. TREATMENT OF CLAIMS**

5 **A. Class 1A – Claims of Ambac – 2003 Fire/Police/Library Certificates.**

6 **1. Impairment and Voting.**

7 Class 1A is Impaired by this Plan since the treatment of this Class will affect the
8 legal, equitable, or contractual rights of Ambac, the holder of the Claims. Accordingly, this Class
9 is entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.

10 **2. Treatment.**

11 The treatment of the Class 1A Claims will be as set forth in the Ambac Settlement
12 Agreement, which should be consulted for the precise terms of the treatment. The Plan does not
13 modify, amend, or alter the amounts due to the holders of the 2003 Fire/Police/Library
14 Certificates or the obligations of Ambac to pay principal or redemption price of, or interest on,
15 the 2003 Fire/Police/Library Certificates as and when such amounts become due under the 2003
16 Fire/Police/Library Certificates Trust Agreement, which payments shall be made by Ambac in
17 accordance with, and subject to, the terms of the Ambac Insurance Policy. Ambac, as the holder
18 of the Class 1A Claims, is entitled to vote to accept or reject this Plan in accordance with the Plan
19 Solicitation Order.

20 **B. Class 1B – Claims of Holders of 2003 Fire/Police/Library Certificates.**

21 **1. Impairment and Voting.**

22 Class 1B is Impaired by this Plan since the treatment of this Class will affect the
23 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, Ambac, as
24 the deemed holder of the Claims in this Class, is entitled to vote to accept or reject this Plan in
25 accordance with the Plan Solicitation Order.

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1 **2. Treatment.**

2 The treatment of the Class 1B claimants, the 2003 Fire/Police/Library Certificates
3 holders, is identical to the treatment of Ambac, the Class 1A claimant.

4 **C. Class 2 – SEB Claims of the 2006 SEB Bond Trustee/NPFG – 2006 SEB**
5 **Bonds.**

6 **1. Impairment and Voting.**

7 Class 2 is not Impaired by this Plan since the treatment of this Class will not affect
8 the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, NPFG, as
9 the deemed holder of the Claims in this Class, is not entitled to vote to accept or reject this Plan in
10 accordance with the Plan Solicitation Order.

11 **2. Treatment.**

12 On the Effective Date, the City will assume the SEB Lease Back and the SEB
13 Lease Out under section 365(a) pursuant to the NPFG/SEB Settlement. The finding by the
14 Bankruptcy Court that the Plan is feasible shall constitute adequate assurance of future
15 performance of the SEB Lease Back and the SEB Lease Out. The Plan does not modify, amend,
16 or alter the 2006 SEB Bonds or the obligations of NPFG to pay principal or redemption price of,
17 or interest on, the 2006 SEB Bonds as and when such amounts become due under the 2006 SEB
18 Bond Indenture, which payments shall be made by NPFG in accordance with, and subject to, the
19 terms of the 2006 SEB Bond Insurance Policy

20 **D. Class 3 – Arena Claims of the 2004 Arena Bond Trustee/NPFG – 2004 Arena**
21 **Bonds.**

22 **1. Impairment and Voting.**

23 Class 3 is Impaired by this Plan since the treatment of this Class will affect the
24 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, NPFG, as the
25 deemed holder of the Claims in this Class, is entitled to vote to accept or reject this Plan in
26 accordance with the Plan Solicitation Order.

27 **2. Treatment.**

28 The treatment of the Class 3 Claims will be as set forth in the NPFG Arena
Settlement, which should be consulted for the precise terms of the treatment. The Plan does not

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1 modify, amend, or alter the 2004 Arena Bonds or the obligations of NPFPG to pay principal or
2 redemption price of, or interest on, the 2004 Arena Bonds as and when such amounts become due
3 under the 2004 Arena Bond Indenture, which payments shall be made by NPFPG in accordance
4 with, and subject to, the terms of the 2004 Parking Bond Insurance Policy.

5 E. **Class 4 – Parking Structure Claims of the 2004 Parking Bond Trustee/NPFPG**
6 **– 2004 Parking Bonds.**

7 1. **Impairment and Voting.**

8 Class 4 is Impaired by this Plan since the treatment of this Class will affect the
9 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, NPFPG, as the
10 deemed holder of the Claims in this Class, is entitled to vote to accept or reject this Plan in
11 accordance with the Plan Solicitation Order.

12 2. **Treatment.**

13 The treatment of the Class 4 Claims will be as set forth in the NPFPG Parking
14 Settlement Documents, which should be consulted for the precise terms of the treatment. The
15 effectiveness of the NPFPG Settlement is contingent upon the entry into the SCC 16 Settlement
16 Agreement. In the event the parties are unable to agree to the terms of such settlement that is
17 acceptable to NPFPG and the 2004 Parking Bond Trustee, then the City, at the request or direction
18 of the 2004 Parking Bond Trustee or NPFPG, shall take such actions (if any) that may be required
19 by the 2004 Parking Bond Trustee or NPFPG to terminate the Parking Structure Lease Back as part
20 of an alternative arrangement that is acceptable to the City and the 2004 Parking Bond Trustee
21 that is not conditioned on the occurrence of such settlement.

22 The Plan does not modify, amend, or alter the 2004 Parking Bonds or the
23 obligations of NPFPG to pay principal or redemption price of, or interest on, the 2004 Parking
24 Bonds as and when such amounts become due under the 2004 Parking Bond Indenture, which
25 payments shall be made by NPFPG in accordance with, and subject to, the terms of the 2004
26 Parking Bond Insurance Policy.

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1 **F. Class 5 – Office Building Claims of the 2007 Office Building Bond**
2 **Trustee/Assured Guaranty – 2007 Office Building Bonds.**

3 **1. Impairment and Voting**

4 Class 5 is Impaired by this Plan since the treatment of this Class will affect the
5 legal, equitable, or contractual rights of the holder of the Claims, and, accordingly, Assured
6 Guaranty, as the holder of the Claims in this Class, is entitled to vote to accept or reject this Plan
7 in accordance with the Plan Solicitation Order.

8 **2. Treatment.**

9 The treatment of the Class 5 Claims will be as set forth in the Assured Guaranty
10 Settlement, which should be consulted for the precise terms of the treatment.

11 **G. Class 6 – Pension Obligation Bonds Claims.**

12 **1. Impairment and Voting.**

13 Class 6 is Impaired by this Plan since the treatment of this Class will affect the
14 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, Assured
15 Guaranty, as the deemed holder of the Claims in this Class, is entitled to vote to accept or reject
16 this Plan in accordance with the Plan Solicitation Order. The Plan does not modify, amend or
17 alter the Pension Obligation Bonds or the obligations of Assured Guaranty to pay principal or
18 redemption price of, or interest on Pension Obligation Bonds as and when such amounts become
19 due under Pension Obligation Bond Indenture, which payments shall be made by Assured
20 Guaranty in accordance with, and subject to, the terms of the Pension Obligation Bond Insurance
21 Policy.

22 **2. Treatment.**

23 The treatment of the Class 6 Claims will be as set forth in the Assured Guaranty
24 Settlement, which should be consulted for the precise terms of the treatment. The Plan does not
25 modify, amend, or alter the Pension Obligation Bonds or the obligations of Assured Guaranty to
26 pay principal or redemption price of, or interest on Pension Obligation Bonds as and when such
27 amounts become due under Pension Obligation Bond Indenture, which payments shall be made

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1 by Assured Guaranty in accordance with, and subject to, the terms of the Pension Obligation
2 Bond Insurance Policy.

3 **H. Class 7 – Claims of DBW.**

4 **1. Impairment and Voting.**

5 Class 7 is Impaired by this Plan since the treatment of this Class will affect the
6 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holder of
7 the Claims in this Class is entitled to vote to accept or reject this Plan in accordance with the Plan
8 Solicitation Order.

9 **2. Treatment.**

10 The General Fund will have no obligation to pay debt service on this obligation, or
11 to reimburse operating expenses to DBW should DBW take over operations of the Marina
12 Project. DBW will retain its pledge of rents and leases generated from the Marina Project.
13 However, the pledge of gross revenues will be converted to a pledge of revenues net of all
14 reasonable and direct operating expense of the Marina Project, calculated on a fiscal year basis
15 ending June 30 of each year pursuant to section 928(b). Should DBW decide to take over
16 operations of the Marina Project, DBW will be responsible for payment of all operating expenses
17 of the Marina Project, and the City will have the right to (i) ensure that the Marina Project is
18 operated in a responsible and safe manner, including providing adequate security; and (ii) compel
19 DBW to alter its manner of operations if such operations pose a threat to the public welfare or if
20 such operations abet a public nuisance. The General Fund shall have no liability, directly or
21 indirectly, for the Claims of DBW, and the City may decide at any time to cease subsidizing the
22 operating deficits of the operation of the Marina Project. DBW has stated to the City an interest
23 in exercising its remedy of taking possession of the Marina Project. The real property that is the
24 subject of the Marina Project shall be that real property described in Exhibit A to this Plan, and
25 should DBW exercise its remedy of taking possession of the Marina Project, DBW shall succeed
26 to possession and control only over the real property set forth in Exhibit A.

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I. Class 8 – SCC 16 Claims.

1. Impairment and Voting.

Class 8 is not Impaired by this Plan since the treatment of this Class will not affect the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holders of the Claims in this Class are not entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.

2. Treatment.

To the extent SCC 16 has any offset rights arising under the Construction Agreement or the Disposition and Development Agreement, SCC 16 shall apply any such offsets against amounts owing under the SCC 16 Promissory Note.

J. Class 9 – Thunder Claims.

1. Impairment and Voting.

Class 9 is Impaired by this Plan since the treatment of this Class will affect the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holders of the Claims in this Class are entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.

2. Treatment.

The treatment of the Class 9 Claims will be as set forth in the Thunder Settlement, which should be consulted for the precise terms of the treatment.

K. Class 10 – Claims of Holders of Restricted Revenue Bond and Note Payable Obligations.

1. Impairment and Voting.

Class 10 is not Impaired by this Plan since the treatment of this Class will not affect the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holders of the Claims in this Class are not entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.

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1 **2. Treatment.**

2 Class 10 consists of Claims of the holders of Restricted Revenue Bond and Note
3 Payable Obligations, which are secured by special and restricted sources of revenues

4 Restricted Revenue Bond and Notes Payable Obligations. The City's Restricted
5 Revenue Bond and Notes Payable Obligations are secured by a pledge of and lien on revenues of
6 various of the City's systems and enterprises, which are restricted revenues pursuant to the
7 California Constitution, and are "special revenues" as defined in section 902(2). These revenues
8 are not a part of or available to the General Fund, and the General Fund is not obligated to make
9 any payment on the Restricted Revenue Bond and Note Payable Obligations. The City may
10 transfer amounts from the restricted revenues to the General Fund only to pay costs which are
11 incurred by the General Fund to provide the facility or enterprise-related services and which are
12 allocated to the enterprises on a reasonable basis in accordance with the City's accounting and
13 allocation policies and pursuant to the provisions of the relevant documents related to the
14 Restricted Revenue Bonds and Notes Payable Obligations. Such transfers are treated by the
15 facility or enterprise as operation and maintenance expenses. The City will continue to apply
16 restricted revenues to pay the Restricted Revenue Bond and Notes Payable Obligations as
17 required by the terms of such obligations.

18 **L. Class 11 – Claims of Holders of Special Assessment and Special Tax**
19 **Obligations.**

20 **1. Impairment and Voting.**

21 Class 11 is not Impaired by this Plan since the treatment of this Class will not
22 affect the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the
23 holders of the Claims in this Class are not entitled to vote to accept or reject this Plan in
24 accordance with the Plan Solicitation Order.

25 **2. Treatment.**

26 Class 11 consists of Claims of the holders of Special Assessment and Special Tax
27 Obligations, which are secured by special and restricted sources of revenues consisting of specific
28 levies on real property within certain financing districts created by the City.

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1 Special Assessment and Special Tax Obligations. The Special Assessment and
 2 Special Tax Obligations are secured by certain special assessments and special taxes levied on
 3 specific real property within the respective districts for which these obligations were issued.
 4 These special assessment and special tax revenues are legally restricted to the payment of debt
 5 service on the Special Assessment and Special Tax Obligations under California statutes and the
 6 California Constitution, are “special revenues” as defined in section 902(2), and cannot be used
 7 for any other purpose or be transferred to the General Fund. The General Fund is not obligated to
 8 pay debt service on the Special Assessment and Special Tax Obligations. The City will continue
 9 to apply revenues from the applicable special assessments and special taxes to pay the Special
 10 Assessment and Special Tax Obligations as required by the terms of such obligations.

11 **M. Class 12 – General Unsecured Claims.**

12 **1. Impairment and Voting.**

13 Class 12 is Impaired by this Plan since the treatment of this Class will affect the
 14 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holders of
 15 the Claims in this Class are entitled to vote to accept or reject this Plan in accordance with the
 16 Plan Solicitation Order.

17 **2. Treatment.**

18 The Claims in this Class include without limitation: (i) the Retiree Health Benefit
 19 Claims; (ii) the Golf Course/Park Claims of the 2009 Golf Course/Park Bond Trustee/Franklin;
 20 (iii) the Leave Buyout Claims; and (iv) Other Postpetition Claims.

21 Pursuant to the Retirees Settlement, on the Effective Date, the City will pay the
 22 Retiree Health Benefit Claimants an aggregate amount of \$5,100,000 in full satisfaction of the
 23 Allowed Retiree Health Benefit Claims, and no other retiree health benefits will be provided by
 24 the City. If required by state or federal law, the City will withhold from the aggregate \$5,100,000
 25 payment any taxes or other deductions to be withheld from the individual payment to each Retiree
 26 Health Benefit Claimant. The individual recipient is responsible for any tax liability for this
 27 payment, and the City will not provide any advice to any recipient as to the taxable impact of this
 28 payment.

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1 All other General Unsecured Claims shall receive cash on the Effective Date in the
2 amount equal to a percentage of the Allowed Amount of such Claims, which percentage equals
3 the Unsecured Claim Payout Percentage, or such other amount as is determined by the
4 Bankruptcy Court before confirmation of this Plan to constitute a pro-rata payment on such other
5 General Unsecured Claims; *provided, however*, that the dollar amount to be paid on account of
6 General Unsecured Claims other than the Retiree Health Benefit Claims on the Effective Date
7 shall not exceed \$500,000. If the amounts to be paid exceed \$500,000, then such excess amounts
8 shall be made in two equal annual installments on the first and second anniversary of the
9 Effective Date, together with simple interest accruing from and after the Effective Date at 5% per
10 annum. Such excess amounts may be prepaid at the option of the City without penalty.

11 **N. Class 13 – Convenience Class Claims.**

12 **1. Impairment and Voting.**

13 Class 13 is not Impaired by this Plan since the treatment of this Class will not
14 affect the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the
15 holders of the Claims in this Class are not entitled to vote to accept or reject this Plan in
16 accordance with the Plan Solicitation Order.

17 **2. Treatment.**

18 Holders of Convenience Class Claims will receive cash on the Effective Date in
19 the amount of their Allowed Convenience Class Claim, but not to exceed \$100.

20 **O. Class 14 – Claims of Certain Tort Claimants.**

21 **1. Impairment and Voting.**

22 Class 14 is Impaired by this Plan since the treatment of this Class will affect the
23 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holders of
24 the Claims in this Class are entitled to vote to accept or reject this Plan in accordance with the
25 Plan Solicitation Order.

26 **2. Treatment.**

27 The SIR Claim Portion of each Allowed General Liability Claim will be paid on
28 the Effective Date from the Risk Management Internal Service Fund, and will receive the same

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percentage payment on the dollar of Allowed Claim as will the holders of Allowed Class 12

Claims. The Insured Portion of each Allowed General Liability Claim is not Impaired, and shall be paid by the applicable excess risk-sharing pool.

P. Class 15 – Claims Regarding City’s Obligations to Fund Employee Pension Plan Contributions to CalPERS, as Trustee under the CalPERS Pension Plan for the Benefit of CalPERS Pension Plan Participants.

1. Impairment and Voting.

Class 15 is not Impaired by this Plan because the treatment of this Class will not affect the legal, equitable, or contractual rights of the holder of such Claims, and, accordingly, the holder of the Claims in this Class is not entitled to vote to accept or reject this Plan.

2. Treatment.

CalPERS will continue as the trustee for the City’s pension plan for its employees, and the CalPERS Pension Plan will be assumed by the City. The City will continue to honor its obligations to its employees and retirees to fund employee retirement benefits under the CalPERS Pension Plan, and CalPERS as trustee and the CalPERS Pension Plan Participants retain all of their rights and remedies under applicable nonbankruptcy law. Thus, CalPERS and the CalPERS Pension Plan Participants will be entitled to the same rights and benefits to which they are currently entitled under the CalPERS Pension Plan. CalPERS, pursuant to the CalPERS Pension Plan, will continue to provide pension benefits for participants in the manner indicated under the provisions of the CalPERS Pension Plan and applicable nonbankruptcy law.

Q. Class 16 – Claims of Equipment Lessors.

1. Impairment and Voting.

Class 16 is not Impaired by this Plan because the treatment of this Class will not affect the legal, equitable, or contractual rights of the holder of such Claims, and, accordingly, the holders of the Claims in this Class is not entitled to vote to accept or reject this Plan.

2. Treatment.

Any equipment leases not specifically rejected by the Rejection Motion will be assumed under this Plan. The City believes that it is current on all such equipment leases and therefore no cure payments are required.

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R. Class 17 – Workers Compensation Claims.

1. Impairment and Voting.

Class 17 is not Impaired by this Plan since the treatment of this Class will not affect the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holders of the Claims in this Class are not entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.

2. Treatment.

The City must pay Allowed SIR Claim Portions related to Workers Compensation Claims in full. If not, the City will lose its State workers compensation insurance for those claims in excess of the SIR Claim Portions, exposing the City’s current and former workers to grave risk. The City will pay the SIR Claim Portions related to Worker Compensation Claims from the Workers Compensation Internal Service Fund.

S. Class 18 – SPOA Claims.

1. Impairment and Voting.

Class 18 is Impaired by this Plan since the treatment of this Class will affect the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holders of the Claims in this Class are entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.

2. Treatment.

The City will honor the SPOA Claims held by SPOA members on the terms and conditions set forth in the SPOA MOU.

T. Class 19 – Price Claims.

1. Impairment and Voting.

Class 19 is Impaired by this Plan since the treatment of this Class will affect the legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, the holders of the Claims in this Class are entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.

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1 **2. Treatment.**

2 The treatment of the Class 19 Claims will be as set forth in the Price Settlement,
3 which should be consulted for the precise terms of the treatment.

4 **V. ACCEPTANCE OR REJECTION; CRAMDOWN**

5 **A. Voting of Claims.**

6 Each holder of an Allowed Claim (and, as applicable as specified herein, Ambac,
7 NPFPG, and Assured) classified into Classes 1A, 1B, 3, 4, 5, 6, 7, 9, 12, 14, 18, and 19 shall be
8 entitled to vote each such Claim to accept or reject this Plan.

9 With respect to any Class of Impaired Claims that fails to accept this Plan, the
10 City, as proponent of this Plan, will request that the Bankruptcy Court nonetheless confirm this
11 Plan pursuant to the so-called “cramdown” powers set forth in section 1129(b).

12 **VI. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

13 **A. Assumption of Executory Contracts and Unexpired Leases.**

14 Except as otherwise provided in this Plan, as to any executory contract or
15 unexpired lease that the City elects to assume, the City shall file the Assumption Motion, which,
16 if granted in an order of the Bankruptcy Court, will authorize the City’s assumption of such
17 contracts and leases.

18 **B. Cure Payments.**

19 After the provision of notice and the opportunity for a hearing on the Assumption
20 Motion, in accord with the Bankruptcy Rules, the Bankruptcy Court shall resolve all disputes
21 regarding: (i) the amount of any cure payment to be made in connection with the assumption of
22 any contract or lease; (ii) the ability of the City to provide “adequate assurance of future
23 performance” within the meaning of section 365 under the contract or lease to be assumed; and
24 (iii) any other matter pertaining to such assumption and assignment. Any party to an executory
25 contract or unexpired lease that is included in the Assumption Motion that asserts that any
26 payment or other performance is due as a condition to the proposed assumption shall file with the
27 Bankruptcy Court and serve upon the City a written statement and accompanying declaration in
28 support thereof, specifying the basis for its Claim within such deadline and in the manner

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1 established for filing objections as shall be set forth in the Assumption Motion. The failure to
2 timely file and serve such a statement in accordance with the instructions set forth in the
3 Assumption Motion shall be deemed to be a waiver of any and all objections to the proposed
4 assumption and any claim for cure amounts of the agreement at issue.

5 **C. Rejection of Executory Contracts and Unexpired Leases.**

6 The Rejection Motion shall seek authority to reject all executory contracts and
7 unexpired leases that that the City in the exercise of its business judgment deems warranted.

8 **D. Claims Arising From Rejection.**

9 Proofs of claim arising from the rejection of executory contracts or unexpired
10 leases must be filed with the Bankruptcy Court and served on the City no later than 28 days after
11 the date on which notice of entry of the order approving the Rejection Motion is served on the
12 parties to the executory contracts and expired leases subject to the Rejection Motion. Any Claim
13 for which a proof of claim is not filed and served within such time will be forever barred and shall
14 not be enforceable against the City or its assets, properties, or interests in property. Unless
15 otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided
16 herein shall be classified into Class 12 (General Unsecured Claims) and treated accordingly.

17 **E. Executory Contracts and Unexpired Leases Not Included in Motion.**

18 The Omitted Agreements shall be deemed assumed as of the Effective Date,
19 *provided, however*, that any non-debtor counter-party to an Omitted Agreement may, within 63
20 days after receiving notice from the City that such agreement is being assumed, file a motion in
21 the Bankruptcy Court seeking an order reconsidering the assumption of the agreement.

22 **VII. IMPLEMENTATION AND MEANS FOR IMPLEMENTATION OF THIS PLAN**

23 Following the Effective Date, the City will continue to operate pursuant to the City
24 Charter, the California Constitution, and other applicable laws.

25 Pursuant to the Rejection Motion, the City will reject certain (i) unexpired leases,
26 including, without limitation, the Office Building Standby Agreement, the Golf Course/Park
27 Lease Out, and the Golf Course/Park Lease Back; and (ii) executory contracts, including, without
28 limitation, the Ports License Agreement.

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1 On the Effective Date, pursuant to the NPMG Settlement, the City will assume,
2 among other leases, (i) the SEB Lease Out and the SEB Lease Back; (ii) the Arena Lease Out and
3 the Arena Lease Back, as modified by the NPMG Arena Settlement; and (iii) the Parking Structure
4 Lease Out and the Parking Structure Lease Back, as modified by the NPMG Parking Settlement
5 (alternatively, the Parking Structure Lease Back will be terminated as provided in the NPMG
6 Parking Settlement).

7 **VIII. RESERVATION OF THE CITY'S RIGHTS OF ACTION**

8 All of the City's claims, causes of action, rights of recovery, rights of offset,
9 recoupment rights to refunds, and similar rights shall be retained by the City. The failure to list in
10 the Disclosure Statement any potential or existing Right of Action retained by the City is not
11 intended to and shall not limit the rights of the City to pursue any such action. Unless a Right of
12 Action is expressly waived, relinquished, released, compromised, or settled (in this Plan or
13 otherwise), the City expressly reserves all Rights of Action for later adjudication and, as a result,
14 no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue
15 preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to
16 such Rights of Action upon or after the confirmation or consummation of this Plan or the
17 Effective Date. In addition, the City expressly reserves the right to pursue or adopt against any
18 other Entity any claims alleged in any lawsuit in which the City is a defendant or an interested
19 party.

20 **IX. DISTRIBUTIONS**

21 **A. Distribution Agent.**

22 On or after the Effective Date, the City may retain one or more agents (including
23 Rust Omni) to perform or assist it in performing the distributions to be made pursuant to this
24 Plan, which agents may serve without bond. The City may provide reasonable compensation to
25 any such agent(s) without further notice or Bankruptcy Court approval.

26 **B. Delivery of Distributions.**

27 All distributions to any holder of an Allowed Claim shall be made at the address of
28 such holder as set forth in the books and records of the City or its agents, unless the City has been

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1 notified by such holder in a writing that contains an address for such holder different from the
2 address reflected in the City's books and records. All such notifications of address changes and
3 all address confirmations should be mailed to: Rust Consulting/Omni Bankruptcy, 5955 DeSoto
4 Avenue, Suite 100, Woodland Hills, CA 91367. All distributions to the Indenture Trustee shall
5 be made in accordance with the relevant indenture, as applicable.

6 **C. Distributions of Unclaimed Property.**

7 If any distribution to any holder of a Claim is returned to the City or its agent as
8 undeliverable, no further distributions shall be made to such holder unless and until the City is
9 notified in writing of such holder's then-current address. Any unclaimed distributions shall be set
10 aside and held in a segregated account to be maintained by the City pursuant to the terms of this
11 Plan. No later than 63 days after the date of the first distributions under the Plan, the City shall
12 file with the Bankruptcy Court a list of unclaimed distributions, together with a schedule that
13 identifies the name and last-known addresses of the holders of any unclaimed distributions. The
14 City shall not be required to make any further attempt to locate the holders of any unclaimed
15 distributions. Any distribution under the Plan that remains unclaimed after 91 days following the
16 date of the first distributions under the Plan (including, without limitation, because the
17 distribution made to the last known address is returned as undeliverable), shall be deemed not to
18 have been made and, together with any accrued interest or dividends earned thereon, shall be
19 transferred to and vest in the City for any use as the City sees fit. The City shall not be obligated
20 to make any further distributions on account of the Claim with respect to which such distribution
21 was made, and such Claim shall be treated as a Disallowed Claim. Nothing contained herein
22 shall affect the discharge of the Claim with respect to which such distribution was made, and the
23 holder of such Claim shall be forever barred from enforcing such Claim against the City or its
24 assets, estate, properties, or interests in property.

25 **D. Distributions of Cash.**

26 Any payment of Cash to be made by the City or its agent pursuant to this Plan
27 shall be made by check drawn on a domestic bank or by wire transfer, at the sole option of the
28 City.

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1 **E. Timeliness of Payments.**

2 Any payments or distributions to be made pursuant to this Plan shall be deemed to
3 be timely made if made within 14 days after the dates specified in this Plan. Whenever any
4 distribution to be made under this Plan shall be due on a day that is not a Business Day, such
5 distribution instead shall be made, without interest on such distribution, on the immediately
6 succeeding Business Day, but shall be deemed to have been timely made on the date due.

7 **F. Compliance with Tax, Withholding, and Reporting Requirements.**

8 The City shall comply with all tax, withholding, reporting, and like requirements
9 imposed on it by any government unit, including without limitation, any payments related to
10 CalPERS's required pension obligations, and all distributions pursuant to this Plan shall be
11 subject to such withholding and reporting requirements. In connection with each distribution
12 with respect to which the filing of an information return (such as Internal Revenue Service Forms
13 W-2, 1099, or 1042) or withholding is required, the City shall file such information return with
14 the Internal Revenue Service and provide any required statements in connection therewith to the
15 recipients of such distribution, or effect any such withholding and deposit all moneys so withheld
16 to the extent required by law. With respect to any entity from whom a tax identification number,
17 certified tax identification number, or other tax information which is required by law to avoid
18 withholding has not been received by the City, the City at its sole option may withhold the
19 amount required and distribute the balance to such entity or decline to make such distribution
20 until the information is received.

21 **G. Time Bar to Cash Payments.**

22 Checks issued by the City on account of Allowed Claims shall be null and void if
23 not negotiated within 91 days from and after the date of issuance thereof. Requests for reissuance
24 of any check shall be made directly to the City by the holder of the Allowed Claim with respect to
25 which such check originally was issued. Any claim in respect of such a voided check must be
26 made on or before the second anniversary of the Effective Date. After such date, all Claims in
27 respect of voided checks will be discharged and forever barred and the City will retain all moneys
28 related thereto.

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1 **H. No De Minimis Distributions.**

2 Notwithstanding any other provision of this Plan, no Cash payment of less than
3 \$10 will be made by the City on account of any Allowed Claim.

4 **I. No Distributions on Account of Disputed Claims.**

5 Notwithstanding anything to the contrary in this Plan, no distributions shall be
6 made on account of any part of any Disputed Claim until such Claim becomes Allowed (and then
7 only to the extent so Allowed). Distributions made after the Effective Date in respect of Claims
8 that were not Allowed as of the Effective Date (but which later became Allowed) shall be deemed
9 to have been made as of the Effective Date.

10 **J. No Postpetition Accrual.**

11 Unless otherwise specifically provided in this Plan or Allowed by order of the
12 Bankruptcy Court, the City will not be required to pay to any holder of a Claim any interest,
13 penalty, or late charge accruing with respect to such claim on or after the Petition Date. This
14 provision does not apply to holders of the 2003 Fire/Police/Library Certificates, the 2004 Arena
15 Bonds, the 2004 Parking Bonds, the 2006 SEB Bonds, the 2007 Office Building Bonds, and the
16 2009 Golf Course/Park Bonds, which bonds are not themselves obligations of the City and
17 therefore are not Claims. Therefore, the holders of such bonds and certificates will retain all of
18 their rights to postpetition interest, penalties, and late charges. This provision also does not apply
19 to Assured Guaranty, as the deemed holder of the Pension Obligation Bonds Claims, which shall
20 receive interest on any payments required of the City by the Assured Guaranty Settlement
21 Documents on account of such Pension Obligation Bonds Claims, which payments are delayed by
22 a failure to satisfy or waive the conditions to the Effective Date. Any such delayed payments
23 shall accrue interest at the rate specified in the Assured Guaranty Settlement Documents.

24 **X. DISPUTED CLAIMS; OBJECTIONS TO CLAIMS; PROSECUTION OF**
25 **OBJECTIONS TO DISPUTED CLAIMS**

26 **A. Claims Objection Deadline; Prosecution of Objections.**

27 The City will have the right to object to the allowance of Claims filed with the
28 Bankruptcy Court with respect to which liability or allowance is disputed in whole or in part.

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1 Unless otherwise ordered by the Bankruptcy Court, the City must file and serve any such
2 objections to Claims by not later than 182 days after the Effective Date (or, in the case of Claims
3 lawfully filed after the Effective Date, by not later than 182 days after the date of filing of such
4 Claims).

5 **B. Payments and Distributions with Respect to Disputed Claims.**

6 After the Effective Date has occurred, at such time as a Disputed Claim becomes
7 an Allowed Claim, in whole or in part, the City or its agent will distribute to the holder thereof the
8 distributions, if any, to which such holder is then entitled under this Plan. Such distributions, if
9 any, will be made as soon as practicable after the date that the order or judgment of the
10 Bankruptcy Court allowing such Disputed Claim becomes a Final Order (or such other date as the
11 Claim becomes an Allowed Claim), but in no event more than 63 days thereafter. Unless
12 otherwise specifically provided in this Plan or Allowed by order of the Bankruptcy Court, no
13 interest will be paid on Disputed Claims that later become Allowed Claims.

14 **XI. EFFECT OF CONFIRMATION**

15 **A. Discharge of the City.**

16 Pursuant to section 944, upon the Effective Date, the City will be discharged from
17 all debts of the City and Claims against the City other than (i) any Debt specifically and expressly
18 excepted from discharge by this Plan or the Confirmation Order, or (ii) any Debt owed to an
19 entity that, before the Confirmation Date, had neither notice nor actual knowledge of the Chapter
20 9 Case.

21 The rights afforded in this Plan and the treatment of all holders of Claims, whether
22 such Claims are Impaired or Unimpaired under this Plan, will be in exchange for and in complete
23 satisfaction, discharge, and release of all Claims of any nature whatsoever arising on or before the
24 Effective Date, known or unknown, including any interest accrued or expenses incurred thereon
25 from and after the Petition Date, whether against the City or any of its properties, assets, or
26 interests in property. Except as otherwise provided herein, upon the Effective Date, all Pre-
27 Confirmation Date Claims will be and shall be deemed to be satisfied, discharged, and released in
28 full, be they Impaired or Unimpaired under this Plan.

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1 **B. Injunction.**

2 Except as otherwise expressly provided in this Plan, all entities who have held,
3 hold, or may hold Pre-Confirmation Date Claims shall be permanently enjoined from and after
4 the Confirmation Date from: (i) commencing or continuing in any manner any action or other
5 proceeding of any kind with respect to any such Pre-Confirmation Date Claim against the City or
6 its property; (ii) enforcing, attaching, collecting, or recovering by any manner or means any
7 judgment, award, decree, or order against the City or its property with respect to such Pre-
8 Confirmation Date Claims; (iii) creating, perfecting, or enforcing any lien or encumbrance of any
9 kind against the City or its property; and (iv) asserting any right of setoff, subrogation, or
10 recoupment of any kind against any obligation due to the City with respect to any such Pre-
11 Confirmation Date Claim, except as otherwise permitted by section 553.

12 **C. Term of Existing Injunctions or Stays.**

13 Unless otherwise provided, all injunctions or stays provided for in the Chapter 9
14 Case pursuant to sections 105, 362, or 922, or otherwise, and in existence on the Confirmation
15 Date, will remain in full force and effect until the Effective Date.

16 **D. Exculpation.**

17 Except with respect to obligations specifically arising pursuant to or preserved in
18 this Plan, including but not limited to the Insurance Policies, no Exculpated Party shall have or
19 incur, and each Exculpated Party is hereby released and exculpated from, any claim, obligation,
20 cause of action or liability for any claim in connection with or arising prior to or on the Effective
21 Date for any act taken or omitted to be taken in connection with, or related to, (i) the
22 administration of the Chapter 9 Case, (ii) the negotiation, pursuit, confirmation, solicitation of
23 votes for, consummation or implementation of the Plan, (iii) the administration of the Plan or
24 property to be distributed under the Plan, (iv) the AB 506 process, (v) any document, release,
25 contract, or other instrument entered into in connection with, or relating to, the Plan or the
26 settlements referenced within the Plan or (vi) any other transaction contemplated by, or entered
27 into, in connection with the Plan; *provided, however*, that nothing in this Section XI.D shall be
28 deemed to release or exculpate any Exculpated Party for its willful misconduct or gross

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1 negligence. In all respects, each Exculpated Party shall be entitled to reasonably rely upon the
2 advice of counsel with respect to its duties and responsibilities pursuant to the Plan.

3 **E. Releases Among Releasing Parties and Released Parties.**

4 EFFECTIVE AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE
5 CONSIDERATION PROVIDED BY EACH OF THE RELEASED PARTIES, THE
6 ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE FULLEST EXTENT
7 PERMISSIBLE UNDER APPLICABLE LAW, (i) THE CITY AND EACH OF ITS RELATED
8 PERSONS (COLLECTIVELY, THE "**CITY RELEASING PARTIES**") SHALL, AND SHALL
9 BE DEEMED TO, COMPLETELY, CONCLUSIVELY, ABSOLUTELY,
10 UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASE, WAIVE, VOID,
11 EXTINGUISH, AND DISCHARGE EACH AND ALL OF THE RELEASED PARTIES (AND
12 EACH SUCH RELEASED PARTY SO RELEASED SHALL BE DEEMED FOREVER
13 RELEASED, WAIVED AND DISCHARGED BY THE CITY RELEASING PARTIES) AND
14 THEIR RESPECTIVE PROPERTIES AND RELATED PERSONS; AND (ii) EACH OF NPMFG,
15 ASSURED GUARANTY, AMBAC, THE INDENTURE TRUSTEE IN ALL CAPACITIES
16 EXCEPT AS THE 2009 GOLF COURSE/PARK BOND TRUSTEE (COLLECTIVELY WITH
17 THE CITY RELEASING PARTIES, THE "**RELEASING PARTIES**") SHALL, AND SHALL
18 BE DEEMED TO, COMPLETELY, CONCLUSIVELY, ABSOLUTELY,
19 UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASE, WAIVE, VOID,
20 EXTINGUISH, AND DISCHARGE THE CITY (AND THE CITY SHALL BE DEEMED
21 FOREVER RELEASED, WAIVED AND DISCHARGED BY SUCH RELEASING PARTIES),
22 OF AND FROM ANY AND ALL OF THE FOLLOWING: CLAIMS, CAUSES OF ACTION,
23 LITIGATION CLAIMS, AVOIDANCE ACTIONS AND ANY OTHER DEBTS,
24 OBLIGATIONS, RIGHTS, SUITS, DAMAGES, ACTIONS, REMEDIES, JUDGMENTS, AND
25 LIABILITIES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, THE AB 506
26 PROCESS AND THE ELIGIBILITY CONTEST), WHETHER KNOWN OR UNKNOWN,
27 FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, FIXED OR
28 CONTINGENT, MATURED OR UNMATURED, EXISTING AS OF THE EFFECTIVE DATE

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1 OR THEREAFTER ARISING, IN LAW, AT EQUITY, WHETHER FOR TORT, CONTRACT,
2 OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION,
3 TRANSACTION, EVENT OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING
4 OR TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR
5 RELATED IN ANY WAY IN WHOLE OR IN PART TO THE CITY OR ITS ASSETS AND
6 PROPERTY, THE CHAPTER 9 CASE, THE DISCLOSURE STATEMENT, THIS PLAN OR
7 THE SOLICITATION OF VOTES ON THIS PLAN THAT SUCH RELEASING PARTY
8 WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY
9 OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR EQUITY INTEREST OR
10 OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT FOR OR ON
11 BEHALF OF SUCH RELEASING PARTY (WHETHER DIRECTLY OR DERIVATIVELY)
12 AGAINST ANY OF THE RELEASED PARTIES OR THE CITY, AS APPLICABLE;
13 *PROVIDED, HOWEVER,* THAT THE FOREGOING PROVISIONS OF THIS RELEASE
14 SHALL NOT OPERATE TO WAIVE OR RELEASE (i) ANY CAUSES OF ACTION, CLAIMS
15 OR AGREEMENTS EXPRESSLY SET FORTH IN AND/OR PRESERVED BY THIS PLAN
16 OR ANY PLAN SUPPLEMENT, INCLUDING BUT NOT LIMITED TO THE INSURANCE
17 POLICIES; AND/OR (ii) THE RIGHTS OF SUCH RELEASING PARTY TO ENFORCE THIS
18 PLAN AND THE CONTRACTS, INSTRUMENTS, RELEASES, AND OTHER
19 AGREEMENTS OR DOCUMENTS DELIVERED UNDER OR IN CONNECTION WITH
20 THIS PLAN OR ASSUMED PURSUANT TO THIS PLAN OR ASSUMED PURSUANT TO
21 FINAL ORDER OF THE BANKRUPTCY COURT. THE FOREGOING RELEASE SHALL
22 BE EFFECTIVE AS OF THE EFFECTIVE DATE WITHOUT FURTHER NOTICE TO OR
23 ORDER OF THE BANKRUPTCY COURT, ACT OR ACTION UNDER APPLICABLE LAW,
24 REGULATION, ORDER, OR RULE OR THE VOTE, CONSENT, AUTHORIZATION OR
25 APPROVAL OF ANY PERSON.

26 **F. Good Faith Compromise.**

27 Pursuant to Bankruptcy Rule 9019, to the extent applicable, and in consideration
28 for the distributions and other benefits provided under this Plan, the provisions of this Plan,

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1 including the exculpation and release provisions contained in this Article XI, constitute a good
2 faith compromise and settlement of all Claims, causes of action or controversies relating to the
3 rights that a holder of a Claim may have with respect to any Claim against the City, any
4 distribution to be made pursuant to the Plan on account of any such Claim and any and all Claims
5 or causes of action of any party arising out of or relating to the AB 506 Process or the Eligibility
6 Contest. The entry of the Confirmation Order constitutes the Bankruptcy Court's approval, as of
7 the Effective Date, of the compromise or settlement of all such Claims or controversies and the
8 Bankruptcy Court's finding that all such compromises or settlements are in the best interests of
9 the City and the holders of Claims, and are fair, equitable, and reasonable.

10 **XII. RETENTION OF AND CONSENT TO JURISDICTION**

11
12 Following the Effective Date, the Bankruptcy Court shall retain and have
13 exclusive jurisdiction over any matter (i) arising under the Bankruptcy Code and relating to the
14 City, (ii) arising in or related to the Chapter 9 Case or this Plan, and (iii) otherwise for the
15 following:

- 16 1. to resolve any matters related to the assumption, assumption and assignment, or
17 rejection of any executory contract or unexpired lease to which the City is a party or with respect
18 to which the City may be liable, and to hear, determine and, if necessary, liquidate any Claims
19 arising therefrom, including those matters related to the amendment after the Effective Date of
20 this Plan, and to add any executory contracts or unexpired leases to the Rejection Motion, as
21 necessary;
- 22 2. to enter such orders as may be necessary or appropriate to implement or
23 consummate the provisions of this Plan, and all other contracts, settlement agreements,
24 instruments, releases, exculpations, and other agreements or documents related to this Plan;
- 25 3. to determine any and all motions, adversary proceedings, applications, and
26 contested or litigated matters that may be pending on the Effective Date or that, pursuant to this
27 Plan, may be instituted by the City after the Effective Date or that are instituted by any holder of a
28 Claim before or after the Effective Date concerning any matter based upon, arising out of, or

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1 relating to the Chapter 9 Case, whether or not such action initially is filed in the Bankruptcy
2 Court or any other court;

3 4. to ensure that distributions to holders of Allowed Claims are accomplished as
4 provided herein;

5 5. to hear and determine any objections to Claims or to proofs of Claim filed, both
6 before and after the Effective Date, including any objections to the classification of any Claim,
7 and to allow, disallow, determine, liquidate, classify, estimate, or establish the priority of or
8 secured or unsecured status of any Claim, in whole or in part;

9 6. to enter and implement such orders as may be appropriate in the event the
10 Confirmation Order is for any reason stayed, revoked, modified, reversed, or vacated;

11 7. to issue such orders in aid of execution of this Plan, to the extent authorized by
12 section 1142(b);

13 8. to consider any modifications of this Plan, to cure any defect or omission, or to
14 reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation
15 Order;

16 9. to the extent that the City elects to bring such matters before the Bankruptcy Court,
17 to hear and determine all applications for awards of compensation for services rendered and
18 reimbursement of expenses incurred prior to the Effective Date;

19 10. to hear and determine all disputes or controversies arising in connection with or
20 relating to this Plan or the Confirmation Order or the interpretation, implementation, or
21 enforcement of this Plan or the Confirmation Order or the extent of any Entity's obligations
22 incurred in connection with, released, enjoined, or exculpated under this Plan or the Confirmation
23 Order;

24 11. to issue injunctions, enter and implement other orders, or take such other actions as
25 may be necessary or appropriate to restrain interference by any entity with consummation or
26 enforcement of this Plan;

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1 12. to determine any other matters that may arise in connection with or are related to
2 this Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release
3 or other agreement or document related to this Plan or the Disclosure Statement;

4 13. to hear any other matter for any purpose specified in the Confirmation Order that
5 is not inconsistent with the Bankruptcy Code;

6 14. to hear and determine all disputes or controversies arising in connection with or
7 relating to the terms or enforcement of any relevant agreements; and

8 15. to enter a final decree closing the Chapter 9 Case.

9 **XIII. CONDITIONS PRECEDENT**

10 **A. Conditions Precedent to Confirmation.**

11 The conditions precedent to confirmation of the Plan are: (i) the entry of the
12 Confirmation Order in form and substance satisfactory to the City, and which is reasonably
13 satisfactory to Assured Guaranty, Ambac, NPMG, and the Indenture Trustee; and (ii) the approval
14 of the State of California Department of Finance of the restructuring of the Arena Pledge
15 Agreement as described in the NPMG Settlement.

16 **B. Conditions Precedent to Effective Date.**

17 The “effective date of the plan,” as used in section 1129, shall not occur, and this
18 Plan shall be of no force and effect, until the Effective Date. The occurrence of the Effective
19 Date is subject to the satisfaction (or waiver as set forth in Section XIII(C)) of the following
20 conditions precedent:

21 **1. Confirmation Order.** The Confirmation Order shall have been
22 entered, shall be in full force and effect, and shall be a Final Order (but the
23 requirement that the Confirmation Order be a Final Order may be waived by the City
24 at any time).

25 **2. Plan Documents.** All agreements and instruments
26 contemplated by, or to be entered into pursuant to, this Plan shall be in form and
27 substance acceptable to the City (and in the case of all agreements and instruments
28 between the City and Ambac, Assured Guaranty, NPMG, and the Indenture Trustee,

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1 acceptable to Ambac, Assured Guaranty, NPMG, and the Indenture Trustee,
 2 respectively); shall have been duly and validly executed and delivered (including, but
 3 not limited to, any documents necessary to be executed on or prior to the Effective
 4 Date so as to implement the Ambac Settlement, the Assured Guaranty Settlement, and
 5 the NPMG Settlement, respectively, and the satisfaction or waiver of the conditions
 6 precedent to the Ambac Settlement, the Assured Guaranty Settlement, and the NPMG
 7 Settlement, respectively), or deemed executed by the parties thereto; and all conditions
 8 to their effectiveness shall have been satisfied or waived.

9 **3. Authorizations, Consents, Etc.** The City shall have received
 10 any and all authorizations, consents, regulatory approvals, rulings, no-action letters,
 11 opinions, and documents that are necessary to implement the Plan and that are
 12 required by law, regulation or order.

13 **4. Timing.** The Effective Date shall occur on the first Business
 14 Day on which the conditions set forth in Section XIII(B)(1) and (B)(2) are satisfied or
 15 waived; *provided* that, unless otherwise ordered by the Bankruptcy Court, the
 16 Effective Date must occur by no later than 182 days after the Confirmation Date.

17 **C. Waiver of Conditions to Effective Date.**

18 The City may waive in whole or in part any condition to effectiveness of this Plan.
 19 If a condition to the occurrence of the Effective Date is the occurrence of the conditions to the
 20 effectiveness of the Ambac Settlement Agreement, the Assured Guaranty Settlement, or the
 21 NPMG Settlement, then such condition may not be waived without the prior written consent of
 22 Ambac, Assured Guaranty, of NPMG, as applicable. Any such waiver of a condition may be
 23 effected at any time, without notice or leave or order of the Bankruptcy Court and without any
 24 formal action, other than the filing of a notice of such waiver with the Bankruptcy Court.

25 **D. Effect of Failure of Conditions.**

26 In the event that the conditions to effectiveness of this Plan have not been timely
 27 satisfied or waived, and upon notification submitted by the City to the Bankruptcy Court, (i) the
 28 Confirmation Order shall be vacated, (ii) no distributions under this Plan shall be made, (iii) the

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1 City and all holders of Claims shall be restored to the status quo ante as of the day immediately
2 preceding the Confirmation Date as though the Confirmation Date never occurred, and (iv) all of
3 the City's obligations with respect to the Claims shall remain unchanged and nothing contained
4 herein shall be deemed to constitute a waiver or release of any claims by or against the City or
5 any other entity or to prejudice in any manner the rights, remedies, or claims of the City or any
6 entity in any further proceedings involving the City.

7 **E. No Admission of Liability.**

8 The Plan constitutes a settlement and compromise between and among the City
9 and various parties. The Plan shall not be deemed an admission or concession by any party with
10 respect to any factual or legal contention, right, defense, or position taken by the City.

11 **XIV. MISCELLANEOUS PROVISIONS**

12 **A. Dissolution of the Retirees Committee.**

13 On the Effective Date, the Retirees Committee shall be released and discharged of
14 and from all further authority, duties, responsibilities, and obligations relating to and arising from
15 and in connection with the Chapter 9 Case, and the Retirees Committee shall be deemed
16 dissolved and its appointment terminated.

17 **B. Severability.**

18 If any term or provision of this Plan is held by the Bankruptcy Court or any other
19 court having jurisdiction, including on appeal, if applicable, to be invalid, void, or unenforceable,
20 the Bankruptcy Court, in each such case at the election of and with the consent of the City, shall
21 have the power to alter and interpret such term or provision to make it valid or enforceable to the
22 maximum extent practicable, consistent with the original purpose of the term or provision held to
23 be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered
24 or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of
25 the terms and provisions of this Plan shall remain in full force and effect and shall in no way be
26 affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation
27 Order shall constitute a judicial determination and shall provide that each term and provision of

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1 this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and
2 enforceable pursuant to its terms.

3 **C. Governing Law.**

4 Except to the extent that the Bankruptcy Code or other federal law is applicable, or
5 to the extent that an exhibit hereto or Plan Document provides otherwise, the rights, duties, and
6 obligations arising under this Plan shall be governed by, and construed and enforced in
7 accordance with, the laws of the State of California, without giving effect to principles of
8 conflicts of laws.

9 **D. Effectuating Documents and Further Transactions.**

10 Each of the officials and employees of the City is authorized to execute, deliver,
11 file, or record such contracts, instruments, releases, indentures, and other agreements or
12 documents and take such actions as may be necessary or appropriate to effectuate and further
13 evidence the terms and provisions of this Plan.

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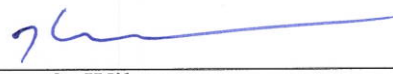
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E. Notice of Effective Date.

On or before 14 days after occurrence of the Effective Date, the City or its agent shall mail or cause to be mailed to all holders of Claims the Notice of the Effective Date, which will inform such holders of: (a) entry of the Confirmation Order; (b) the occurrence of the Effective Date; (c) the assumption and rejection of the City’s executory contracts and unexpired leases pursuant to this Plan, as well as the deadline for the filing of Claims arising from such rejection; (d) the deadline established under this Plan for the filing of Administrative Claims; (e) the procedures for changing an address of record pursuant to Section IX; and (f) such other matters as the City deems to be appropriate.

DATED: November 15, 2013

CITY OF STOCKTON, CALIFORNIA

By: 
Kurt O. Wilson
Interim City Manager

Submitted By:

ORRICK, HERRINGTON & SUTCLIFFE LLP

By: /s/ Marc A. Levinson
Marc A. Levinson
Jeffery D. Hermann
Norman C. Hile
Patrick B. Bocash
John A. Farmer

Attorneys for the City of Stockton

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EXHIBITS TO THE FIRST AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF CITY OF STOCKTON, CALIFORNIA (NOVEMBER 15, 2013)

Exhibit A Description of Marina Project Real and Personal Property

EXHIBIT A

DESCRIPTION OF MARINA PROJECT REAL AND PERSONAL PROPERTY

(To be provided)