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9 UNITED STATES BANKRUPTCY COURT  
 10 EASTERN DISTRICT OF CALIFORNIA  
 11 SACRAMENTO DIVISION  
 12

13 In re:  
 14 CITY OF STOCKTON, CALIFORNIA,  
 15 Debtor.

Case No. 2012-32118

Chapter 9

**CITY'S SUBMISSION OF REDLINED  
 COMPARISON OF THE FIRST  
 AMENDED PLAN FOR THE  
 ADJUSTMENT OF DEBTS OF CITY  
 OF STOCKTON, CALIFORNIA,  
 DATED NOVEMBER 15, 2013 AND  
 THE PLAN FOR THE ADJUSTMENT  
 OF DEBTS OF CITY OF STOCKTON,  
 CALIFORNIA, DATED OCTOBER 10,  
 2013**

Date: November 18, 2013  
 Time: 1:00 p.m.  
 Dept: Courtroom 35  
 Judge: Hon. Christopher M. Klein

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The City of Stockton, California (“City”), the debtor in the above-captioned case, hereby submits the redlined comparison, attached hereto as Exhibit 1, of the City’s First Amended Plan for the Adjustment of Debts of the City of Stockton, California, Dated November 15, 2013 and the City’s Plan for the Adjustment of Debts of the City of Stockton, California, Dated October 10, 2013 [Dkt. No. 1133].

Dated: November 15, 2013

MARC A. LEVINSON  
NORMAN C. HILE  
PATRICK B. BOCASH  
Orrick, Herrington & Sutcliffe LLP

By:                   /s/ Marc A. Levinson                    
MARC A. LEVINSON  
Attorneys for Debtor  
City of Stockton

# Exhibit 1

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 (~~OCTOBER~~  
~~10, NOVEMBER 15, 2013~~)**

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**CHARTER OF CITY OF STOCKTON**

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

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

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

**A. Definitions.**

1. 2003 Fire/Police/Library Certificates ~~has means~~ the ~~meaning set forth in the definition of~~ 2003A Fire/Police/Library Lease-Back-Transaction Certificates and the 2003B Fire/Police/Library Certificates.

2. 2003 Fire/Police/Library Certificates Reimbursement Agreement means ~~the~~ that certain Reimbursement Agreement, dated as of June 1, 2003, by and between the Successor Agency and the City, ~~pursuant to which the Successor Agency has agreed to utilize the Housing Set-Aside Amounts (as defined in the 2003 Fire/Police/Library Certificates Reimbursement Agreement) to reimburse the City for the monies paid by the City under the Fire/Police/Library Lease Back.~~

3. ~~2003 Fire/Police/Library Certificates Reserve Fund~~ has the meaning set forth in the definition of ~~Fire/Police/Library Lease Back Transaction.~~

3. ~~4.~~ 2003 Fire/Police/Library Certificates Supplemental Trust

<sup>1</sup>The definitions of capitalized terms used throughout this Plan are set forth in Section I(A). ~~Unless~~ 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 **Agreement** means the First Supplemental Trust Agreement, dated as of May 9, 2013, by and  
2 among Wells Fargo, the Financing Authority, and the City, the form of which is attached as  
3 Exhibit B to the Declaration of Robert Deis in Support of the City ~~Of~~of Stockton's Motion Under  
4 Bankruptcy Rule 9019 for Approval of Its Settlement with Ambac Assurance Corporation, filed in  
5 the Chapter 9 Case on February 26, 2013 [Dkt. No. 725].

6 ///

7 4. ~~5.~~ **2003 Fire/Police/Library Certificates Trust Agreement** ~~is~~means the  
8 Trust Agreement, dated as of June 1, 2003, by and among Wells Fargo, the Financing Authority,  
9 and the City, relating to the 2003 Fire/Police/Library Certificates.

10 5. ~~6.~~ **2003 Fire/Police/Library Certificates Trustee** ~~has the meaning set~~  
11 ~~forth in the definition of~~means Wells Fargo, as trustee under the 2003 Fire/Police/Library  
12 ~~Lease Back Transaction~~Certificates Trust Agreement, or any successor trustee thereunder.

13 6. ~~7.~~ **2003A Fire/Police/Library Certificates** ~~has the meaning set forth in the~~  
14 ~~definition of Fire/Police/Library Lease Back Transaction.~~means the Certificates of Participation  
15 (Redevelopment Housing Projects) Series 2003A, issued on June 27, 2003, in the original  
16 principal amount of \$1,160,000.

17 7. ~~8.~~ **2003B Fire/Police/Library Certificates** ~~has the meaning set forth in the~~  
18 ~~definition of Fire/Police/Library Lease Back Transaction.~~means the Certificates of Participation  
19 (Redevelopment Housing Projects) Taxable Series 2003B, issued on June 27, 2003, in the  
20 original principal amount of \$12,140,000.

21 8. ~~9.~~ **2004 Arena Bond Indenture** means the Indenture of Trust, dated as of  
22 March 1, 2004, by and between the ~~Redevelopment~~Successor Agency and the 2004 Arena Bond  
23 Trustee, relating to the 2004 Arena Bonds.

24 9. ~~10.~~ **2004 Arena Bond Reserve Fund** ~~has the meaning set forth in the~~  
25 ~~definition of Arena Lease Back Transaction.~~Insurance Policy means the Municipal Bond New  
26 Issue Insurance Policy No. 04010198 issued by NPEF, as successor to Financial Guaranty  
27 Insurance Company, with respect to the 2004 Arena Bonds.

28 10. ~~11.~~ **2004 Arena Bond Trustee** ~~has the meaning set forth in the definition-~~

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2 of Arena Lease Back Transaction means Wells Fargo, as indenture trustee under the 2004  
3 Arena Bonds Indenture, or any successor indenture trustee thereunder.

4 11. ~~12.~~ 2004 Arena Bonds has the meaning set forth in the definition of Arena  
5 Lease Back Transaction. means the Successor Agency of the City of Stockton Revenue  
6 Bonds, Series 2004, (Stockton Events Center – Arena Project), issued on March 26, 2004 in  
7 the original aggregate principal amount of \$47,000,000.

8 13. ~~2004 Parking Bond Reserve Fund has the meaning set forth in the~~  
9 definition of Parking Structure Lease Back Transaction.

10 12. 2004 Parking Bond Insurance Policy means the Municipal Bond New  
11 Issue Insurance Policy No. 04010390 issued by NPEFG, as successor to Financial Guaranty  
12 Insurance Company, with respect to the 2004 Parking Bonds.

13 13. ~~14.~~ 2004 Parking Bond Trustee has the meaning set forth in the definition  
14 of Parking Structure Lease Back Transaction means Wells Fargo, as indenture trustee under  
15 the 2004 Parking Bonds Indenture, or any successor indenture trustee thereunder.

16 14. ~~15.~~ 2004 Parking Bonds has the meaning set forth in the definition of  
17 Parking Structure Lease Back Transaction. means the Stockton Public Financing Authority  
18 Lease Revenue Bonds, Series 2004, (Parking and Capital Projects), issued on June 25, 2004,  
19 in the original aggregate principal amount of \$32,785,000.

20 15. ~~16.~~ 2004 Parking Bonds Bond Indenture means the Indenture of Trust,  
21 dated as of June 1, 2004, by and between the Financing Authority and the 2004 Parking Bond  
22 Trustee, relating to the 2004 Parking Bonds.

23 16. ~~17.~~ 2006 SEB Bond Reserve Fund has the meaning set forth in the  
24 definition of SEB Lease Back Transaction. Insurance Policy means the Financial Guaranty  
25 Insurance Policy No. 47756(1) issued by NPEFG, as successor to MBIA Insurance  
26 Corporation, with respect to the 2006 SEB Bonds.

27 17. ~~18.~~ 2006 SEB Bond Trustee has the meaning set forth in the definition of  
28 SEB Lease Back Transaction. means Wells Fargo, as indenture trustee under the 2006 SEB  
Bonds Indenture, or any successor indenture trustee thereunder.

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19. ~~2006 SEB Bonds~~ has the meaning set forth in the definition of SEB Lease Back Transaction.

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

19. ~~20. 2006 SEB Indenture~~ means the Indenture of Trust, dated as of March 1, 2006, by and between the Financing Authority and the 2006 SEB Bond Trustee, relating to the 2006 SEB Bonds.

20. ~~21. 2007 Lease Ask Payments~~ has the meaning set forth in the Assured Guaranty Term Sheet, attached to the Plan as ~~Exhibit A~~, and represent payments being made from the City's general fund that had been proposed to be made on Office Building Bond Insurance Policy means, collectively, the Financial Guaranty Insurance Policy No. D-2007-293 and the Financial Guaranty Insurance Policy No. D-2007-295, each issued by Assured Guaranty with respect to the 2007 Office Building Bonds (Series A) and the 2007 Office Building Bonds ~~under the City's AB-506 restructuring proposal~~ (Series B), respectively.

22. ~~2007 Office Building Bond Reserve Fund~~ has the meaning set forth in the definition of Office Building Lease Back Transaction.

21. ~~23. 2007 Office Building Bond Trustee~~ has the meaning set forth in the definition of Office Building Lease Back Transaction means Wells Fargo as the indenture trustee under the 2007 Office Building Bonds Indenture, or any successor indenture trustee thereunder.

22. ~~24. 2007 Office Building Bonds~~ has the meaning set forth in the definition of Office Building Lease Back Transaction means, collectively, the 2007 Series A Bonds and the 2007 Series B Bonds.

23. 2007 Office Building Bonds Indenture means the Indenture of Trust, dated as of November 1, 2007, by and between the Financing Authority and the 2007 Office Building Bond Trustee, relating to the 2007 Office Building Bonds.

24. 2007 Series A Bonds means the Stockton Public Financing Authority

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Variable Rate Demand Lease Revenue Bonds, 2007 Series A (Building Acquisition Financing Project), issued on November 29, 2007, in the original aggregate principal amount of \$36,500,000.

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

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

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

28. ~~25.~~ 2009 Golf Course/Park ~~Bond~~Bonds Indenture means the Indenture of Trust, dated as of September 1, 2009, by and between the Financing Authority and the 2009 Golf Course/Park Bond Trustee, relating to the 2009 Golf Course/Park Bonds.

~~26. 2009 Golf Course/Park Bond Reserve Fund has the meaning set forth in the definition of Golf Course/Park Lease Back Transaction.~~

~~27. 2009 Golf Course/Park Bond Trustee has the meaning set forth in the definition of Golf Course/Park Lease Back Transaction.~~

~~28. 2009 Golf Course/Park Bonds has the meaning set forth in the definition of Golf Course/Park Lease Back Transaction.~~

29. 400 E. Main Office Building Property ~~has the meaning set forth in the definition of Office Building Lease Back Transaction~~ means the office building located at 400 E. Main Street in the City.

~~30. AB-26 has the meaning set forth in the definition of Arena Lease Back Transaction.~~

30. ~~31.~~ AB 506 means Assembly Bill 506, codified at California Government

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Code 53760 *et seq.*, which provides that a local public entity in California may file a petition for bankruptcy if it has participated in a neutral evaluation process or has declared a fiscal emergency and adopted a resolution by a majority vote of the governing board.

~~32. AB 1484 has the meaning set forth in the definition of Arena Lease Back Transaction.~~

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

32. 34. Administrative Claim means any Claim, the costs or expenses of administration of the Chapter 9 Case not already paid by the City, ~~for an administrative expense of the kind~~ allowed under section 503(b) and entitled to priority under section 507(a)(2), ~~after giving effect to sections 901 and 904~~ to the extent made applicable in Chapter 9: (i) which the City agrees is an Allowed administrative expense ~~claim~~; or (ii) which the Bankruptcy Court determines is an Allowed administrative expense ~~claim~~. The City's consent to the Bankruptcy Court adjudicating Administrative Claim status is given without the City in any way consenting or agreeing that ~~other~~ Claims for postpetition obligations of the City are or would be entitled to status as Administrative Claims as "the actual necessary costs and expenses of preserving the estate" under section 503(b), and the City reserves its right to maintain that such Claims would instead constitute Other Postpetition Claims ~~as defined herein~~.

33. 35. Allowed means ~~a Claim that:~~

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

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

(ii) (b) Is asserted in a proof of claim filed in compliance with section 501 and any applicable orders of the Bankruptcy Court or listed in the list of creditors filed by the City and as to which: (iA) no objection has been, or subsequently is, filed within the deadline established pursuant to Section X(A) of the Plan (as such deadline may be extended by

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the Bankruptcy Court upon application of the City from time to time); ~~(#B)~~ the Bankruptcy Court has entered a Final Order allowing all or a portion of such Claim (but only in the amount so allowed); or ~~(#C)~~ the Bankruptcy Court has entered a Final Order under section 502(c) estimating the amount of the Claim for purposes of allowance;

(iii) ~~(e)~~ Isis subject to a stipulation between the City and the holder of such Claim providing for the allowance of such Claim;

(iv) ~~(d)~~ Isis deemed “Allowed” pursuant to this Plan;

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

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

34. ~~36.~~ Ambac means Ambac Assurance Corporation, a Wisconsin stock insurance corporation.

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

36. ~~38.~~ Ambac Insurance Policy means the ~~financial guaranty policy~~ Financial Guaranty Insurance Policy No. 21154BE issued by Ambac in connection with the Fire/Police/Library Lease Back Transaction, which insures the 2003 Fire/Police/Library Certificates executed and delivered by the 2003 Fire/Police/Library Certificates Trustee to fund affordable housing projects in the City.

37. ~~39.~~ Ambac Settlement Agreement means the Stipulation and Settlement Agreement, dated as of February 26, 2013, by and among the City, the Financing Authority, the

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2003 Fire/Police/Library Certificates Trustee, and Ambac, which is attached as Exhibit A to the Declaration of Robert Deis in Support of the City of Stockton's Motion Under Bankruptcy Rule 9019 for Approval of Its Settlement with Ambac Assurance Corporation, filed in the Chapter 9 Case on February 26, 2013 [Dkt. No. 725].

~~40. Ambac Settlement Agreement Motion means the motion filed in the Chapter 9 Case on February 26, 2013 [Dkt. No. 723].~~

~~41. Arena has the meaning set forth in the definition of Arena Lease Back Transaction.~~

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

39. **Arena Claims of the 2004 Arena Bond Trustee/NPFG** means the Claims arising in connection with the Arena Lease Back Transaction (which claims ~~were held by the Redevelopment Agency, but are now controlled and~~ are asserted by the 2004 Arena Bond Trustee at the direction of NPFG (as the insurer of the 2004 Arena Bonds) as a result of the assignment by the ~~Redevelopment~~ Successor Agency of all of its rights under the Arena Lease Out and the Arena Lease Back to the 2004 Arena Bond Trustee), as modified by the NPFG Settlement. The Arena Claims of the 2004 Arena Bond Trustee/NPFG do not include any claims arising out of non-payment of the 2004 Arena Bonds as all such claims are claims against the ~~Redevelopment~~ Successor Agency and are not obligations of the City (except to the extent specifically provided under the terms of the NPFG Settlement).

~~40. **Arena Lease Back** has the meaning set forth in the definition of Arena Lease Back Transaction.~~ 43. **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.

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44. ~~Arena Lease Back Rental Payments~~ has the meaning set forth in the definition of Arena Lease Back Transaction.

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41. Arena Lease Back Transaction means the transaction described as follows:

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~~*Financial Instruments Involved.*—The financial instruments involved in this transaction are the Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004, (Stockton Events Center—Arena Project) issued on March 16, 2004, in the aggregate principal amount of \$47,000,000 (the “2004 Arena Bonds”). Wells Fargo is the indenture trustee under the 2004 Arena Bonds Indenture (together with any successor trustee, the “2004 Arena Bond Trustee”). A reserve fund exists for the 2004 Arena Bonds with a balance as of September 1, 2013, of \$3,511,392.02 (the “2004 Arena Bond Reserve Fund”). The funds in the 2004 Arena Bond Reserve Fund are pledged to support repayment of the 2004 Arena Bonds. The 2004 Arena Bonds are insured by NPFG.~~

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~~*Property Involved/Lease.*—As described in more detail below, the property and facility involved in this transaction is the Stockton Arena (as more particularly described below, the “Arena”). In order to facilitate the financing provided by the 2004 Arena Bonds, the City, as owner of the Arena, leased the Arena to the Redevelopment Agency pursuant to, 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.~~

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42. Arena Lease Out means that certain Site Lease, dated as of March 1, 2004, for a term ending on September 1, 2036, with a possible extension of the term, or reduction in term, to the date upon which the 2004 Arena Bonds are paid in full (the “Arena Lease Out”). Under section 510 of the City Charter, the Arena Lease Out may not extend for more than 55 years, or until February 28, 2059. The City contemporaneously leased the Arena back from the

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Redevelopment Agency for the same number of years (but the lease term cannot extend beyond September 1, 2046) pursuant to the terms of that certain Lease Agreement dated as of March 1, 2004 (the "Arena Lease Back"). Thus, the City is the lessor and the Redevelopment Agency is the tenant under the Arena Lease Out, and the Redevelopment Agency is the lessor and the City is the tenant in the Arena Lease Back. pursuant to which the City leased the Arena to the Successor Agency.

43. As tenant under the Arena Lease Out, the Redevelopment Agency paid rent for the entire lease term in amount equal to \$1.00. The Redevelopment Agency agreed under the Arena Lease Back to allow the City to use the proceeds of the 2004 Arena Bonds to construct the Arena facilities. As tenant under the Arena Lease Back, the City agreed to make semi-annual rental payments in varying amounts (\$2,570,687 for fiscal year 2012-13, \$2,621,346 for fiscal year 2013-14, \$2,673,221 for fiscal year 2014-15, etc.) (the "Arena Lease Back Rental Payments"). The Redevelopment Agency assigned its rights under the Arena Lease Back, including the rights to enforce the lease after default by the City, and including the stream of Arena Lease Back Rental Payments from the City, to support the repayment of the 2004 Arena Bonds. In addition, pursuant to the terms of that certain Pledge Agreement between the City as pledgor and the Redevelopment Agency as pledgee dated as of March 1, 2004 (the "Arena Pledge Agreement"), the City pledged certain incremental tax revenues (the "Pledged Tax Increment") expected to be collected from the West End Urban Renewal Project No. 1, a former development project area consisting of 642 acres surrounding and including the Arena, located in the heart of downtown Stockton, just north of the City's Crosstown Freeway and east of Interstate 5, containing a mix of commercial, industrial, and residential uses (the "West End Project Area"). As a result of the enactment of Assembly Bill X1-26 ("AB 26") as modified by Assembly Bill 1484 ("AB 1484"), amending certain sections of the California Government Code and the Health and Safety Code, which together effected the dissolution of redevelopment agencies in the State of California, certain other tax increment monies formerly allocated to the former redevelopment agencies have been transferred to their successor agencies (in this case, the City acting in that capacity) and are available in addition to pledged revenues to pay enforceable

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1 obligations such as the Arena Pledge Agreement (the "~~Additional Tax Incremental Revenues~~").  
2 No other revenues or assets are pledged to support the repayment of the 2004 Arena Bonds, the  
3 repayment obligation is non-recourse to the Redevelopment Agency, and the 2004 Arena Bonds  
4 are payable solely from the 2004 Arena Bond Reserve Fund, the Arena Lease Back Rental  
5 Payments, the Pledged Tax Increment, and the Additional Tax Incremental Revenues. Arena Pledge  
6 Agreement means that certain Pledge Agreement, dated as of March 1, 2004, between the  
7 City, as pledgor, and the Successor Agency, as pledgee, pursuant to which the City pledged  
8 certain incremental tax revenues expected to be collected from the West End Urban  
9 Renewal Project No. 1.

10 44. The subject property is the land described as Parcel 4, as  
11 shown on the Parcel Map filed for record in the office of the Recorder of the  
12 County of San Joaquin, State of California, on March 4, 2003, in Book 23 of  
13 Maps, page 15, and the Arena located thereon, an indoor facility capable of hosting  
14 events such as ice hockey, indoor football, indoor soccer, concerts, boxing events,  
15 rodeos, and other such indoor events, and located at 248 West Fremont Street in  
16 downtown Stockton. The Arena includes officials' facilities, media facilities, food  
17 services facilities, 24 luxury suites for approximately 288 patrons, the Record  
18 Press Club Level with 344 Club Seats, 5,000 square feet of conference space, and  
19 ample backstage amenities. The Arena can be configured for 8,600 to 12,000  
20 seats, based upon the nature of the event. The Arena sports an 85 by 200 foot  
21 ECHL regulation ice sheet and is home to the Stockton Thunder ice hockey team.

22 45. The Arena is part of the Stockton Events Center project (the  
23 "~~Events Center Project~~"), which also includes a baseball stadium with a seating  
24 capacity of approximately 5,000 people, the University Plaza Waterfront Hotel and  
25 University Lofts, the Stockton Events Center Parking Structure, and approximately  
26 60,000 square feet of retail/commercial space. The Events Center Project,  
27 including the Arena, is located in downtown Stockton on approximately 24 acres  
28 immediately north of and adjacent to the Stockton Channel and within the West

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End Project Area.

~~46. The Arena currently operates at a net loss before debt service and requires a significant General Fund subsidy just to remain in operation.~~

~~46. Arena Lease Out has the meaning set forth in the definition of Arena Lease Back Transaction.~~

~~47. Arena Pledge Agreement has the meaning set forth in the definition of Arena Lease Back Transaction.~~

~~47. 48. 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 shall be are identified in the Assumption Motion such motion.~~

~~48. 49. Assured Guaranty means, collectively, Assured Guaranty Municipal Corp. and Assured Guaranty Municipal Corp.~~

~~50. Assured Guaranty Contingent General Fund Payments Term Sheet has the meaning set forth in the definition for Assured Guaranty Settlement.~~

~~49. 51. Assured Guaranty Settlement means that certain settlement among the City, the 2007 Office Building Bond Trustee, the Pension Obligation Bonds Trustee, and Assured Guaranty regarding the treatment under this Plan of the Claims arising out of the Office Building Lease Back Transaction and the Pension Obligation Bonds, as set forth in that certain "Final Settlement Term Sheet, Assured Guaranty Municipal Corp. and City of Stockton" dated as of October 2, 2013 (the "Assured Guaranty Settlement Term Sheet"), to which is attached as Exhibit A that certain "Final Term Sheet for Contingent General Fund Payments" dated as of October 2, 2013 (the "Assured Guaranty Contingent General Fund Payments Term Sheet"), and together with the Assured Guaranty Settlement Term Sheet, the "Assured Guaranty Term Sheet"), both of which are attached hereto as Exhibit A and incorporated by reference, and as more particularly set forth in that certain "Settlement Agreement, Assured Guaranty Municipal Corporation and City of Stockton" (the "Assured Guaranty Settlement Agreement"), set forth in the documentation annexed as Exhibit 1 to the Plan Supplement. The Assured Guaranty~~

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~~Settlement shall include representations, warranties, covenants, conditions, and mutual releases as are customary for such agreements. Any conflict between the terms of the Assured Guaranty Settlement Term Sheet, the Plan, the Disclosure Statement and the Assured Guaranty Settlement Agreement shall be resolved as set forth in the Assured Guaranty Settlement Agreement. While the Assured Guaranty Settlement Term Sheet and Assured Guaranty Settlement Agreement should be consulted for the precise terms of the Assured Guaranty Settlement, a summary of the Assured Guaranty Settlement is as follows:~~  
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.

**Disposition of the 400 E. Main Office Building Property:**

- ~~The Office Building Lease Out and Lease Back will be terminated, and the City shall have no obligations under the same. The City will transfer fee title in the 400 E. Main Office Building Property to Assured Guaranty or its designee at Assured Guaranty's election, subject to the New 400 E. Main Lease. Assured Guaranty may elect to keep the property or to sell it at some future date, subject to the New 400 E. Main Lease. Assured Guaranty shall be entitled to all net rent and profits of the property after the transfer and to all of the sales proceeds of the property should Assured Guaranty elect to sell the property, and Assured Guaranty shall be obligated to pay all costs of operation and maintenance of the property. The City shall be released from any and all liability with respect to the 2007 Office Building Bonds and associated documents and the terminated Office Building Lease Out and Lease Back and other related bond documents.~~
- ~~The New 400 E. Main Lease shall include the terms set forth in the Assured Guaranty Term Sheet, including without limitation the~~

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~~following: the initial term shall begin on the Effective Date and end on June 30, 2022; the City shall enjoy exclusive use of the City Space (as defined in the Assured Guaranty Term Sheet); the City shall make monthly rent payments as specified in the Assured Guaranty Term Sheet; the New 400 E. Main Lease supersedes the Fourth Floor Lease of 400 E. Main.~~

**Non-Contingent Payments on Pension Obligation Bonds:**

- ~~• The City agrees to make non-contingent payments on the Pension Obligation Bonds in each fiscal year equal to the sum of the 2007 Lease Ask Payments, Special Fund Payments, and Supplemental Payments on the dates and in the amounts set forth in the Assured Guaranty Term Sheet.~~
- ~~• Assured Guaranty shall also be entitled to Contingent Payments in accordance with the City's Contingent Payment Model, a copy of which is attached to the Assured Guaranty Term Sheet as Exhibit A. If the City does not exceed its baseline financial projections in the upcoming years, Assured Guaranty would receive no Contingent Payments. However, if the City were to exceed its financial projections over the years—which the City and Assured Guaranty believe may be achievable—Assured Guaranty would receive Contingent Payments until Assured Guaranty has received payment in full on the Pension Obligation Bond Class 6 Claims; provided, that the last date a Contingent Payment is required to be paid is June 1, 2052. Contingent Payments will be based upon the City's budget in each year, subject to adjustment following year-end audit.~~
- ~~• Contingent Payments on the Pension Obligation Bonds for each fiscal year shall be paid on June 1 of such fiscal year, commencing~~

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~~June 1, 2018 and ending on June 1, 2052, subject to adjustment based on audits as mentioned above.~~

**Other Terms:**

- ~~Assured Guaranty and the City shall each bear their own professional fees. The City will waive rights to seek reimbursement of attorneys' fees related to the eligibility trial in the Chapter 9 Case, and Assured Guaranty and the Trustee will waive rights to seek attorneys' fees under the bond documents except for any attorneys' fees incurred as a result of a future breach of the Plan.~~

~~52. Assured Guaranty Settlement Agreement has the meaning set forth in the definition of Assured Guaranty Settlement.~~

~~53. Assured Guaranty Settlement Term Sheet has the meaning set forth in the definition for Assured Guaranty Settlement.~~

~~54. Assured Guaranty Term Sheet has the meaning set forth in the definition of Assured Guaranty Settlement.~~

50. 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.

~~51. 55. Ballot means the ballot(s), in the form(s) approved by the Bankruptcy Court in the Plan Solicitation Order accompanying the Disclosure Statement and provided to each holder of a Claim entitled to vote to accept or reject this Plan.~~

~~52. 56. Bankruptcy Code means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 9 Case.~~

~~53. 57. Bankruptcy Court means the United States Bankruptcy Court for the Eastern District of California, Sacramento Division, or such other court that lawfully exercises jurisdiction over the Chapter 9 Case.~~

~~54. 58. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 9 Case, together with the local rules of~~

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the Bankruptcy Court applicable to the Chapter 9 Case. Unless otherwise indicated, references in this Plan to “Bankruptcy Rule \_\_\_\_\_” are to the specifically identified rule of the Federal Rules of Bankruptcy Procedure.

55. ~~59.~~ **Bar Date** means the applicable date by which a particular proof of claim must be filed, as established by the Bankruptcy Court.

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

57. ~~61.~~ **CalPERS** means the California Public Employees’ Retirement System.

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

59. ~~63.~~ **CalPERS Pension Plan Participants** means those current and former City employees and their survivors and other dependents who are the beneficiaries of the CalPERS Pension Plan.

60. ~~64.~~ **Cash** means cash and cash equivalents, including withdrawable bank deposits, wire transfers, checks, and other similar items.

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61. ~~65.~~ **Chapter 9 Case** means the case under chapter 9 of the Bankruptcy Code commenced by the City, styled as *In re City of Stockton, California*, Case No. 2012-32118, currently pending in the Bankruptcy Court.

62. ~~66.~~ **City** means the City of Stockton, California, the debtor in the Chapter 9 Case.

63. ~~67.~~ **City Council** means the duly elected legislative body of the City.

64. ~~68.~~ **CJPRMA** means California Joint Powers Risk Management Authority.

65. ~~69.~~ **Claim** means a claim against the City or the property of the City within has the meaning of set forth in section 101(5).

66. ~~70.~~ **Class** means any group of Claims classified herein pursuant to section

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1 1123(a).

2 67. ~~71.~~ **Confirmation Date** means the date on which the Clerk of the  
3 Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

4 68. ~~72.~~ **Confirmation Hearing** means the hearing to be conducted by the  
5 Bankruptcy Court regarding confirmation of this Plan, as such hearing may be adjourned,  
6 reconvened or continued from time to time.

7 69. ~~73.~~ **Confirmation Order** means the order of the Bankruptcy Court  
8 confirming this Plan pursuant to section 943.

9 70. ~~74.~~ **Construction Agreement** means that certain “Agreement Regarding  
10 Construction Costs” dated as of April 29, 2008, among SCC 16, the City, and the  
11 ~~Redevelopment~~Successor Agency, relating to the City’s obligation to reimburse SCC 16 for  
12 construction costs paid by SCC 16 that the City was otherwise liable to pay, for the construction  
13 of improvements to certain premises located in the Edmund S. Coy Parking Structure leased by  
14 SCC 16.

15 71. ~~75.~~ **Controller** means the California State Controller’s Office.

16 72. ~~76.~~ **Convenience Class Claim** means any Allowed Claim that is greater  
17 than ~~\$0.00~~ in Allowed amount and less than or equal to \$100 in Allowed amount or irrevocably  
18 reduced to \$100 in Allowed amount at the election of the holder of the Allowed Claim as  
19 evidenced by the Ballot submitted by such holder; *provided, however,* that an Allowed Claim

20 ///

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

23 73. ~~77.~~ **DBW** means the California Department of Boating and Waterways,  
24 now the Boating and Waterways division of the Department of Parks and Recreation.

25 ~~78. **DBW Construction Loan Claim** means the Claim of DBW under the~~  
26 ~~Marina Construction Loan Agreement, secured by a pledge of gross revenues under the terms of a~~  
27 ~~Collateral Assignment of Rents and Leases for the Project Area, which pledge is converted to a~~  
28 ~~pledge of net revenues by virtue of section 928(b). The “Marina Project” (as defined and~~

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described in the Marina Construction Loan Agreement) has generated no net operating revenues since its official opening on October 30, 2009. The City General Fund subsidy for the Marina Project totals \$1,905,299 from fiscal year 2010-11 through the adopted budget for fiscal year 2013-14. The Marina Construction Loan Agreement provides that DBW, upon default, may take over the operations of the Marina Project and charge the costs of operations to the City; however, under the Debt Limit, the City is not liable for such payments in future fiscal years because the Marina Construction Loan was not approved by a 2/3 vote of the voters of the City. Pursuant to the terms of the Marina Construction Loan Agreement, any obligation to repay the Marina Construction Loan from the General Fund is subject to the Debt Limit. Because the Marina Construction Loan was not submitted to and approved by 2/3 of the voters of the City, any obligation of the City's General Fund to make payments under the Marina Construction Loan is void ab initio, and the unsecured portion of this Claim is not an Allowed Claim.<sup>2</sup>

79. **DBW Marina Planning Report Loan Claim** means the Claim of DBW under the Marina Planning Report Loan. This Claim is an unsecured Claim against the Redevelopment Agency, is not a claim against the City, and is included herein for information only.

80. **DBW Transaction** means two loans made by DBW: the first an unsecured loan to the Redevelopment Agency in the amount of \$280,000, bearing interest at 4.5% per year with a repayment term of 10 years, with equal annual installment payments due on August 1 of each year commencing on August 1, 2003, as evidenced by that certain Stockton Waterfront Marina \$180,000 Planning Loan Contract (also titled the Planning Study Contract, Stockton Waterfront Marina Study Loan) dated as of September 13, 1996, as the same has been amended from time to time (the "**Marina Planning Report Loan**"); and the second a loan to the City in the amount of \$13,300,000 for the stated purpose of construction of the Marina Project, bearing interest at 4.5% per year with interest and principal payments due annually on August 1 of each year for 30 years commencing on the August 1 after the final disbursement of loan proceeds,

<sup>2</sup>The obligation to pay the Marina Construction Loan from revenues of the Marina Project—as opposed to the General Fund—does not violate the Debt Limit because the Marina Project operates as an enterprise fund. See *City of Oxnard v. Dale*, 45 Cal. 2d 729, 737, 290 P.2d 859, 863 (1955).

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~~secured by a Collateral Assignment of Rents and Leases for the Project Area as evidenced by that certain Stockton Waterfront Marina \$13,300,000 Loan Contract dated as of June 21, 2004 (the “Marina Construction Loan” and, as amended, the “Marina Construction Loan Agreement” respectively).~~

~~81. **Debt Limit** means the debt limit imposed by article XVI, section 18 of the California Constitution. See *In re County of Orange v. Fuji Securities Inc.*, 31 F. Supp. 2d 768 (C.D. Cal. 1998).~~

~~74. **82. Dexia** means Dexia Crédit Local, a banking corporation duly organized and existing under the laws of the Republic of France, acting through its New York branch.~~

~~75. **83. Disallowed** means a Claim or portion thereof that: (i) has been disallowed by a Final Order of the Bankruptcy Court; (ii) has been listed by the City in its list of creditors, as it may be amended from time to time in accordance with Bankruptcy Rule 1009, as in the amount of \$~~0~~0.00, contingent, disputed, or unliquidated, and as to which no proof of claim has been filed by the applicable deadline or deemed timely filed pursuant to any Final Order of the Bankruptcy Court; (iii) as to which the holder thereof has agreed to be equal to \$~~0~~0.00 or to be withdrawn, disallowed or expunged; or (iv) has not been listed in the list of creditors and as to which no proof of claim has been filed by the applicable deadline or deemed timely filed pursuant to a Final Order of the Bankruptcy Court.~~

~~76. **84. Disclosure Statement** means the disclosure statement, and all exhibits and schedules incorporated therein, that relates to this Plan and that is approved by the Bankruptcy Court pursuant to section 1125, as the same may be amended, modified, or supplemented in accordance with the Bankruptcy Code.~~

~~77. **85. Disposition and Development Agreement** means that certain Disposition and Development Agreement between SCC 16 and the ~~Redevelopment~~Successor Agency, dated as of October 8, 2002, regarding the development of the City Center Cinema project in ~~Stockton, California~~the City.~~

~~78. **86. Disputed Claim** means any Claim or portion thereof that has not become Allowed and that is not Disallowed. In the event that any part of a Claim is a Disputed~~

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1 Claim, except as otherwise provided in this Plan, such Claim shall be deemed a Disputed Claim  
2 in its entirety for purposes of distribution under this Plan unless the City otherwise agrees in  
3 writing in its sole discretion. Without limiting the foregoing, a Claim that is the subject of a  
4 pending

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

8 79. Edmund S. Coy Parking Structure means the parking structure  
9 located at N. Hunter Street and E. Channel Street in the City.

10 80. ~~87.~~ Effective Date means at the first Business Day after the Confirmation  
11 Date ~~specified by the City~~ on which the conditions specified in Section XIII of the Plan have been  
12 satisfied or waived. ~~For purposes of calculating various payments, the Effective Date was~~  
13 ~~assumed to be [\_\_\_\_\_]. However, because the Confirmation Hearing will not occur until~~  
14 ~~[\_\_\_\_\_], the City estimates that the Effective Date will occur in [\_\_\_\_\_], so the~~  
15 ~~calculations will be slightly altered.~~

16 81. Eligibility Contest means, collectively, the trial on the City's eligibility  
17 to be a debtor under Chapter 9 of the Bankruptcy Code and all ancillary and related  
18 pleadings, discovery, hearings, and actions.

19 82. Exculpated Party means each or any of the City, NCFG, Assured  
20 Guaranty, Ambac, the Indenture Trustee, and the respective Related Persons of each of the  
21 foregoing.

22 83. ~~88.~~ Events Center Project has the meaning set forth in the definition of  
23 Arena Lease Back Transaction.

24 84. ~~89.~~ Final Order means a judgment, order, ruling, or other decree issued  
25 and entered by the Bankruptcy Court or by any state or other federal court or other tribunal having  
26 jurisdiction over the subject matter thereof which judgment, order, ruling, or other decree has not  
27 been reversed, stayed, modified, or amended and as to which: (a) the time to appeal or petition  
28 for review, rehearing, or certiorari has expired and no appeal or petition for review, rehearing, or

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certiorari is then pending; or (bii) any appeal or petition for review, rehearing, or certiorari has been finally decided and no further appeal or petition for review, rehearing, or certiorari can be taken or granted.

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

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**86. 91. Fire/Police/Library Lease Back** ~~has the meaning set forth in the definition of Fire/Police/Library Lease Back Transaction.~~**means that certain Lease Agreement, dated as of June 1, 2003, pursuant to which the Financing Authority leased the Fire/Police/Library Properties to the City.**

~~92. Fire/Police/Library Lease Back Rental Payments has the meaning set forth in the definition of Fire/Police/Library Lease Back Transaction.~~

~~93. Fire/Police/Library Lease Back Transaction means the transaction described as follows:~~

~~**Fire/Police/Library Financial Instruments Involved.** The financial instruments involved in this transaction are the City of Stockton Certificates of Participation (Redevelopment Housing Projects) Series 2003A, issued on June 27, 2003, in the original principal amount of \$1,160,000 (the “**2003A Fire/Police/Library Certificates**”) and the Certificates of Participation (Redevelopment Housing Projects) Taxable Series 2003B, issued on June 27, 2003, in the original principal amount of \$12,140,000 (the “**2003B Fire/Police/Library Certificates**”, and together with the 2003A Fire/Police/Library Certificates, the “**2003 Fire/Police/Library Certificates**”). Wells Fargo is the trustee under the 2003 Fire/Police/Library Certificates Trust Agreement (together with any successor trustee, the “**2003 Fire/Police/Library**~~

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~~Certificates Trustee”). A reserve fund exists for the 2003A Fire/Police/Library Certificates with a balance as of September 1, 2013 of \$59,746.48 and for the 2003B Fire/Police/Library Certificates with a balance as of September 1, 2013 of \$706,781.35 (together, the “2003 Fire/Police/Library Certificates Reserve Fund”). The funds in the 2003 Fire/Police/Library Certificates Reserve Fund are pledged to support payment of the lease payments under the Fire/Police/Library Lease Out evidenced and represented by the 2003 Fire/Police/Library Certificates. The 2003 Fire/Police/Library Certificates are insured by Ambac. The City also entered into a Reimbursement Agreement, dated as of June 1, 2003 (the “2003 Fire/Police/Library Certificates Reimbursement Agreement”), with the former Redevelopment Agency of the City of Stockton (the “Former Redevelopment Agency”). The City, as successor (the “Successor Agency”) to the Former Redevelopment Agent per California Assembly Bill AB x1 26 (2011-12) which dissolved California’s redevelopment agencies as of February 1, 2012, is successor in interest to the Former Redevelopment Agency under the 2003 Fire/Police/Library Certificates Reimbursement Agreement. Pursuant to the terms of the 2003 Fire/Police/Library Certificates Reimbursement Agreement, the Successor Agency is obligated to reimburse the City for lease payments the City makes under the Fire/Police/Library Lease Bank (as defined below) from Housing Set Aside Amounts (as defined in the 2003 Fire/Police/Library Certificates Reimbursement Agreement).~~

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

~~88. Properties Involved/Leases. As described in more detail below, the properties that are involved in this transaction are three fire stations, the City’s Main Police~~

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1 Facility, and the Maya Angelou Southeast Branch Library (collectively, the "Fire/Police/Library  
2 Properties"). In order to facilitate the financing to be provided by the 2003 Fire/Police/Library  
3 Certificates, the City, as owner of the Fire/Police/Library Properties, leased the properties to the  
4 Financing Authority pursuant to that certain Site and Facility Lease dated as of June 1, 2003, for a  
5 term ending on June 1, 2033, with a possible extension of the term to the date upon which the  
6 2003 Fire/Police/Library Certificates are paid in full (the "Fire/Police/Library Lease Out").  
7 Pursuant to section 510 of the City Charter, the term of the Fire/Police/Library Lease Out cannot  
8 extend for more than 55 years or to May 31, 2058. The City contemporaneously leased the  
9 Fire/Police/Library Properties back from the Financing Authority for the same number of years  
10 pursuant to the terms of a Lease Agreement dated as of June 1, 2003 (the "Fire/Police/Library  
11 Lease Back"). Thus, the City is the lessor and the Financing Authority is the tenant under the  
12 Fire/Police/Library Lease Out, and the Financing Authority is the lessor and the City is the tenant  
13 in the Fire/Police/Library Lease Back. Fire/Police/Library Lease Out means that certain Site  
14 and Facility Lease, dated as of June 1, 2003, pursuant to which the City leased the  
15 Fire/Police/Library Properties to the Financing Authority.

16 89. As tenant under the Fire/Police/Library Lease Out, the  
17 Financing Authority paid rent for the entire lease term in a lump sum payment in  
18 the amount of \$11,838,678.30, being the net proceeds of the 2003-  
19 Fire/Police/Library Bonds. As tenant under the Fire/Police/Library Lease Back, the  
20 City agreed to make semi-annual rental payments in varying amounts (the  
21 "Fire/Police/Library Lease Back Rental Payments"). The Financing Authority  
22 assigned to the 2003 Fire/Police/Library Certificates Trustee its rights, other than  
23 certain retained rights, under the Fire/Police/Library Lease Back, including the  
24 rights to enforce the lease after default by the City, and including the stream of  
25 Fire/Police/Library Lease Back Rental Payments from the City, to support the  
26 repayment of the 2003 Fire/Police/Library Certificates. The repayment obligation  
27 is non-recourse to the Financing Authority, and the 2003 Fire/Police/Library  
28 Certificates are payable solely from the 2003 Fire/Police/Library Certificates

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~~Reserve Fund and the Fire/Police/Library Lease-Back Rental Payments:~~

90. ~~*Leased Properties.*~~—The subject properties are the

~~Fire/Police/Library Properties, which consist of City’s Main Police Facility, located at 22 E. Market Street; the Maya Angelou Southeast Branch Library, located at 2324 Poek Lane; Fire Station No. 1, located at 1818 Fresno Avenue; Fire Station No. 5, located at 3499 Manthey Road; and Fire Station No. 14, located at 3019 McNabb Street.~~

~~*Fire Stations.*~~—The City owns 13 fire stations, of which 12

~~are operating. Fire Stations No. 1, 5, and 14 were built in 1995–96. Each station primarily serves the neighborhood in which it is located and occupies a half-acre site with a building of approximately 5,000 square feet. Station No. 1 is located in the south area of the City in the South Stockton Redevelopment Project Area; it was closed as a result of budget cuts. Station No. 5 is located in the south area off Interstate 5 in the Weston Ranch Subdivision. Station No. 14 is located in the north area in a newer residential community commonly referred to as Spanos Park located off Interstate 5 and Eight Mile Road.~~

~~*Main Police Facility.*~~—The Main Police Facility is located in

~~the downtown area of the City. It was built in 1970 on a two-acre site and includes approximately 44,000 square feet of building space with 140 parking spaces.~~

~~*Library.*~~—The Maya Angelou Southeast Branch Library is

~~located in the south area of the City. It was built in 1996 on a 1.8-acre site and includes approximately 20,000 square feet of building space. The library serves the residents of both the City and San Joaquin County in multiple South Stockton neighborhoods and is one of 12 libraries that comprise the Stockton-San Joaquin County Public Library System.~~

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1  
2 ~~94. Fire/Police/Library Lease Out has the meaning set forth in the definition of Fire/Police/Library Lease Back Transaction.~~

3 91. 95. Fire/Police/Library Lease Out Assignment Agreement means the  
4 Assignment Agreement by and between the Financing Authority and the 2003 Fire/Police/Library  
5 Certificates Trustee, ~~pursuant to which the Financing Authority has agreed to assign all rights and~~  
6 ~~interests in the Fire/Police/Library Lease Back to the 2003 Fire/Police/Library Certificates Trustee~~  
7 in substantially the form annexed to the Ambac Settlement Agreement as Exhibit A (and referred  
8 to in the Ambac Settlement Agreement as the “Site Lease Assignment Agreement”), ~~which such~~  
9 ~~Ambac Settlement Agreement is attached as Exhibit A to the Declaration of Robert Deis in~~  
10 ~~Support of the City of Stockton’s Motion Under Bankruptcy Rule 9019 for Approval of Its~~  
11 ~~Settlement with Ambac Assurance Corporation, filed in the Chapter 9 Case on February 26, 2013~~  
12 ~~{Dkt. No. 725}.~~

13 92. 96. Fire/Police/Library Properties ~~has the meaning set forth in the~~  
14 ~~definition of Fire/Police/Library Lease Back Transaction.~~ means, collectively, the City’s Main  
15 Police Facility, located at 22 E. Market Street; the Maya Angelou Southeast Branch  
16 Library, located at 2324 Pock Lane; Fire Station No. 1, located at 1818 Fresno Avenue; Fire  
17 Station No. 5, located at 3499 Manthey Road; and Fire Station No. 14, located at 3019  
18 McNabb Street.

19 93. 97. Fourth Floor Lease of 400 E. Main ~~has the meaning set forth in the~~  
20 ~~definition of Office Building Lease Back Transaction~~ means that certain 400 East Main Street  
21 Office Lease dated as of June 1, 2012, between Main Street Stockton LLC and The City of  
22 Stockton.

23 94. 98. Franklin means, ~~together~~ collectively, Franklin Advisers, Inc., Franklin  
24 High Yield Tax ~~Free~~ Income Fund, and Franklin California High Yield Municipal Fund.

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

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[Complaint for Declaratory Relief against the City in the Bankruptcy Court. \[Dkt. No. 1181, commencing Adversary Case 13-2315\].](#)

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

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

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

99. ~~102.~~ **Golf Course/Park Claims of the 2009 Golf Course/Park Bond Trustee/Franklin** means the Claims arising from the rejection by the City of the Golf Course/Park Lease Back (as limited under section 502(b)(6)) and the Claims, if any (~~given the option of possession and quiet enjoyment of the Golf Course/Park Properties under section 365(h)), arising from the rejection by the City of the Golf Course/Park Lease Out, which claims were held by the Financing Authority, but are now controlled and~~ **are** asserted by the 2009 Golf Course/Park Bond Trustee at the direction of Franklin, or its authorized successor in interest, as the sole holder of the 2009 Golf Course/Park Bonds as a result of the assignment by the Financing Authority of all of its rights under the Golf Course/Park Lease Out and the Golf Course/Park Lease Back to the 2009 Golf Course/Park Bond Trustee. The Golf Course/Park Claims of the 2009 Golf Course/Park Bond Trustee/Franklin do not include any claims arising out of non-payment of the 2009 Golf Course/Park Bonds as all such claims are non-recourse claims against the Financing Authority secured only by the assignment by the Financing Authority of the Golf Lease Back Rental Payments and all of its rights under the Golf Course/Park Lease Out and

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the Golf Course/Park Lease Back, and are not obligations of the City.

**100.** ~~103.~~ **Golf Course/Park Lease Back** has the meaning set forth in the definition of **Golf Course/Park Lease Back Transaction** means that certain **Lease Agreement, dated as of September 1, 2009, pursuant to which the Financing Authority leased the Golf Course/Park Properties to the City.**

**101.** ~~104.~~ **Golf Course/Park Lease Back Rental Payments** has the meaning set forth in the definition of **means the semi-annual rental payments in varying amounts that the City agreed to make as tenant under the** Golf Course/Park Lease Back ~~Transaction.~~

**102.** ~~105.~~ **Golf Course/Park Lease Back Transaction** means ~~the transaction described as follows:~~ **collectively, all transactions memorialized in, among other things, the 2009 Golf Course/Park Bonds, the Golf Course/Park Lease Out, and the Golf Course/Park Lease Back, and all related documents in connection therewith.**

~~**Financial Instruments Involved.** The financial instruments involved in the Golf Course/Park Lease Back Transaction are the Stockton Public Financing Authority Lease Revenue Bonds, 2009 Series A (Capital Improvement Projects), issued on September 9, 2009, in the aggregate principal amount of \$35,080,000 (the “2009 Golf Course/Park Bonds”). Wells Fargo is the indenture trustee under the 2009 Golf Course/Park Bonds Indenture (together with any successor trustee, the “2009 Golf Course/Park Bond Trustee”). A reserve fund exists for the 2009 Golf Course/Park Bonds with a balance as of September 1, 2013, of \$904,380.81 (the “2009 Golf Course/Park Bond Reserve Fund”). The funds in the 2009 Golf Course/Park Bond Reserve Fund are pledged to support repayment of the 2009 Golf Course/Park Bonds. The 2009 Golf Course/Park Bonds are not insured; however, Franklin is the sole holder of the bonds.~~

~~**Properties Involved/Leases.** As described in more detail below, the properties that are involved in this transaction are Oak Park, the Van Buskirk Golf Course, and the Swenson Golf Course (as defined below, the “Golf Course/Park Properties”). In order to facilitate the financing to be provided by the 2009 Golf~~

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~~Course/Park Bonds, the City, as owner of the Golf Course/Park Properties, leased the properties to the Financing Authority, pursuant to a Site and Facility Lease dated as of September 1, 2009, for a term ending on September 1, 2038, with a possible extension of the term to the date upon which the 2009 Golf Course/Park Bonds are paid in full. Pursuant to section 510 of the City Charter, the term of the lease cannot extend for more than 55 years or to August 31, 2064. (the “Golf Course/Park Lease Out”). The City contemporaneously leased the properties back from the Financing Authority for the same number of years pursuant to the terms of the Lease Agreement dated as of September 1, 2009 (the “Golf Course/Park Lease Back”). Thus, the City is the lessor and the Financing Authority is the tenant under the Golf Course/Park Lease Out, and the Financing Authority is the lessor and the City is the tenant in the Golf Course/Park Lease Back.~~

~~As tenant under the Golf Course/Park Lease Out, the Financing Authority paid rent for the entire lease term in a lump sum payment in the amount of \$1.00. Pursuant to the terms of the Golf Course/Park Lease Back, the Financing Authority agreed to provide the net proceeds of the 2009 Golf Course/Park Bonds (with gross proceeds equal to \$35,080,000) to the City for the purpose of financing various capital projects. As tenant under the Golf Course/Park Lease Back, the City agreed to make semi-annual rental payments in varying amounts (\$2,415,838 for fiscal year 2012-13, \$2,923,119 for fiscal year 2013-14, \$2,926,332 for fiscal year 2014-15, etc.) (the “Golf Course/Park Lease Back Rental Payments”). The Financing Authority assigned to the 2009 Golf Course/Park Bond Trustee its rights under the Golf Course/Park Lease Back, including the rights to enforce the lease after default by the City, and including the stream of Golf Course/Park Lease Back Rental Payments from the City, to support the repayment of the 2009 Golf Course/Park Bonds. No other revenues or assets are pledged to support the repayment of the 2009 Golf Course/Park Bonds, the repayment obligation is~~

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~~non-recourse to the Financing Authority, and the 2009 Golf Course/Park Bonds are payable solely from the Golf Course/Park Lease Back Rental Payments. A default occurred on March 1, 2012 in the payment by the City of amounts due under the Golf Course/Park Lease Back.~~

~~The subject properties consist of three separate properties, each of which continues to be owned by the City (subject to the Golf Course/Park Lease Out to the Financing Authority and the Golf Course/Park Lease Back from the Financing Authority) (as described below, the “Golf Course/Park Properties”).~~

~~**Oak Park.** This property is a public park of approximately 61.2 acres, bounded on the east by Union Pacific railroad tracks, on the north by East Fulton Street, on the south by East Alpine Street, and on the west by North Sutter and Alvarado Streets. Oak Park features group picnic areas, 20 picnic tables, two tot lots, 15 barbecue pits, and four restrooms. In addition, Oak Park features 11 tennis courts; two regulation softball fields; the Billy Hebert Field, a 6,000-seat, regulation professional minor league baseball field (renovated in 2002); a multi-use field; a community swimming pool complex with changing facilities; and an approximately 13,875-square-foot ice rink facility with seating for 350. A one-story senior center of approximately 5,000 square feet, which is available for rental to the public, is also located at Oak Park.~~

~~**Swenson Golf Course.** This property was opened in 1952 and is located on approximately 219 acres at 6803 Alexandria Place. Swenson Golf Course features a classic championship 18-hole, par 72 course; a nine-hole executive, par three course; a 15-station driving range; two putting greens and a practice bunker; and paved cart paths. Also located on this property is a clubhouse, an approximately 2,000-square-foot pro shop, an approximately 5,000-square-foot maintenance and storage facility, and an approximately 2,500-square-foot café with seating.~~

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~~Van Buskirk Golf Course. This property was opened in~~

~~1962 and is located on approximately 214.0 acres at 1740 Houston Avenue.~~

~~Van Buskirk Golf Course features a classically designed par 72, 18-hole course, an all-grass driving range with 15 stations, two practice greens, and partially paved cart paths. Also located on this property is a clubhouse, an approximately 2,000-square-foot pro shop, an approximately 5,000-square-foot maintenance and storage facility, and an approximately 2,500-square-foot cafe with seating. The Van Buskirk Golf Course real property is subject to a senior reversionary interest, and if it were to be converted from a public recreational use it may revert to private parties.~~

103. ~~106. Golf Course/Park Lease Out~~ has the meaning set forth in the definition of Golf Course/Park Lease Back Transaction means that certain Site and Facility Lease, dated as of September 1, 2009, pursuant to which the City leased the Golf Course/Park Properties to the Financing Authority.

104. ~~107. Golf Course/Park Properties~~ has the meaning set forth in the definition of Golf Course/Park Lease Back Transaction means, collectively, Oak Park, the Van Buskirk Golf Course, and the Swenson Golf Course.

105. ~~108. Impaired~~ means a Claim or interest that is impaired within the meaning of section 1124.

106. ~~109. Indenture Trustee~~ means ~~Wells Fargo, together with any successor trustee, in its role as~~ the 2003 Fire/Police/Library Certificates Trustee, the 2004 Arena Bond Trustee, the 2004 Parking Bond Trustee, the 2006 SEB Bond Trustee, the 2007 Office Building Bond Trustee, ~~and/or~~ the 2009 Golf Course/Park Bond Trustee, and/or the Pension Obligation Bonds Trustee, as the context requires.

107. ~~Insurance Policies~~ means the 2004 Arena Bond Insurance Policy, the 2004 Parking Bond Insurance Policy, the 2006 SEB Bond Insurance Policy, the 2007 Office Building Bond Insurance Policy, and the Ambac Insurance Policy.

108. ~~110. Insured Portion~~ means that portion of an Allowed Workers

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1 Compensation Claim or an Allowed General Liability Claim that is covered by one or more of the  
2 excess risk-sharing pools of which the City is a member, up to the amount of the policy limits,  
3 including any excess coverage policies.

4 **109. ~~111.~~ Leave Buyout Claim** means a Claim of a former City employee on  
5 account of unpaid sick leave or other compensation or reimbursement due upon such employee's  
6 retirement or other separation from City service.

7 **110. ~~112.~~ Marina Construction Loan** ~~has the meaning set forth in the~~  
8 ~~definition of DBW Transaction.~~ **means that certain Stockton Waterfront Marina \$13,300,000**  
9 **Loan Contract, dated as of June 21, 2004.**

10 **111. ~~113.~~ Marina Construction Loan Agreement** ~~has the meaning set forth in~~  
11 ~~the definition of DBW Transaction~~ **means the amended Marina Construction Loan.**

12 **114. ~~Marina Planning Report Loan~~** ~~has the meaning set forth in the definition~~  
13 ~~of DBW Transaction.~~

14 **112. ~~115.~~ Marina Project** has the meaning set forth in the ~~definition of~~  
15 ~~DBW~~ **Marina Construction Loan Claim. Agreement.**

16 **116. ~~Marshall Plan~~** ~~means the plan titled "Marshall Plan: Violence Reduction~~  
17 ~~Strategy, Stockton, California," written by David M. Bennett and Donna D. Lattin and adopted by~~  
18 ~~the City Council. The Marshall Plan aims to reduce homicides and gun violence in the City~~  
19 ~~through, among other measures, additional hires of police and other safety officers. The Marshall~~  
20 ~~Plan is publicly available at [http://www.stockton.gov/files/CouncilAgenda\\_2013\\_4\\_02\\_](http://www.stockton.gov/files/CouncilAgenda_2013_4_02_item_15_01_MarshallPlan.pdf)~~  
21 ~~item\_15\_01\_MarshallPlan.pdf.~~

22 **117. ~~Measure A~~** ~~means the City measure on the November 5, 2013 ballot,~~  
23 ~~which, if passed by the electorate, will raise sales tax in the City by 3/4 cent.~~

24 **118. ~~Measure B~~** ~~means the nonbinding advisory City measure on the November~~  
25 ~~5, 2013 ballot, which, if passed by the electorate, expresses an opinion that 65% of the tax~~  
26 ~~proceeds from Measure A should be used to pay for law enforcement and crime prevention~~  
27 ~~services, such as those described in the City's Marshall Plan, and 35% should be used only to pay~~  
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for the City's efforts to end bankruptcy and for services to residents, businesses, and property owners.

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

114. ~~119.~~ New 400 E. Main Lease means the lease to the City of a portion of the 400 E. Main Office Building Property, as described a copy of which lease is included in the Assured Guaranty ~~Term Sheet~~ Settlement Documents.

115. ~~120.~~ Notice of the Effective Date shall have the meaning ascribed to such phrase in Section XIV(E) of the Plan.

116. ~~121.~~ NPFG means National Public Finance Guarantee Corporation, a New York stock insurance corporation.

117. ~~122.~~ NPFG Arena Settlement means the settlement between the City and NPFG relating to the Arena Lease Back Transaction, the terms of which ~~are summarized by settlement are memorialized in~~ the NPFG Arena Settlement Term Sheet, which will be superseded by the terms of the definitive Documents.

118. NPFG Arena Settlement Documents means the documents implementing the NPFG Arena Settlement, copies of which documents ~~set forth in the documentation are~~ annexed as Collective Exhibit 2 to the Plan Supplement.

119. ~~123.~~ NPFG Parking Settlement means the settlement between the City and NPFG relating to the Parking Structure Lease Back Transaction, the terms of which settlement are summarized by the NPFG Settlement Term Sheet, which will be superseded by the terms of the definitive documents set forth in the documentation annexed as Exhibit 3 to the Plan Supplement, memorialized in the NPFG Parking Settlement Documents.

120. NPFG Parking Settlement Documents means the documents implementing the NPFG Parking Settlement, copies of which documents are annexed as Collective Exhibit 3 to the Plan Supplement.

///

121. ~~124.~~ NPFG /SEB Settlement means the settlement between the City and

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1 NPFPG relating to the SEB Lease Back Transaction, the terms of which ~~are summarized by the~~  
2 ~~NPFPG Settlement Term Sheet, which will be superseded by the terms of the definitive documents~~  
3 ~~set forth in the documentation annexed as Exhibit 4 to the Plan Supplement~~settlement are  
4 embodied herein.

5 122. ~~125.~~ NPFPG Settlement means, collectively, the NPFPG Arena Settlement,  
6 the NPFPG Parking Settlement, and the NPFPG SEB Settlement, ~~the terms of which are~~  
7 ~~summarized by the NPFPG Settlement Term Sheet. The NPFPG Settlement shall include~~  
8 ~~representations, warranties, covenants, conditions, and mutual releases as are customary for such~~  
9 ~~agreements. The terms of the NPFPG Settlement Term Sheet will be superseded by the terms of~~  
10 ~~definitive documents comprising the NPFPG Arena Settlement, the NPFPG Parking Settlement, and~~  
11 ~~the NPFPG SEB Settlement. While the NPFPG Arena Settlement, the NPFPG Parking Settlement,~~  
12 ~~and the NPFPG SEB Settlement should be consulted for the precise terms thereof, the basic terms~~  
13 ~~of such settlements are as follows:~~

- 14 • ~~The City will assume the SEB Lease Back, and as a result, the City~~  
15 ~~will continue to remain in possession, custody, and control of the~~  
16 ~~SEB Properties.—~~
- 17 • ~~After modification of the payment terms of the Arena Lease Back~~  
18 ~~that will reduce the exposure of the General Fund on account of~~  
19 ~~Arena Lease Back Rental Payments, the City will assume the Arena~~  
20 ~~Lease Back, and as a result, the City will continue to remain in~~  
21 ~~possession, custody, and control of the Arena.—~~
- 22 • ~~The City will create a new parking authority for the City that will be~~  
23 ~~comprised of the Parking Structure Properties, other downtown~~  
24 ~~parking structures and lots, and downtown parking meters, as well~~  
25 ~~as parking enforcement revenues.~~
- 26 • ~~The effectiveness of the NPFPG Settlement is contingent upon the~~  
27 ~~entry into the SCC 16 Settlement. In the event the parties are~~  
28 ~~unable to agree to the terms of such settlement that is acceptable to~~

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~~NPFG, then the City, at the request or direction of the 2004 Parking Bond Trustee or NPFG, shall take such actions (if any) that may be required by the 2004 Parking Bond Trustee or NPFG to terminate the Parking Structure Lease Back as part of an alternative arrangement that is acceptable to the City and the 2004 Parking Bond Trustee that is not conditioned on the occurrence of such settlement.~~

- ~~• Revenues from the newly created parking authority will be pledged to the 2004 Parking Bond Trustee in support of a new schedule of installment payments to NPFG in exchange for a forbearance agreement on the part of NPFG with respect to remedies for default on the Parking Structure Lease Back, and the General Fund will have no liability for such new installment payments schedule, nor any obligation to make payments under the Parking Structure Lease Back. NPFG will transfer its current possessory interest in the Parking Structure Properties to the newly created parking authority in exchange for the right to receive the installment payments from the parking authority.—~~
- ~~• All parties to the NPFG Settlement shall bear their own professional fees.—~~
- ~~• All parties to the NPFG Settlement will exchange limited mutual releases except for obligations created under the NPFG Settlement and this Plan.—~~

123. ~~126. NPFG Settlement Term Sheet~~ means that certain “Settlement Term Sheet, City of Stockton and National Public Finance Guarantee Corporation” dated as of September 27, 2013, attached hereto as Exhibit B, which shall be superseded by the terms of the definitive documents comprising the NPFG Arena Settlement, the NPFG Parking Settlement, and the NPFG SEB Bond Settlement. Oak Park means the public park of approximately 61.2

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acres in the City, bounded on the east by Union Pacific railroad tracks, on the north by East Fulton Street, on the south by East Alpine Street, and on the west by North Sutter and Alvarado Streets.

**124. ~~127.~~ Office Building Claims of the 2007 Office Building Bond**

**Trustee/Assured Guaranty** means the Claims arising in connection with the Office Building Lease Back Transaction, ~~(which claims were held by the Financing Authority, but are now controlled and~~ **Claims are** asserted by the 2007 Office Building Bond Trustee at the direction of Assured Guaranty ~~(as the insurer of the 2007 Office Building Bonds)~~ as a result of the assignment by the Financing Authority of all of its rights under the Office Building Lease Out and the Office Building Lease Back to the 2007 Office Building Bond Trustee. ~~The Office Building Claims of the 2007 Office Building Bond Trustee/Assured Guaranty do not include any claims arising out of non-payment of the 2007 Office Building Bonds as all such claims are non-recourse claims against the Financing Authority secured only by the assignment by the Financing Authority of the Office Building Lease Back Rental Payments and are not obligations of the City.~~

**125. ~~128.~~ Office Building Lease Back ~~has the meaning set forth in the definition of Office Building Lease Back Transaction~~ **means that certain Lease Agreement, dated as of November 1, 2007, pursuant to which the Financing Authority leased the 400 E. Main Office Building Property to the City.****

~~129. **Office Building Lease Back Rental Payments** has the meaning set forth in the definition of Office Building Lease Back Transaction.~~

**126. ~~130.~~ Office Building Lease Back Transaction means ~~the transaction described as follows:~~ **collectively, all transactions memorialized in, among other things, the 2007 Office Building Bonds, the Office Building Lease Out, and the Office Building Lease Back, and all related documents in connection therewith.****

~~***Financial Instruments Involved.*** The financial instruments involved in this transaction are the Stockton Public Financing Authority Variable Rate Demand Lease Revenue Bonds, 2007 Series A (Building Acquisition Financing Project), issued on November 29, 2007, in the aggregate principal~~

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amount of \$36,500,000 (the “2007 Series A Bonds”) and the Stockton Public Financing Authority Taxable Variable Rate Demand Lease Revenue Bonds, 2007 Series B (Building Acquisition Financing Project), issued on November 29, 2007, in the aggregate principal amount of \$4,270,000 (the “2007 Series B Bonds” and together with the 2007 Series A Bonds, the “2007 Office Building Bonds”). Wells Fargo is the indenture trustee under the 2007 Office Building Bonds Indenture (together with any successor trustee, the “2007 Office Building Bond Trustee”). The 2007 Office Building Bonds are insured by Assured Guaranty.

*Property Involved/Lease.* As described in more detail below, the property that is involved in this transaction is an office building that was purchased with the net proceeds of the 2007 Office Building Bonds and located at 400 E. Main Street in Stockton (the “400 E. Main Office Building Property”). In order to facilitate the financing to be provided by the 2007 Office Building Bonds, the City, as prospective owner of the 400 E. Main Office Building Property, leased the property to the Financing Authority pursuant to that certain Site and Facility Lease dated as of November 1, 2007, for a term ending on September 1, 2048, with a possible extension of the term to the date upon which the 2007 Office Building Bonds are paid in full, but in any event no later than September 1, 2058 (the “Office Building Lease Out”). The City contemporaneously leased the 400 E. Main Office Building Property back from the Financing Authority for the same number of years pursuant to the terms of the Lease Agreement dated as of November 1, 2007 (the “Office Building Lease Back”). Thus, the City is the lessor and the Financing Authority is the tenant under the Office Building Lease Out, and the Financing Authority is the lessor and the City is the tenant under the Office Building Lease Back.

As tenant under the Office Building Lease Out, the Financing Authority paid rent for the entire lease term in the amount of \$1.00. Pursuant to the Office Building Lease Back, the Financing Authority agreed to provide to the

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~~City the net proceeds of the 2007 Office Building Bonds (with gross proceeds equal to \$40,355,000), which the City then used to acquire the 400 E. Main Office Building Property. As tenant under the Office Building Lease Back, the City agreed to make annual rental payments in the amount of interest accruing on the 2007 Office Building Bonds plus principal amortization specified in the Office Building Lease Back (such principal amortization is scheduled as \$155,000 due on September 1, 2012, \$165,000 due on September 1, 2013, and \$175,000 due on September 1, 2014, etc.) (the “Office Building Lease Back Rental Payments”). The Financing Authority assigned its rights under the Office Building Lease Back, including the rights to enforce the lease after default by the City, and including the stream of Office Building Lease Back Rental Payments from the City, to support the repayment of the 2007 Office Building Bonds. No other revenues or assets are pledged to support the repayment of the 2007 Office Building Bonds, the repayment obligation is non-recourse to the Financing Authority, and the 2007 Office Building Bonds are payable solely from the Office Building Lease Back Rental Payments.~~

~~Even before filing the Chapter 9 Case, due to a lack of revenues generated by the 400 E. Main Office Building Property, and as a result of the deteriorating finances of the City, the City defaulted in the payment of the Office Building Lease Back Rental Payments. As a result, the 2007 Office Building Bond Trustee filed suit to enforce the Office Building Lease Back, with the result that the Superior Court of the State of California for the County of San Joaquin entered a Judgment of Possession on May 31, 2012 authorizing Main Street Stockton LLC, as designee of the 2007 Office Building Bond Trustee, to enter into possession of the 400 E. Main Office Building Property.—See Judgment of Possession, filed May 31, 2012, Wells Fargo Bank, National Association v. City of Stockton, Superior Court of California, County of San Joaquin, case no. 39-2012-00280741-CU-UD-STK. The Judgment of Possession found the City to~~

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~~be in unlawful detainer of the 400 E. Main Office Building Property and awarded possession of the 400 E. Main Office Building Property to the 2007 Office Building Bond Trustee. Under the Judgment of Possession, the 2007 Office Building Bond Trustee can operate and re-let the 400 E. Main Office Building Property for the account of the City, but cannot cause the fee interest or the leasehold interest of the City in the 400 E. Main Office Building Property to be sold. The Judgment of Possession also entitles the 2007 Office Building Bond Trustee to reimbursement of its costs for the unlawful detainer proceeding, as well as reimbursement of its attorney fees and expenses under the Office Building Lease Back.~~

~~Subsequent to the change in control of the management of the property, the City has leased space on the fourth floor of the 400 E. Main Office Building from the management company for the use and occupancy of the City's information technology (the "**Fourth Floor Lease of 400 E. Main**"). As described in the Assured Guaranty Settlement Term Sheet, the Fourth Floor Lease of 400 E. Main will be superseded by the New 400 E. Main Lease.~~

~~The 2007 Office Building Bonds were issued as variable rate demand bonds under the terms of which the interest rate was reset on a weekly basis. Holders of the 2007 Office Building Bonds had the right to tender their bonds for purchase by the 2007 Office Building Bonds Trustee, acting as tender agent, on any date. Tendered bonds were to be remarketed to other investors pursuant to a remarketing agreement between the Financing Authority and a registered broker dealer. In order to provide liquidity to holders of the 2007 Office Building Bonds in the event that the tendered bonds could not be so remarketed, the Financing Authority and the City entered into a Standby Bond Purchase Agreement, dated as of November 29, 2007 (the "**Office Building Standby Agreement**"), with Dexia. Under the Office Building Standby Agreement, Dexia agreed to purchase any 2007 Office Building Bonds that could not be remarketed.~~

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~~In the event of such a purchase, the bonds so purchased (“Bank Bonds”) were subject to adjustments to their terms so long as they were held by Dexia. On February 28, 2012, the City Council voted to commence the AB 506 process, and on April 26, 2012 an event of default of occurred in the payment by the City of the amounts due under the Office Building Lease Back. As a result of the announcement of the commencement of the AB 506 process, the occurrence of the default, and the filing of the Chapter 9 Case, all of the 2007 Office Building Bonds were tendered for purchase and were unable to be remarketed (the final tender date for the 2007 Series A Bonds is February 29, 2012, and the final tender date for the 2007 Series B Bonds is September 14, 2012). Accordingly, Dexia purchased the 2007 Office Building Bonds and is now the sole holder thereof. As Bank Bonds, the 2007 Office Building Bonds now bear interest at the Default Rate under the Office Building Standby Agreement, which is equal to the Base Rate plus 3% (currently, 6.25%).<sup>3</sup> In addition, the Bank Bonds are subject to mandatory early redemption over a seven-year period.~~

~~**Leased Property.** The 400 E. Main Office Building Property is located at 400 East Main Street, Stockton. It consists of a Class A, eight-story, steel-framed office building with approximately 246,541 square feet. The office building is situated on a 2.07-acre site, which is a square block fronting on East Main Street, Market Street, South California Street, and South Sutter Street. The building has an “H”-shaped floor plate with office wings flanking a central lobby on the first floor. The lower three floors step back successively to form terraces extending around the building at Floors 2, 3, and 4, while the tower above Floor 4 has planar walls. The building's exterior consists of polished granite walls with~~

<sup>3</sup>As defined in the Office Building Standby Agreement, Default Rate “means a rate per annum equal to the Base Rate plus an amount equal to three hundred basis points (3.00%).” Base Rate “means the higher of (a) the fluctuating rate per annum equal to the ‘prime rate’ listed daily in the ‘Money Rate’ section of The Wall Street Journal, or if The Wall Street Journal is not published on a particular Business Day, then, the ‘prime rate’ published in any other national financial journal or newspaper selected by Dexia, and if more than one such rate is listed in the applicable publication, the highest such rate shall be used or (b) the Fed Funds Rate plus fifty basis points (0.5%). Any change in the Base Rate shall take effect on the date specified in the announcement of such change.”

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~~tinted single-pane glass window and painted bronze aluminum sections. It was constructed in 1988 and is supported by a foundation of cast-in-place concrete pile in the form of a two-floor subterranean parking garage, which offers a parking ratio of approximately 2.1 per 1,000 square feet, for a total of approximately 518 stalls. The 400 E. Main Office Building Property continues to be owned by the City (subject to the Office Building Lease Out to the Financing Authority and the Office Building Lease Back from the Financing Authority).~~

127. ~~131. Office Building Lease Out~~ has the meaning set forth in the definition of Office Building Lease Back Transaction means that certain Site and Facility Lease, dated as of November 1, 2007, pursuant to which the City leased the 400 E. Main Office Building Property to the Financing Authority.

128. ~~132. Office Building Standby Agreement~~ has the meaning set forth in the definition of Office Building Lease Back Transaction means that certain Standby Bond Purchase Agreement, dated as of November 29, 2007, entered into by the City, the Financing Authority, and Dexia.

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///

129. ~~133. Omitted Agreements~~ shall have the meaning ascribed to such phrase in Section VI(E) means, collectively, the executory contract(s) or unexpired lease(s) omitted from the schedules attached to the Assumption Motion and the Rejection Motion, if any.

130. ~~134. Other Postpetition Claims~~ means Claims asserted against the City for services rendered to, or goods delivered to, or obligations incurred by, the City after the Petition Date that do not constitute Administrative Claims.

131. ~~135. Parking Structure Claims of the 2004 Parking Bond Trustee/NPFG~~ means the Claims arising in connection with the Parking Structure Lease Back Transaction (which claims were held by the Financing Authority, but are now controlled and asserted by the 2004 Parking Bond Trustee at the direction of NPFG (as the insurer of the 2004 Parking Structure Bonds) as a result of the assignment by the Financing Authority of all of its

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1  
2 ~~rights under the Parking Structure Lease Out and the Parking Structure Lease Back to the 2004~~  
3 ~~Parking Bond Trustee~~), as modified by the NPMG Settlement. The Parking Structure Claims of  
4 the 2004 Parking Bond Trustee/NPMG do not include any claims arising out of non-payment of  
5 the 2004 Parking Bonds, as all such claims are non-recourse claims against the Financing  
6 Authority secured only by the assignment by the Financing Authority of the Parking Structure  
7 Lease Back Rental Payments and are not obligations of the City (except to the extent specifically  
8 provided under the terms of the NPMG Settlement).

9 ~~132. 136. Parking Structure Lease Back~~ has the meaning set forth in the  
10 ~~definition of Parking Structure Lease Back Transaction~~ means that certain Lease Agreement,  
11 dated as of September 1, 2004, pursuant to which the Financing Authority leased the  
12 Parking Structure Properties to the City.

13 ~~137. Parking Structure Lease Back Rental Payments~~ has the meaning set  
14 ~~forth in the definition of Parking Structure Lease Back Transaction.~~

15 ~~133. 138. Parking Structure Lease Back Transaction~~ means ~~the transaction~~  
16 ~~described as follows:~~ collectively, the transactions memorialized in the 2004 Parking Bonds,  
17 the Parking Structure Lease Out, and the Parking Structure Lease Back.

18 ~~*Financial Instruments Involved.* The financial instruments~~  
19 ~~involved in this transaction are the Stockton Public Financing Authority Lease~~  
20 ~~Revenue Bonds, Series 2004, (Parking and Capital Projects) issued on June 25,~~  
21 ~~2004, in the aggregate principal amount of \$32,785,000 (the “2004 Parking~~  
22 ~~Bonds”). Wells Fargo is the indenture trustee under the 2004 Parking Bonds~~  
23 ~~Indenture (together with any successor trustee, the “2004 Parking Bond~~  
24 ~~Trustee”). A reserve fund exists for the 2004 Parking Bonds with a balance as of~~  
25 ~~September 1, 2013, of \$78,693.23 (the “2004 Parking Bond Reserve Fund”).~~  
26 ~~The funds in the 2004 Parking Bond Reserve Fund are pledged to support~~  
27 ~~repayment of the 2004 Parking Bonds. The 2004 Parking Bonds are insured by~~  
28 ~~NPMG.~~

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~~**Properties Involved/Leases.**—As described in more detail below, the properties and facilities involved in this transaction are the Edmund S. Coy Parking Structure, the Stockton Events Center Parking Structure, and the Market Street Garage (as more particularly defined below, the “**Parking Structure Properties**”). In order to facilitate the financing provided by the 2004 Parking Bonds, the City, as owner of the Parking Structure Properties, leased the properties to the Financing Authority, pursuant to a Site and Facility Lease dated as of June 1, 2004, for a term ending on September 1, 2034, with a possible extension of the term to the date upon which the 2004 Parking Bonds are paid in full (the “**Parking Structure Lease Out**”). Pursuant to section 510 of the City Charter, the term of the Parking Structure Lease Out cannot extend for more than 55 years or to May 31, 2059. The City contemporaneously leased the properties back from the Financing Authority for the same number of years pursuant to the terms of the Lease Agreement dated as of September 1, 2004 (the “**Parking Structure Lease Back**”). Thus, the City is the lessor and the Financing Authority is the tenant under the Parking Structure Lease Out, and the Financing Authority is the lessor and the City is the tenant in the Parking Structure Lease Back.~~

As tenant under the Parking Structure Lease Out, the Financing Authority paid rent for the entire lease term in the amount of \$1.00. Pursuant to the Parking Structure Lease Back, the Financing Authority agreed to provide to the City the net proceeds of the 2004 Parking Bonds (with gross proceeds equal to \$32,785,000), which were used by the City to fund the construction of the Edmund S. Coy Parking Structure (described below) and other capital improvements. As tenant under the Parking Structure Lease Back, the City agreed to make semi-annual rental payments in varying amounts (\$1,960,916 for fiscal year 2012-13) (the “**Parking Structure Lease Back Rental Payments**”). The Financing Authority assigned its rights under the Parking Structure Lease Back, including the rights to enforce the lease after default by the City, and including the

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~~stream of Parking Structure Lease Back Rental Payments from the City, to support the repayment of the 2004 Parking Bonds. No other revenues or assets are pledged to support the repayment of the 2004 Parking Bonds, the repayment obligation is non-recourse to the Financing Authority, and the 2004 Parking Bonds are payable solely from the Parking Structure Lease Back Rental Payments.~~

~~Even before filing the Chapter 9 Case, due to a lack of revenues generated by the Parking Structure Properties, and as a result of the deteriorating finances of the City, the City defaulted in the payment of the Parking Structure Lease Back Rental Payments. As a result of these circumstances, the 2004 Parking Bond Trustee filed suit to enforce the Parking Structure Lease Back, with the result that the Superior Court of the State of California for the County of San Joaquin issued two decisions on April 19, 2012, one granting the 2004 Parking Bond Trustee "Judgment of Possession After Unlawful Detainer" and the other appointing a receiver for the Parking Structure Properties under an "Order Appointing Receiver." See Wells Fargo Bank, National Association v. City of Stockton, Superior Court of the State of California, County of San Joaquin, case no. 39-2012-002777622-CU-UD-STK.~~

~~**Leased Properties.** The subject properties consist of three parking structures that continue to be owned by the City (subject to the Parking Structure Lease Out to the Financing Authority and the Parking Structure Lease Back from the Financing Authority) (the "**Parking Structure Properties**").~~

~~**Edmund S. Coy Parking Structure.** This structure is located at N. Hunter Street and E. Channel Street in downtown Stockton. The six-story parking structure provides approximately 575 parking spaces to the Central Business District to accommodate parking for existing retail, commercial, and office development. The structure has approximately 7,500 square feet of ground-level commercial/retail fronting E. Channel Street and was constructed using a single-threaded helix design. The total~~

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~~cost of construction was originally estimated at \$9,540,000, with all such amounts provided by proceeds of the 2004 Parking Bonds.~~

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

135. Parking Structure Properties means, collectively, the Edmund S. Coy Parking Structure, the Stockton Events Center Parking Structure. ~~This structure is located in the vicinity of Fremont and Van Buren streets in downtown Stockton. The seven-story parking structure provides approximately 600 parking spaces on the north shore of the Stockton Channel to accommodate sports fans, concert goers, and event attendees. The structure has approximately 7,500 square feet of ground-level commercial/retail fronting Fremont Street and was constructed using a single-threaded helix design. The total cost of construction was originally estimated at \$9,595,000, with all such amounts provided by proceeds of the 2004 Parking Bonds.~~

136. Market Street Garage. ~~This structure is located within the City's Central Parking District on Market Street between Sutter and California Streets and was constructed in 1989. The four-story parking structure provides approximately 780 parking spaces and provides both monthly parking for employees of downtown businesses and hourly parking for patrons of downtown businesses. The structure also houses the Central Parking District management offices.~~

~~139. Parking Structure Lease Out has the meaning set forth in the definition of Parking Structure Lease Back Transaction.~~

~~140. Parking Structure Properties has the meaning set forth in the definition of Parking Structure Lease Back Transaction.~~

~~141. Pendency Plan means the budget adopted by the City Council on June 26, 2012, and its subsequent versions, under which the City has operated during the Chapter 9 Case.~~  
and the Market Street Garage.

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137. ~~142.~~ Pension Obligation Bonds means the City of Stockton 2007 Taxable Pension Obligation Bonds issued on April 5, 2007 in the aggregate principal amount of \$125,310,000 pursuant to articles 10 and 11 (commencing with section 53570) of chapter 3 of part 1 of division 2 of title 5 of the Government Code of the State of California and ~~an Indenture of Trust, dated as of April 1, 2007, by and between the City and Wells Fargo, as trustee (together with any successor trustee, the “the Pension Obligation Bonds Trustee”), to refinance the obligation of the City to make payments to CalPERS for retirement benefits accruing to the City’s employees and retirees. The Pension Obligation Bonds are insured by Assured Guaranty.~~Indenture.

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138. ~~143.~~ Pension Obligation Bonds Claims means the Claims ~~of Assured Guaranty~~arising in connection with the Pension Obligation Bonds,~~as insurer of.~~

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139. Pension Obligation Bonds Indenture means that certain Indenture of Trust, dated as of April 1, 2007, by and between the City and the Pension Obligation Bonds Trustee.

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

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141. ~~144.~~ Pension Obligation Bonds Trustee ~~has the meaning set forth in the definition of~~means Wells Fargo, as indenture trustee under the Pension Obligation Bonds Indenture, or any successor indenture trustee thereunder.

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142. ~~145.~~ Petition Date means June 28, 2012.

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

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144. ~~147.~~ Plan Document means any agreement or instrument contemplated by, or to be entered into pursuant to, this Plan, that is in form and substance acceptable to the City,

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1 has been duly and validly executed and delivered, or deemed executed by the parties thereto, and  
2 for which all conditions to its effectiveness have been satisfied or waived.

3 ~~148. **Plan Financial Projections** mean the financial projections set forth in the~~  
4 ~~Long-Range Financial Plan of City of Stockton, attached as Exhibit B to the Disclosure~~  
5 ~~Statement.~~

6 145. **149. Plan Solicitation Order** means the Order Approving (4i) Adequacy  
7 of Information in Disclosure Statement with Respect to the City’s Plan of Adjustment; (2ii) Form,  
8 Scope and Nature of Solicitation, Balloting, Tabulation and Notices with Respect Thereto; and  
9 (3iii) Related Confirmation Procedures, Deadlines and Notices, by which the Bankruptcy Court  
10 on [November, 2013] approved the Disclosure Statement as containing adequate  
11 information for the purpose of dissemination and solicitation of votes on and confirmation of this  
12 Plan and established certain rules, deadlines, and procedures for the solicitation of votes with  
13 respect to and the balloting on this Plan.

14 146. **150. Plan Supplement** means the supplement to be filed with the  
15 Bankruptcy Court in accordance with Section I.C. no later than 14 days prior to the deadline  
16 established for ~~voting on~~ objecting to confirmation of the Plan, containing, without limitation ~~the~~  
17 ~~forms of the documents effectuating,~~ the Assured Guaranty Settlement Documents, the NCFG  
18 Arena Settlement Documents, the NCFG Parking Settlement Documents, the ~~NCFG-SEB~~  
19 ~~Settlement, and the SCC-16 Settlement~~ Price Settlement Documents, and any other agreement  
20 or instrument contemplated by, or to be entered into pursuant to, the Plan.

21 ~~151. **Pledged Tax Increment** has the meaning set forth in the definition of~~  
22 ~~Arena Lease Back Transaction.~~

23 147. **152. Ports License Agreement** means that certain “Events Center Ball  
24 Park License Agreement” dated as of March 2, 2004, between the City and 7<sup>th</sup> Seventh Inning  
25 Stretch, LLC regarding the terms and conditions upon which the Stockton Ports baseball team  
26 may use the Banner Island Ballpark located next to the Arena in downtown Stockton.

27 148. **153. Pre-Confirmation Date Claims** shall have the meaning ascribed to  
28 such phrase in Section XI(A) means all Claims against the City that arose prior to the

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1 Confirmation Date.

2 149. ~~154.~~ Price Claims mean the Claims of the Price Judgment Creditors, who  
3 filed a proof of claim in the Chapter 9 Case in the amount of \$1,423,164.

4 150. ~~155.~~ Price Judgment Creditors mean Richard Price and five other  
5 low-income individuals who were displaced from single-room-occupancy housing units in  
6 downtown Stockton in connection with the City's code-enforcement activities, and the Interfaith  
7 Council of San Joaquin (formerly Stockton Metro Ministry Inc.), who collectively filed an action  
8 against the City, the ~~Redevelopment~~ Successor Agency, and other parties on May 2, 2002,  
9 captioned as *Price, et al. v. City of Stockton, et al.*, US U.S. District Court for the Eastern District  
10 of California, case no. 2:02-cv-00065-LKK-KJM. ~~In their complaint, the Price Judgment~~  
11 ~~Creditors alleged that the defendants had violated certain state and federal redevelopment,~~  
12 ~~relocation assistance, and fair housing laws. The parties settled the action pursuant to a settlement~~  
13 ~~agreement, dated as of January 9, 2006. See Exhibit B to Declaration of Hilton S. Williams in~~  
14 ~~Support of Motion for Relief from Stay, filed in the Chapter 9 Case on November 29, 2012 [Dkt.~~  
15 ~~No. 628]. On January 12, 2006, the District Court entered judgment against the defendants~~  
16 ~~pursuant to this settlement agreement. See Exhibit C to Declaration of Hilton S. Williams in~~  
17 ~~Support of Motion for Relief from Stay, filed on November 29, 2012 in the Chapter 9 Case [Dkt.~~  
18 ~~No. 628]. Among other things, the judgment obligated the City to construct low-income housing~~  
19 ~~and to establish a restricted fund in the amount of approximately \$1.45 million for distribution by~~  
20 ~~a special master over a five-year period to persons displaced by the City's activities.~~

21 151. Price Settlement means the settlement between the City and the Price  
22 Judgment Creditors regarding the Price Claims. The terms of the Price Settlement are  
23 summarized by the Price Settlement Documents.

24 ///

25 152. Price Settlement Documents means the documents implementing the  
26 Price Settlement, copies of which documents are annexed as Collective Exhibit 4 to the Plan  
27 Supplement.

28 153. ~~156.~~ Professional Claim means a Claim required to be filed pursuant to

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1 Section II(B) of the Plan for approval of amounts, if any, to be paid after the Effective Date for  
2 services or expenses in the Chapter 9 Case or incident to this Plan.

3 ~~157. **Redevelopment Agency** means the Redevelopment Agency of the City of~~  
4 ~~Stockton, and as the context requires, the City acting solely in its role as the successor agency~~  
5 ~~after the dissolution of the Redevelopment Agency of the City of Stockton.~~

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

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

17 156. **Released Party** means each or any of NPMG, Assured Guaranty,  
18 Ambac, the Indenture Trustee, and the respective Related Persons of each of the foregoing.

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

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

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1 Bonds, Series A (Water System Capital Improvement Project); Stockton Public Financing  
2 Authority Water Revenue Bonds, Series 2009A (~~Tax Exempt~~) (Delta Water Supply Project) &  
3 ~~Series 2009 B~~ (Taxable Build America Bonds); Series 2009 B (Delta Water Supply Project),  
4 Stockton Public Financing Authority Variable Rate Demand Water Revenue Bonds, Series 2010A  
5 (Delta Water Supply Project); ~~and (ii) Special Assessment and Special Tax Obligations,~~  
6 including all installment purchase agreements, security agreements, trust indentures,  
7 reimbursement agreements, fee letters, and other agreements with respect thereto to which  
8 the City is a party and which are payable from and secured by special and restricted  
9 sources of revenues; and (ii) the City's obligations under that certain Installment Purchase  
10 Agreement, dated as of May 1, 2002, by and between the City and California Statewide  
11 Communities Development Authority, to make installment payments, from certain revenues  
12 of the City's water system, that relate to California Statewide Communities Development  
13 Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series  
14 2002A.

15 159. ~~161.~~ **Retiree Health Benefit Claim** means a Claim by a former City  
16 employee or dependent on account of or in any way related to the City's postpetition reduction of  
17 its contribution to health benefit payments to former City employees and dependents.

18 160. ~~162.~~ **Retiree Health Benefit Claimant** means a former City employee (or  
19 dependent) who was eligible for retiree health benefits based on his or her collective bargaining  
20 agreement at the time of retirement and: (a) who was receiving City retiree health benefits as of  
21 June 30, 2012 (which includes any retiree who had waived coverage prior to that date but was  
22 otherwise eligible, or any retiree who had exceeded the 15-year cap for under-65 retiree health  
23 benefits, but who was eligible for a City retiree benefit for an over-65 retiree); or (b) who retired  
24 prior to July 1, 2012 with his or her last day on payroll having occurred on or before June 30,  
25 2012; or (c) who was a surviving spouse of a deceased retiree who was receiving retiree  
26 benefits on June 30, 2012.

27 161. ~~163.~~ **Retirees Committee** means the Official Committee of Retirees,  
28 appointed in the Chapter 9 Case on April 1, 2013 [Dkt. No. 846], by the Office of the United

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1 States Trustee pursuant to sections 1102(a)(1) and 1102(b)(1), as the membership thereof may  
2 have been reconstituted from time to time by the Office of the United States Trustee.

3 ///

4 162. ~~164.~~ **Retirees Settlement** means the agreement between the City and the  
5 Retirees Committee by which the City agrees to propose a plan of adjustment containing the  
6 provisions set forth in the Retirees Settlement.

7 163. ~~165.~~ **Rights of Action** means any rights, claims, or causes of action owned  
8 by, accruing to, or assigned to the City pursuant to the Bankruptcy Code or pursuant to any  
9 contract, statute, or legal theory, including without limitation any rights to, claims, or causes of  
10 action for recovery under any policies of insurance issued to or on behalf of the City.

11 164. ~~166.~~ **Risk Management Internal Service Fund** means the fund  
12 established by the City to accumulate resources for interdepartmental charges expended on self  
13 insurance for General Liability Claims. The City also has other internal service funds.

14 165. ~~167.~~ **Rust Omni** means Rust Consulting/Omni Bankruptcy, the Ballot  
15 Tabulator in the Chapter 9 Case.

16 166. ~~168.~~ **SCC 16** means Stockton City Center 16, LLC, a California limited  
17 liability company.

18 167. ~~169.~~ **SCC 16 Claims** means any Claim of SCC 16 arising out of the  
19 Construction Agreement, ~~which claims shall be Secured Claims within the meaning of section~~  
20 ~~506(a) to the extent of any right to offset from any monies owing from SCC 16 to the City~~  
21 ~~pursuant to the Construction Agreement and shall be General Unsecured Claims to the extent of~~  
22 ~~any difference between the balance on the SCC 16 Promissory Note as of the Petition Date and~~  
23 ~~any right of offset.~~

24 168. ~~170.~~ **SCC 16 Promissory Note** means that certain promissory note  
25 executed by the City in favor of SCC 16 pursuant to, and in accordance with, the Construction  
26 Agreement.

27 169. **SCC 16 Settlement** means the settlement, if any, memorialized in the  
28 SCC Settlement Agreement.

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170. ~~171. SCC 16 Settlement~~ SCC Settlement Agreement means that certain settlement agreement, if consummated any, among the City, the 2004 Parking Structure Bond Trustee, and SCC 16, ~~regarding certain matters, set forth in that certain settlement agreement among the City, the 2004 Parking Structure Bond Trustee, and SCC 16 (the “SCC 16 Settlement Agreement”)~~ annexed as Exhibit 5 to the Plan Supplement. 16.

~~172. SCC Settlement Agreement has the meaning set forth in the definition of SCC 16 Settlement.~~

171. ~~173. SEB Claims of the 2006 SEB Bond Trustee/NPFG~~ means any the Claims (if any) arising under the SEB Lease Back or the SEB Lease Out, ~~if any.~~

172. ~~174. SEB Lease Back~~ has the meaning set forth in the definition of SEB Lease Back Transaction. means that certain Lease Agreement, dated as of March 1, 2006, pursuant to which the Financing Authority leased the SEB Properties to the City.

~~175. SEB Lease Back Rental Payments has the meaning set forth in the definition of SEB Lease Back Transaction.~~

173. ~~176. SEB Lease Back Transaction~~ means the transaction described as follows: , collectively, the transactions memorialized in the 2006 SEB Bonds, SEB Lease Out, and the SEB Lease Back.

~~*Financial Instruments Involved.* The financial instruments involved in this transaction are the Stockton Public Financing Authority 2006 Lease Revenue Refunding Bonds, Series A, issued on April 6, 2006, in the aggregate principal amount of \$13,965,000 (the “2006 SEB Bonds”). Wells Fargo is the indenture trustee under the 2006 SEB Bonds Indenture (together with any successor trustee, the “2006 SEB Bond Trustee”). A reserve fund exists for the 2006 SEB Bonds in the amount of the initial reserve requirement, funded by a surety policy provided by the insurer, in the amount of \$919,093.75 (the “2006 SEB Bond Reserve Fund”). The funds in the 2006 SEB Bond Reserve Fund are pledged to support repayment of the 2006 SEB Bonds. The 2006 SEB Bonds are insured by NPFG.~~

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174. Properties Involved/Leases.—As described in more detail below, the properties that are involved in this transaction are the Stewart/Eberhardt Building and the adjacent parking facility (the “SEB Properties”). In order to facilitate the financing to be provided by the 2006 SEB Bonds, the City, as owner of the SEB Properties, leased the properties to the Financing Authority pursuant to that certain Ground Lease dated as of March 1, 2006, for a term ending on August 1, 2031, with a possible extension of the term to the date upon which the 2006 SEB Bonds are paid in full, but in any event no later than August 1, 2041 (the “SEB Lease Out”). The City contemporaneously leased the SEB Properties back from the Financing Authority for the same number of years pursuant to the terms of the Lease Agreement dated as of March 1, 2006 (the “SEB Lease Back”). Thus, the City is the lessor and the Financing Authority is the tenant under the SEB Lease Out, and the Financing Authority is the lessor and the City is the tenant in the SEB Lease Back. SEB Lease Out means that certain Ground Lease, dated as of March 1, 2006, pursuant to which the City leased the SEB Properties to the Financing Authority.

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As tenant under the SEB Lease Out, the Financing Authority paid rent for the entire lease term in the amount of \$1.00. As tenant under the SEB Lease Back, the City agreed to make semi-annual rental payments in varying amounts (\$907,494 for fiscal year 2012-13, \$906,194 for fiscal year 2013-14, \$909,194 for fiscal year 2014-15, etc.) (the “SEB Lease Back Rental Payments”). The Financing Authority assigned to the 2006 SEB Bond Trustee its rights under the SEB Lease Back, including the rights to enforce the lease after default by the City, and including the stream of SEB Lease Back Rental Payments from the City, to support the repayment of the 2006 SEB Bonds. No other revenues or assets are pledged to support the repayment of the 2006 SEB Bonds, the repayment obligation is non-recourse to the Financing Authority, and the 2006 SEB Bonds are payable solely from the 2006 SEB Bond Reserve Fund and the SEB Lease Back Rental Payments. The City is not in default under the SEB Lease Back, and to date all amounts due on the 2006 SEB Bonds have been paid in full and on time.

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2 175. Leased Properties. ~~The subject properties consist of~~ SEB Properties  
3 means the Stewart/Eberhardt Building ~~(the “Eberhardt Building”)~~ located at 22 East Weber  
4 Avenue, in the City, and the adjacent public parking facility located at 15 North El Dorado Street  
5 ~~in downtown Stockton, both of which continue to be owned by the City (subject to the SEB Lease~~  
6 ~~Out to the Financing Authority and the SEB Lease Back from the Financing Authority) (as~~  
7 ~~described below, the “SEB Properties”).~~

8 ~~**Stewart/Eberhardt Building.** The Eberhardt Building is a~~  
9 ~~four-story, 99,792-square-foot, steel and precast concrete-clad office~~  
10 ~~building constructed in 2001. It was designed to meet the standards for,~~  
11 ~~and is certified as, an Essential Services Building, as defined in the~~  
12 ~~Essential Services Buildings Seismic Safety Act of 1986, commencing with~~  
13 ~~section 16000 of the California Health and Safety Code. It currently houses~~  
14 ~~several city departments including Human Resources, Police~~  
15 ~~Investigations, Public Works, and the Police Crime Lab.~~

16 ~~**SEB Public Parking Facility.** The SEB public parking~~  
17 ~~facility is a 284,420-square-foot, eight-level, reinforced masonry and~~  
18 ~~cast-in-place concrete structure with approximately 780 parking spaces.~~  
19 ~~Constructed in 2001, it also includes approximately 7,000-square feet for~~  
20 ~~Police Department property storage and a “sally port” exclusively for~~  
21 ~~Police Department functions on the ground floor.~~

22 ~~177. **SEB Lease Out** has the meaning set forth in the definition of SEB Lease~~  
23 ~~Back Transaction.~~

24 ~~178. **SEB Properties** has the meaning set forth in the definition of SEB Lease~~  
25 ~~Back Transaction.~~

26 176. 179. Secured Claim means a Claim that is secured, in whole or in part, (a) by  
27 by a lien that is not subject to avoidance or subordination under the Bankruptcy Code or  
28 applicable non-bankruptcy law; or (b) as a result of rights of setoff under section 553; but in any  
event only to the extent of the value, determined in accordance with section 506(a), of the

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holder's interest in the City's interest in property or to the extent of the amount subject to such setoff, as the case may be.

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

178. ~~181.~~ **Special Assessment and Special Tax Obligations** means, collectively:

- ~~City of Stockton Revenue Certificates of Participation 1998 Series A (Wastewater System Project);~~
- Stockton Public Financing Authority Reassessment Revenue Bonds (Arch Road and Stockton Business Park Assessment Districts) Series ~~1998;~~1998, including claims related to those certain:
  - o Stockton Airport Business Park Ltd. Obligation Refunding Improvement Bonds Project 84-1 Phase IV, Series 229 (Local Obligation Bonds);
  - o Stockton Airport Business Park Ltd. Obligation Refunding Improvement Bonds Project 84-1 Phase V, Series 230 (Local Obligation Bonds);
  - o Stockton Airport Business Park Ltd. Obligation Refunding Improvement Bonds Project 84-1 Phase I, Series 231 (Local Obligation Bonds);
- City of Stockton Camera Estates Community Facilities District No. 2003-1 Special Tax Bonds, Series 2003;

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- ~~City of Stockton Certificates of Participation 2003 Series A (Wastewater System Project);~~
- City of Stockton Limited Obligation Improvement Bonds March Lane/Holman Assessment District 2003-1;
- City of Stockton Limited Obligation Improvement Bonds Mosher Assessment District 2003-02;
- City of Stockton Limited Obligation Improvement Bonds Waterford Estates East Phase II Assessment District 2003-03;
- Stockton Public Financing Authority Refunding Revenue Bonds (West Eighth Street Reassessment District);
- ~~Stockton Public Financing Authority 2005 Water Revenue Bonds, Series A (Water System Capital Improvement Project);~~
- City of Stockton South Stockton Community Facilities District No. 90-1 2005 Special Tax Refunding Bonds;
- Stockton Public Financing Authority Refunding Revenue Bonds (2005 Assessment Districts Refinancing) Series A Senior Lien Bonds and Series B Subordinate Lien Bonds:
  - City of Stockton Limited Obligation Refunding Bond Blossom Ranch Assessment District No. 93-1 (Reassessment and Refunding of 2005);
  - City of Stockton Limited Obligation Refunding Bond La Morada Assessment District No. 96-4 (Reassessment and Refunding of 2005);
  - City of Stockton Limited Obligation Refunding Bond Morada North Assessment District No. 2002-01 (Reassessment and Refunding of 2005);

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o City of Stockton Limited Obligation Refunding Bond Morada Ranch Assessment District No. 2000-01 (Reassessment and Refunding of 2005);

o 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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o City of Stockton Limited Obligation Refunding Bonds, Reassessment District No. 91-1R (Local Obligation Bonds);

o -Stockton Public Financing Authority ~~Water Revenue Bonds, Series 2009A (Tax Exempt) (Delta Water Supply Project) & Series 2009 B (Taxable Build America Communities Facilities District No. 90-4 (Spanos Park) Special Tax Refunding Bonds (Local Obligation Bonds);~~ and

~~- Stockton Public Financing Authority Variable Rate Demand Water Revenue Bonds, Series 2010A (Delta Water Supply Project).~~

o ~~182. Special Fund Payments~~ has the meaning set forth in the Assured Guaranty Term Sheet, attached to the Plan as Exhibit A. These payments represent in each fiscal year the amount of regularly scheduled debt service on the Pension Obligation Bonds that the City has determined can be allocated to the solvent Restricted Funds. All installment purchase agreements, security agreements, trust indentures, reimbursement agreements, fee letters, and other agreements with respect thereto to which the City is a party and which are payable from and secured by special and restricted sources of revenues.

179. ~~183. SPOA~~ means the Stockton Police Officers’ Association.

180. ~~184. SPOA Claims~~ means the Claims of members of the SPOA in the approximate amount of \$13 million included in and resolved under the SPOA MOU ~~by, in general, allowing such members a total of 44 additional hours of paid leave time through fiscal year 2014-15.~~

181. ~~185. SPOA MOU~~ means the Memorandum of Understanding between the City and the SPOA effective July 1, 2012, through June 30, 2014, as approved by the City, a copy of which is attached as Exhibit 5 to the Plan Supplement.

182. Stockton Events Center Parking Structure means the structure located

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

183. ~~186.~~ Successor Agency means the City, acting in its capacity as Successor Agency to the Redevelopment Agency of the City of Stockton following the dissolution of such agency. References to actions by the Successor Agency in the Plan incorporate references to actions taken and agreements entered into by the former Redevelopment Agency of the City of Stockton prior to its dissolution and the Successor Agency's succession in interest.

~~187. Supplemental Payments has the meaning set forth in the Assured Guaranty Term Sheet, attached to the Plan as Exhibit A and represent additional payments being made from the City's General Fund.~~

184. Swenson Golf Course means the property in the City located on approximately 219 acres at 6803 Alexandria Place.

185. ~~188.~~ Thunder Claims means the Claims arising in connection with the Thunder License Agreement, as modified by the Thunder Settlement.

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

187. ~~190.~~ Thunder Settlement means that certain settlement between the City and SC Hockey Franchise Corporation, as successor to IFG-Stockton Franchise Group, Inc., regarding the treatment under this Plan of the claims arising out of the Thunder License Agreement ~~as set forth in that certain "Term Sheet—Proposed Amendments to Team Lease for Stockton Events Center" dated as of September 18, 2013, and attached hereto as Exhibit C and incorporated by reference (the "~~the material terms of which agreement are set forth in the Thunder Settlement Term Sheet"~~).~~ ~~The Thunder Settlement is summarized as follows (the Thunder Settlement Term Sheet should be consulted for the precise terms of the Thunder Settlement):.~~

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- ~~• The Base Rent payable to the City will be increased by \$2,000 per regular season home game. Base Rent for pre-season and playoff games remains unchanged.~~
- ~~• Catering Services Adjusted Gross Revenue paid to the team will be reduced from 30% to 10%.~~
- ~~• The team will have the exclusive right to sell team merchandise, will retain 100% of revenues from the same and bear the expenses of the same.~~
- ~~• The team will purchase five luxury suites from the City each year for a total cost of \$150,000, adjusted annually for any increases in the costs of other luxury suites sold by the City. The team shall have the right to sublease the luxury suites (but not to current luxury suite lessees of the City or prospective lessees as specified in the Thunder Settlement Term Sheet). Revenues received on account of such leases shall be subject to the existing sharing formula of 65% to the City and 35% to the team.~~
- ~~• Additional payments to the City shall be made once certain performance benchmarks of paid attendees and advertising are reached.~~

~~191. **Thunder Settlement Term Sheet** has the meaning set forth in the definition of Thunder Settlement.~~

~~192. **Unclaimed Property** shall have the meaning ascribed to such phrase in Section IX(C)(2).~~

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

189. ~~193.~~ **Unimpaired** means a Claim that is not Impaired within the meaning of section 1124.

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

191. ~~195.~~ **Unsecured Claim Payout Percentage** means the percentage of the Allowed Amount of General Unsecured Claims that will be paid to holders of Class 12 Claims, equal to the percentage paid on account of the Retiree Health Benefit Claims (unless the amount of the Retiree Health Benefit Claims changes, that percentage will be equal to 0.93578%, i.e., \$5,100,000/ divided by \$545,000,000 = 0.93578%), or such other amount as is determined by the Bankruptcy Court before confirmation of this Plan to constitute a pro-rata payment on such other General Unsecured Claims; *provided, however,* the dollar amount to be paid on account of General Unsecured Claims other than the Retiree Health Benefit Claims on the Effective Date shall not exceed \$500,000. If the amounts to be paid exceed \$500,000, then such excess amounts shall be made in two equal annual installments on the first and second anniversary of the Effective Date, together with simple interest accruing from and after the Effective Date at 5% per annum. Such excess amounts may be prepaid at the option of the City.

192. ~~196.~~ **Wells Fargo** means Wells Fargo Bank, National Association, acting solely in its role as ~~bond trustee under the bond indenture agreements referenced herein.~~

~~197. West End Project Area has the meaning set forth in the definition of Arena Lease Back Transaction.~~ 2003 Fire/Police/Library Certificates Trustee, the 2004 Arena Bond Trustee, the 2004 Parking Bond Trustee, the 2006 SEB Bond Trustee, the 2007 Office Building Bond Trustee, the 2009 Golf Course/Park Bond Trustee, the Pension Obligation Bond Trustee, as well as in its role as trustee, fiscal agent or other like capacity with respect to certain of the Restricted Revenue Bond and Note Payable Obligations and the Special Assessment and Special Tax Obligations.

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

194. ~~199.~~ **Workers Compensation Internal Service Fund** means the fund

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1 established by the City to accumulate resources for interdepartmental charges expended on self  
2 insurance for Workers Compensation Claims.

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4 **B. Rules of Construction.**

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

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19 similar import refer to this Plan as a whole and not to ~~any~~an particular section, subsection, or  
20 clause contained in this Plan.

21 **C. Plan Supplement.**

22 No later than 14 days prior to the deadline established by the Bankruptcy Court for  
23 ~~voting on~~objection to confirmation of the Plan, the City shall file electronically and serve a  
24 hard copy of the Plan Supplement in the Bankruptcy Court. In addition, the City shall make  
25 the Plan Supplement electronically available on its website and on the website of Rust  
26 Omni. The exhibits and schedules contained in the Plan Supplement are incorporated into, and  
27 are a part of, the Plan as if set forth herein.

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

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2       **A. Treatment of Administrative Claims.**

3           Except to the extent that the holder of an Allowed Administrative Claim agrees to  
4 a different treatment, the City or its agent shall pay to each holder of an Allowed Administrative  
5 Claim, in full satisfaction, release, and discharge of such **Allowed Administrative** Claim, Cash in  
6 an amount equal to such Allowed Administrative Claim on the later of (i) the Effective Date or  
7 (ii) the date on which such Claim becomes an Allowed Administrative Claim, or as soon  
8 thereafter as is practicable.

9       **B. Treatment of Professional Claims.**

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

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

20           The only priority claims incorporated into chapter 9 through section 901 are  
21 Administrative Claims allowed under section 503(b) and entitled to priority under section  
22 507(a)(2). The treatment of all such Administrative Claims is set forth immediately above in  
23 Sections II(A) and II(B). No other kinds of priority claims set forth in section 507 are recognized  
24 in chapter 9 cases, and Claims that are not Administrative Claims herein and that would constitute  
25 administrative ~~claims~~ **expenses** in a case under another chapter of the Bankruptcy Code, **including**  
26 **Other Postpetition Claims**, are treated in chapter 9 and in this Plan as General Unsecured  
27 Claims.

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

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2           **All proofs of claim for Other Postpetition Claims arising on or after August**  
3 **16, 2013,<sup>4</sup> and requests for payment or any other means of preserving and obtaining**  
4 **payment of Administrative Claims that have not been paid, released, or otherwise settled,**  
5 **and all requests for approval of Professional Claims, must be filed with the Bankruptcy**  
6 **Court and served upon the City no later than thirty (30) days after the date on which the**  
7 **Notice of Effective Date is ~~mailed~~served.** Any proof of claim for Other Postpetition Claims, or  
8 request for payment of an Administrative Claim or a Professional Claim, that is not timely filed  
9 by such date will be forever barred, and holders of such Claims shall be barred from asserting  
10 such Claims in any manner against the City. For the avoidance of doubt, proofs of claim for  
11 Other Post-Petition Claims that arose before August 16, 2013 must have been filed by  
12 August 16, 2013, in order to be considered timely

### 13           **III.     DESIGNATION OF CLASSES OF CLAIMS**

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

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

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

19                   Class 2 – SEB Claims of the 2006 SEB Bond Trustee/NPFG;

20                   Class 3 – Arena Claims of the 2004 Arena Bond Trustee/NPFG;

21                   Class 4 – Parking Structure Claims of the 2004 Parking Bond Trustee/NPFG –  
22 2004 Parking Structure Bonds;

23                   Class 5 – Office Building Claims of the 2007 Office Building Bond  
24 Trustee/Assured Guaranty – 2007 Office Building Bonds;

25                   Class 6 – Pension Obligation Bonds Claims ~~of Assured Guaranty~~;

26 ~~<sup>4</sup>Proofs of claim for Other Post-Petition Claims that arose before August 16, 2013 must have been filed by August~~  
27 ~~16, 2013 in order to be considered timely. See Order (1) Fixing August 16, 2013 Bar Date For All Claims Other~~  
28 ~~Than Claims Based On Retiree Health Benefits And The Rejection Of Executory Contracts Or Unexpired Leases;~~  
~~(2) Fixing September 30, 2013 Bar Date For Claims Of Governmental Units; (3) Approving Form Of Notice Of~~  
~~Bar Dates; And (4) Requiring City To Publish And Transmit Notice Of Bar Date To Creditors And Parties In~~  
~~Interest By No Later Than June 28, 2013 [Dkt. No. 960].~~

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Class 7 – Claims of DBW;

Class 8 – SCC 16 Claims;

Class 9 – Thunder Claims;

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

Class 11 – Claims of the Holders of Special Assessment and Special Tax Obligations;

Class 12 – General Unsecured Claims.

This Class includes:

- General Unsecured Claims;
- ~~the~~ Golf Course/Park Claims of the 2009 Golf Course/Park Bond Trustee/Franklin;
- ~~the~~ Retiree Health Benefit Claims;
- ~~the~~ Leave Buyout Claims;
- ~~the~~ ~~Price~~ Claims; and
- Other Postpetition Claims.

Class 13 – Convenience Class Claims;

Class 14 – Claims of Certain Tort Claimants;

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;

Class 16 – Claims of Equipment Lessors;

Class 17 – Workers Compensation Claims; ~~and~~

Class 18 – SPOA Claims; and

Class 19 – Price Claims.

#### IV. TREATMENT OF CLAIMS

- A. Class 1A – Claims of Ambac – 2003 Fire/Police/Library Certificates.  
1. Impairment and Voting.

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

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6  
7 **2. ~~Treatment.~~Treatment.**

8 ~~On February 26, 2013, the City filed a motion with the Bankruptcy Court in which~~  
9 ~~it requested the Bankruptcy Court to enter an order approving~~

10 The treatment of the Class 1A Claims will be as set forth in the Ambac  
11 Settlement Agreement [Dkt. No. 723]. ~~A copy of the Ambac Settlement Agreement is attached as~~  
12 ~~Exhibit A to the Declaration of Robert Deis in Support of the City of Stockton's Motion Under~~  
13 ~~Bankruptcy Rule 9019 for Approval of Its Settlement with Ambac Assurance Corporation, filed~~  
14 ~~on February 26, 2013 [Dkt. No. 725]. On April 24, 2013, the Bankruptcy Court entered its order~~  
15 ~~granting the Ambac Settlement Agreement Motion in its entirety and approving the Ambac~~  
16 ~~Settlement Agreement in its entirety [Dkt. No. 888].~~

17 ~~Among other things, the Ambac Settlement Agreement restructures the City's~~  
18 ~~obligations under the 2003 Fire/Police/Library Certificates and provides additional liquidity for~~  
19 ~~the City. The salient terms of the Ambac Settlement Agreement are summarized below.<sup>5</sup>~~

20 a. Forbearance. ~~Subject to the express provisions of the Ambac~~  
21 ~~Settlement Agreement, Ambac and the 2003 Fire/Police/Library Certificates Trustee agree to~~  
22 ~~forbear from exercising their rights and remedies under the Fire/Police/Library Lease Back and~~  
23 ~~the 2003 Fire/Police/Library Certificates Trust Agreement. The agreement to forbear is~~  
24 ~~conditioned upon and subject to the following conditions of forbearance:~~

25 (1) General Fund Payments. ~~The City shall make General Fund~~  
26 ~~Payments (as defined in the Ambac Settlement Agreement) in an amount equal to the lesser of (A)~~  
27 ~~the amounts set forth in the General Fund Payment Schedule (as defined in the Ambac Settlement~~  
28 ~~Agreement), or (B) the amount equal to the difference between the stated principal and interest~~

<sup>5</sup> This summary is presented for convenient reference by the Court and parties in interest, but is not intended as a complete or exhaustive description of all terms of the Ambac Settlement Agreement, which is the definitive and controlling document. To the extent that there is any discrepancy between the terms as stated in this Plan and the terms as stated in the Ambac Settlement Agreement, the terms of the Ambac Settlement Agreement prevail.

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~~payments on the 2003 Fire/Police/Library Certificates due on each Payment Date (as defined in the Ambac Settlement Agreement) and the amount available to the City pursuant to section 5.04, clauses 1 and 2(d)(ii) of the 2003 Fire/Police/Library Certificates Supplemental Trust Agreement and section 2.7 of the Ambac Settlement Agreement to be applied to the payment of the 2003 Fire/Police/Library Certificates.~~

~~The General Fund Payments shall be paid by the City directly to the 2003 Fire/Police/Library Certificates Trustee; provided that from and after the date on which the 2003 Fire/Police/Library Certificates holders (other than Ambac) are paid in full, the General Fund Payments shall be paid by the City directly to Ambac for its own account as reimbursement for amounts owing to Ambac on account of the Ambac Payments (as defined in the Ambac Settlement Agreement) and the payment of legal fees pursuant to section 6.8 of the Ambac Settlement Agreement, together with interest thereon, pursuant to section 2.8 of the Ambac Settlement Agreement. At such time as all 2003 Fire/Police/Library Certificates and Ambac Payments have been paid in full, no further General Fund Payments shall be payable.~~

~~(2) Assignment of 2003 Fire/Police/Library Certificates Reimbursement Agreement. As additional security in connection with, and application toward, the City's payment obligations as provided in the 2003 Fire/Police/Library Certificates Supplemental Trust Agreement and described in Section A.2.(3) below, as of the Ambac Effective Date, the City's 2003 Housing Set Aside Rights shall be pledged and collaterally assigned to the 2003 Fire/Police/Library Certificates Trustee. Once the 2003 Fire/Police/Library Certificates holders (other than Ambac) are paid in full, the 2003 Fire/Police/Library Certificates Trustee will further assign the 2003 Housing Set Aside Rights to Ambac as provided in, and subject to the terms of, the 2003 Fire/Police/Library Certificates Supplemental Trust Agreement.~~

~~(3) Application of Housing Set Aside Amounts. In accordance with the terms of the 2003 Fire/Police/Library Certificates Supplemental Trust Agreement, the Housing Set Aside Amounts shall be applied (A) to the scheduled payment of amounts due on all 2003 Fire/Police/Library Certificates then due and payable from the Ambac Effective Date until the date all monies in the 2003 Fire/Police/Library Certificates Reserve Fund that existed as of the~~

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~~Ambac Effective Date are exhausted; (B) after all monies in the 2003 Fire/Police/Library Certificates Reserve Fund as of the Ambac Effective Date are exhausted pursuant to Section 2.7 of the Ambac Settlement Agreement in the following order and priority: (1) to the scheduled payment of all 2003 Fire/Police/Library Certificates then due and payable, in an amount equal to 19.5% of such scheduled payment; (2) to Ambac, to repay any payments made by Ambac under the Ambac Insurance Policy to the registered owners of the 2003 Fire/Police/Library Certificates, with interest as required by section 2.8 of the Ambac Settlement Agreement; (3) to Ambac and the 2003 Fire/Police/Library Certificates Trustee, to repay any payments made by Ambac for fees and expenses including attorney's fees and expenses of Ambac and the 2003 Fire/Police/Library Trustee, with interest as required by section 6.8 of the Ambac Settlement Agreement; (4) on-parity dollar for dollar basis to (i) the 2003 Fire/Police/Library Certificates Reserve Fund, in the amount necessary to make the balance therein equal the Reserve Requirement (as defined in the 2003 Fire/Police/Library Certificates Trust Agreement), and (ii) the payment of the scheduled payment of all 2003 Fire/Police/Library Certificates then due and payable as a credit to the City for General Fund Payment; and (5) to the City to reimburse the City for any General Fund Payments previously paid and to the extent the City has been fully reimbursed for all such General Fund Payments (with interest to the extent permitted by the 2003 Fire/Police/Library Certificates Reimbursement Agreement), for deposit by the City to the Community Redevelopment Property Trust Fund (as defined in the Ambac Settlement Agreement).~~

~~(4) Extension of Fire/Police/Library Lease Back Term and 2003 Fire/Police/Library Certificates Reimbursement Agreement. As of the Ambac Effective Date, the City and Financing Authority agree that the term of the Fire/Police/Library Lease Back is extended until September 5, 2048 or such later date until all amounts owing to the 2003 Fire/Police/Library Certificates holders and Ambac under the Ambac Settlement Agreement have been paid in full. As a result of the extension of the Fire/Police/Library Lease Back, the term of the 2003 Fire/Police/Library Certificates Reimbursement Agreement is also extended pursuant to Section 5 thereof.~~

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b. Debt Service Reserve Fund. ~~The 2003 Fire/Police/Library Certificates Trustee agrees to apply monies in the 2003 Fire/Police/Library Certificates Reserve Fund as exists as of the Ambac Effective Date to pay principal of and interest on the 2003 Fire/Police/Library Certificates commencing with the payment due on September 1, 2013 in the amount necessary to pay debt service on the 2003 Fire/Police/Library Certificates minus amounts available from Housing Set Aside Subaccount of the Lease Payment Fund (as defined in the 2003 Fire/Police/Library Certificates Trust Agreement) established pursuant to the 2003 Fire/Police/Library Certificates Supplemental Trust Agreement until the 2003 Fire/Police/Library Certificates Reserve Fund is exhausted. Amounts so applied from the 2003 Fire/Police/Library Certificates Reserve Fund shall be a credit against the General Fund Payments due from the City under the Ambac Settlement Agreement. Replenishment of the 2003 Fire/Police/Library Certificates Reserve Fund to the Reserve Requirement will take place with excess Housing Set Aside Amounts paid pursuant to the 2003 Fire/Police/Library Certificates Reimbursement Agreement as set forth in the 2003 Fire/Police/Library Certificates Supplemental Trust Agreement.~~

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e. Successor Agency Sale Proceeds. ~~The City shall cause the Successor Agency to work with Ambac to agree upon a list of all properties (i) which will be sold by the Successor Agency, or (ii) to be transferred to the Community Redevelopment Property Trust Fund of the Successor Agency and sold pursuant to the long-range property management plan developed and authorized in accordance with the applicable sections of the Health and Safety Code. The City and Ambac will, and the City shall cause the Successor Agency to, use their best efforts to obtain written approval of the long-range property management plan developed by the Successor Agency and approved by Ambac prior to submission which will provide, among other things, that all of the proceeds from the sale of the properties be used to satisfy outstanding obligations under the bonds of the Successor Agency and 2003 Fire/Police/Library Certificates Reimbursement Agreement in accordance with the existing priorities under applicable law prior to any distribution of such proceeds to taxing agencies under the Health and Safety Code. The City shall, and the City shall cause the Successor Agency to, diligently pursue the sales of the~~

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1 ~~properties in accordance with applicable law and shall provide Ambac and the 2003~~  
2 ~~Fire/Police/Library Certificates Trustee with a written monthly report of all progress and activity~~  
3 ~~taken in connection with such sales.~~

4 ~~d. Plan Support Commitment. From and after the entry into the~~  
5 ~~Ambac Settlement Agreement, and provided that (i) the Bankruptcy Court has entered the~~  
6 ~~Approval Order, and (ii) the City has complied with its covenants and obligations under the~~  
7 ~~Ambac Settlement Agreement, Ambac will support the Plan and take such action as is reasonably~~  
8 ~~necessary to support confirmation and consummation of the Plan which provides for separate~~  
9 ~~classification of the Claims of Ambac and the 2003 Fire/Police/Library Certificates holders with~~  
10 ~~respect to the 2003 Fire/Police/Library Certificates into two classes; each class shall provide for~~  
11 ~~all Claims of Ambac and the 2003 Fire/Police/Library Certificates holders to be satisfied through~~  
12 ~~the City's recognition and performance of its obligations under the Ambac Settlement Agreement.~~  
13 ~~Ambac in its capacity as insurer and sole owner of all 2003 Fire/Police/Library Certificates~~  
14 ~~pursuant to the 2003 Fire/Police/Library Trust Agreement agrees to vote for such Plan. Subject to~~  
15 ~~the terms and conditions of the Ambac Settlement Agreement, the Plan will affirm that the~~  
16 ~~Fire/Police/Library Lease Back, 2003 Fire/Police/Library Certificates Trust Agreement,~~  
17 ~~Fire/Police/Library Lease Out and 2003 Fire/Police/Library Certificates Reimbursement~~  
18 ~~Agreement shall be assumed and remain in full force and effect.~~

19 ~~e. Reimbursement of Attorneys' Fees. The City shall reimburse~~  
20 ~~Ambac and the 2003 Fire/Police/Library Certificates Trustee for the fees and expenses of Ambac~~  
21 ~~and 2003 Fire/Police/Library Certificates Trustee, including attorney's fees and expenses incurred~~  
22 ~~in connection with the 2003 Fire/Police/Library Certificates and the Chapter 9 Case (i) in relation~~  
23 ~~to Ambac, accrued through the date of execution and delivery of the Ambac Settlement~~  
24 ~~Agreement in the amount of \$240,000, and (ii) in relation to Ambac and 2003 Fire/Police/Library~~  
25 ~~Certificates Trustee accrued from the date of the execution and delivery of the Ambac Settlement~~  
26 ~~Agreement through the effective date of the Plan (the "Outstanding Fees and Expenses")~~  
27 ~~through application of Housing Set Aside Amounts paid pursuant to the 2003 Fire/Police/Library~~  
28 ~~Certificates Reimbursement Agreement as set forth in section 5.04 of the 2003 Fire/Police/Library~~

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~~Certificates Trust Agreement. The 2003 Fire/Police/Library Certificates Trustee and Ambac shall submit invoices to the City relating to the Outstanding Fees and Expenses specified in (ii) herein on a monthly basis. Interest will accrue on the Outstanding Fees and Expenses at an interest rate of 8% compounded annually. The City and the Financing Authority will be obligated to pay ongoing 2003 Fire/Police/Library Certificates Trustee fees and expenses as required under the 2003 Fire/Police/Library Certificates Trust Agreement and Fire/Police/Library Lease Back.~~

f. ~~Approval and Authorization to enter into the Ancillary Documents.~~

~~(1) 2003 Fire/Police/Library Certificates Supplemental Trust Agreement. On the Ambac Effective Date, the Supplemental Trust Agreement, dated as of May 9, 2013 (the "2003 Fire/Police/Library Certificates Supplemental Trust Agreement"), by and among the City, the Financing Authority and the 2003 Fire/Police/Library Certificates Trustee, shall become effective.~~

~~(2) Fire/Police/Library Lease Out Assignment Agreement. On the Ambac Effective Date, the Financing Authority and the 2003 Fire/Police/Library Certificates Trustee shall be authorized to and shall enter into Fire/Police/Library Lease Out Assignment Agreement and the City shall be authorized to and shall acknowledge and consent thereto, which should be consulted for the precise terms of the treatment. The Plan does not modify, amend, or alter the amounts due to the holders of the 2003 Fire/Police/Library Certificates or the obligations of Ambac to pay principal or redemption price of, or interest on, the 2003 Fire/Police/Library Certificates as and when such amounts become due under the 2003 Fire/Police/Library Certificates Trust Agreement, which payments shall be made by Ambac in accordance with, and subject to, the terms of the Ambac Insurance Policy. Ambac, as the holder of the Class 1A Claims, is entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.~~

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

**1. Impairment and Voting.**

Class 1B 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, Ambac, as

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1 the holders deemed holder of the Claims in this Class ~~are~~, is entitled to vote to accept or reject  
2 this Plan in accordance with the Plan Solicitation Order.

3 ///

4 ///

5 ///

6 **2. Treatment.**

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

9  
10 **C. Class 2 – SEB Claims of the 2006 SEB Bond Trustee/NPFG – 2006 SEB Bonds.**

11 **1. Impairment and Voting.**

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

16 **2. Treatment.**

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

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

26 **1. Impairment and Voting.**

27 Class 3 is Impaired by this Plan since the treatment of this Class will affect the  
28 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, NPFG, as the

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1 deemed holder of the Claims in this Class, is entitled to vote to accept or reject this Plan in  
2 accordance with the Plan Solicitation Order.

3 **2. Treatment.**

4 The treatment of the Class 3 Claims will be as set forth in the NPFPG Arena  
5 Settlement, which should be consulted for the precise terms of the treatment. ~~In summary, with~~  
6 ~~respect to these Claims, after modification of the payment terms of the Arena Lease Back, as~~  
7 ~~provided in the NPFPG Arena Settlement, on the Effective Date, the City will assume the Arena~~  
8 ~~Lease Back (as modified), and as a result, the City will continue to remain in possession, custody,~~  
9 ~~and control of the Arena.~~ The Plan does not modify, amend, or alter the 2004 Arena Bonds or  
10 the obligations of NPFPG to pay principal or redemption price of, or interest on, the 2004  
11 Arena Bonds as and when such amounts become due under the 2004 Arena Bond  
12 Indenture, which payments shall be made by NPFPG in accordance with, and subject to, the  
13 terms of the 2004 Parking Bond Insurance Policy.

14  
15 **E. Class 4 – Parking Structure Claims of the 2004 Parking Bond Trustee/NPFPG**  
16 **– 2004 Parking Bonds.**

17 **1. Impairment and Voting.**

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

22 **2. Treatment.**

23 The treatment of the Class 4 Claims will be as set forth in the NPFPG Parking  
24 Settlement Documents, which should be consulted for the precise terms of the treatment. ~~In~~  
25 ~~summary, with respect to these Claims, the City will create a new parking authority for the City~~  
26 ~~and will transfer ownership and control of the Parking Structure Properties, other downtown~~  
27 ~~parking structures and lots, and downtown parking meters, as well as parking enforcement~~  
28 ~~revenues, to the parking authority. The City Council members will sit *ex officio* as the board~~  
~~members of the new parking authority. Revenues from the newly created parking authority will~~

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~~be pledged to the 2004 Parking Bond Trustee in support of a new schedule of installment payments to NPFPG in exchange for (i) transfer of the possessory interest currently held by the 2004 Parking Bond Trustee on behalf of NPFPG and the bondholders to the new parking authority and (ii) a forbearance agreement on the part of NPFPG and the 2004 Parking Bond Trustee with respect to remedies for default on the Parking Structure Lease Back. The General Fund will have no liability for such new installment payments schedule, nor any obligation to make payments under the Parking Structure Lease Back.~~ The effectiveness of the NPFPG Settlement is contingent upon the entry into the SCC 16 Settlement Agreement. In the event the parties are unable to agree to the terms of such settlement that is acceptable to NPFPG and the 2004 Parking Bond Trustee, then the City, at the request or direction of ~~the 2004 Parking Bond Trustee or NPFPG shall take such actions (if any) that may be required by the 2004 Parking Bond Trustee or NPFPG to terminate the Parking Structure Lease Back as part of an alternative arrangement that is acceptable to the City and the 2004 Parking Bond Trustee that is not conditioned on the occurrence of such settlement.~~ the 2004 Parking Bond Trustee or NPFPG, shall take such actions (if any) that may be required by the 2004 Parking Bond Trustee or NPFPG to terminate the Parking Structure Lease Back as part of an alternative arrangement that is acceptable to the City and the 2004 Parking Bond Trustee that is not conditioned on the occurrence of such settlement.

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

///  
///

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

**1. Impairment and Voting**

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1  
2 Class 5 is Impaired by this Plan since the treatment of this Class will affect the  
3 legal, equitable, or contractual rights of the ~~holders~~holder of the Claims, and, accordingly,  
4 Assured Guaranty, as the ~~holders~~holder of the Claims in this Class ~~are~~, is entitled to vote to  
5 accept or reject this Plan in accordance with the Plan Solicitation Order.

## 6 2. Treatment.

7 The treatment of the Class 5 Claims will be as set forth in the Assured Guaranty  
8 Settlement, which should be consulted for the precise terms ~~of the treatment. A summary~~ of the  
9 treatment ~~follows:~~

- 10 • ~~The Office Building Lease Out and Lease Back will be terminated, and the City shall have no obligations under the same. The City will transfer fee title in the 400 E. Main Office Building Property to Assured Guaranty or its designee at Assured Guaranty's election, subject to the New 400 E. Main Lease. Assured Guaranty may elect to keep the property or to sell it at some future date, subject to the New 400 E. Main Lease. Assured Guaranty shall be entitled to all net rent and profits of the property after the transfer and to all of the sales proceeds of the property should Assured Guaranty elect to sell the property, and Assured Guaranty shall be obligated to pay all costs of operation and maintenance of the property. The City shall be released from any and all liability with respect to the 2007 Office Building Bonds and associated documents and the terminated Office Building Lease Out and Lease Back.~~
- 11 • ~~The New 400 E. Main Lease shall include the terms set forth in the Assured Guaranty Term Sheet, including without limitation the following: the initial term shall begin on the Effective Date and end on June 30, 2022; the City shall enjoy exclusive use of the City Space (as defined in the Assured Guaranty Term Sheet); the City shall make monthly rent payments as specified in the Assured Guaranty Term Sheet; the New 400 E. Main Lease supersedes the Fourth Floor Lease of 400 E. Main.~~

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1  
2 **G. Class 6 – Pension Obligation Bonds Claims ~~of Assured Guaranty.~~**  
3 **1. Impairment and Voting.**

4 Class 6 is Impaired by this Plan since the treatment of this Class will affect the  
5 legal, equitable, or contractual rights of the holders of the Claims, and, accordingly, ~~the~~  
6 ~~holders~~ Assured Guaranty, as the deemed holder of the Claims in this Class ~~are,~~ is entitled to  
7 vote to accept or reject this Plan in accordance with the Plan Solicitation Order. The Plan does  
8 not modify, amend or alter the Pension Obligation Bonds or the obligations of Assured  
9 Guaranty to pay principal or redemption price of, or interest on Pension Obligation Bonds  
10 as and when such amounts become due under Pension Obligation Bond Indenture, which  
11 payments shall be made by Assured Guaranty in accordance with, and subject to, the terms  
12 of the Pension Obligation Bond Insurance Policy.

13 **2. Treatment.**

14 The treatment of the Class 6 Claims will be as set forth in the Assured Guaranty  
15 Settlement, which should be consulted for the precise terms of the treatment. ~~A summary as it~~  
16 ~~relates to these Claims follows.~~ The Plan does not modify, amend, or alter the Pension  
17 Obligation Bonds or the obligations of Assured Guaranty to pay principal or redemption  
18 price of, or interest on Pension Obligation Bonds as and when such amounts become due  
19 under Pension Obligation Bond Indenture, which payments shall be made  
20 ///  
21 by Assured Guaranty in accordance with, and subject to, the terms of the Pension  
22 Obligation Bond Insurance Policy.

- 23 ~~• The City agrees to make non-contingent payments on the Pension Obligation~~  
24 ~~Bonds in each fiscal year equal to the sum of the 2007 Lease Ask Payments,~~  
25 ~~Special Fund Payments, and Supplemental Payments on the dates and in the~~  
26 ~~amounts set forth in the Assured Guaranty Term Sheet.~~
- 27 ~~• Assured Guaranty shall also be entitled to Contingent Payments in accordance~~  
28 ~~with the City's Contingent Payment Model, a copy of which is attached to the~~  
~~Assured Guaranty Term Sheet as Exhibit A. If the City does not exceed its~~

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~~baseline financial projections in the upcoming years, Assured Guaranty would receive no Contingent Payments. However, if the City were to exceed its financial projections over the years—which the City and Assured Guaranty believe may be achievable—Assured Guaranty would receive Contingent Payments until Assured Guaranty has received payment in full on the Pension Obligation Bond Class 6 Claims; provided, that the last date a Contingent Payment is required to be paid is June 1, 2052. Contingent Payments will be based upon the City’s budget in each year, subject to adjustment following year-end audit.~~

- ~~Contingent Payments on the Pension Obligation Bonds for each fiscal year shall be paid on June 1 of such fiscal year, commencing June 1, 2018 and ending on June 1, 2052, subject to adjustment based on audits as mentioned above.~~

**H. Class 7 – Claims of DBW.**

**1. Impairment and Voting.**

Class 7 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~~holder of the Claims in this Class ~~are~~is entitled to vote to accept or reject this Plan in accordance with the Plan Solicitation Order.

**2. Treatment.**

The General Fund will have no obligation to pay debt service on this obligation, or to reimburse operating expenses to DBW should DBW take over operations of the Marina Project. DBW will retain its pledge of rents and leases generated from the Marina Project. However, the pledge of gross revenues will be converted to a pledge of revenues net of all reasonable and direct operating expense of the Marina Project, calculated on a fiscal year basis ending June 30 of each year pursuant to section 928(b). Should DBW decide to take over operations of the Marina Project, DBW will be responsible for payment of all operating expenses of the Marina Project, and the City will have the right to (i) ensure that the Marina Project is

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1 operated in a responsible and safe manner, including providing adequate security; and ~~the City~~  
2 ~~shall have the right to~~ (ii) compel DBW to alter its manner of operations if such operations pose a  
3 threat to the public welfare or if such operations abet a public nuisance. The General Fund shall  
4 have no liability, directly or indirectly, for the Claims of DBW, and the City may decide at any  
5 time to cease subsidizing the operating deficits of the operation of the Marina Project. DBW has  
6 stated to the City an interest in exercising its remedy of taking possession of the Marina Project.  
7 The real property that is the subject of the Marina Project shall be that real property  
8 described in Exhibit A to this Plan, and should DBW exercise its remedy of taking  
9 possession of the Marina Project, DBW shall succeed to possession and control only over the  
10 real property set forth in Exhibit A.

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14 **I. Class 8 – SCC 16 Claims.**

15 **1. Impairment and Voting.**

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

20 **2. Treatment.**

21 To the extent SCC 16 has any offset rights arising under the Construction  
22 Agreement or the Disposition and Development Agreement, SCC 16 shall apply any such offsets  
23 against amounts owing under the SCC 16 Promissory Note. ~~To the extent SCC 16 has an~~  
24 ~~Unsecured Claim, it will be entitled to the treatment of General Unsecured Claims in Class 12.~~

25 **J. Class 9 – Thunder Claims.**

26 **1. Impairment and Voting.**

27 Class 9 is Impaired by this Plan since the treatment of this Class will affect the  
28 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

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Plan Solicitation Order.

## 2. Treatment.

The treatment of the Class 9 Claims will be as set forth in the Thunder Settlement.—

~~The Thunder Settlement is summarized as follows (the Thunder Settlement Term Sheet, which~~  
should be consulted for the precise terms of the ~~Thunder Settlement):~~

- ~~• The Base Rent payable to the City will be increased by \$2,000 per regular season home game. Base Rent for pre-season and playoff games remains unchanged.—~~
- ~~• Catering Services Adjusted Gross Revenue paid to the team will be reduced from 30% to 10%.—~~
- ~~• The team will have the exclusive right to sell team merchandise, will retain 100% of revenues from the same and bear the expenses of the same.—~~
- ~~• The team will purchase the use of five luxury suites from the City each year for a total cost of \$150,000, adjusted annually for any increases in the costs of other luxury suites sold by the City. The team shall have the right to sublease the luxury suites (but not to current luxury suite lessees of the City or prospective lessees—as specified in the Thunder Settlement Term Sheet).—~~  
~~Revenues received on account of such leases shall be subject to the existing sharing formula of 65% to the City and 35% to the team.—~~
- ~~• Additional payments to the City shall be made once certain performance benchmarks of paid attendees and advertising are reached~~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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4 **2. Treatment.**

5 Class 10 consists of Claims of the holders of Restricted Revenue Bond and Note  
6 Payable Obligations ~~that, which~~ are secured by special and restricted sources of revenues ~~and are~~  
7 ~~not payable from the General Fund.~~

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

22 **L. Class 11 – Claims of Holders of Special Assessment and Special Tax**  
23 **Obligations.**

24 **1. Impairment and Voting.**

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

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**2. Treatment.**

Class 11 consists of Claims of the holders of Special Assessment and Special Tax Obligations ~~that, which~~ are secured by special and restricted sources of revenues consisting of specific levies on real property within certain financing districts created by the City ~~and are not payable from the General Fund.~~

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

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

**1. Impairment and Voting.**

Class 12 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 ~~major claims~~ Claims in this Class include without limitation: ~~(1)~~ (i) the Retiree Health Benefit Claims; ~~(2)~~ (ii) the Golf Course/Park Claims of the 2009 Golf Course/Park Bond Trustee/Franklin; ~~(3)~~ (iii) the Leave Buyout Claims; ~~(4) the Price Claims;~~ and ~~(5)~~ (iv) Other Postpetition Claims.

~~The Retiree Health Benefit Claims are held by approximately 1,100 of the City’s former employees, and the Retirees Committee maintains that the aggregate amount of the Retiree~~

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1 ~~Health Benefit Claims is approximately \$545,000,000.~~<sup>6</sup> Pursuant to the Retirees Settlement, on  
2 the Effective Date, the City will pay the ~~Retirees~~ Retiree Health Benefit Claimants an aggregate  
3 amount of \$5,100,000 in full satisfaction of the Allowed Retiree Health Benefit Claims, and no  
4 other retiree health benefits will be provided by the City. If required by state or federal law, the  
5 City will withhold from the aggregate \$5,100,000 payment any taxes or other deductions to be  
6 withheld from the individual payment to each Retiree Health Benefit Claimant. The individual  
7 recipient is responsible for any tax liability for this payment, and the City will not provide any  
8 advice to any recipient as to the taxable impact of this payment.

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

19  
20 **N. Class 13 – Convenience Class Claims.**  
21 **1. Impairment and Voting.**

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

26 **2. Treatment.**

27 Holders of Convenience Class Claims will receive cash on the Effective Date in

28 <sup>6</sup>~~This does not include the retiree health benefit claims of employees employed as of July 1, 2012, who waived their claims of approximately \$1 billion of previously earned benefits for no additional compensation, as part of memoranda of understanding negotiated in 2012.~~

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the amount of their Allowed Convenience Class Claim, but not to exceed \$100.

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

4 **1. Impairment and Voting.**

5 Class 14 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 holders of  
7 the Claims in this Class are entitled to vote to accept or reject this Plan in accordance with the  
8 Plan Solicitation Order.

9 **2. Treatment.**

10 The SIR Claim Portion of each Allowed General Liability Claim will be paid on  
11 the Effective Date from the Risk Management Internal Service Fund, and will receive the same  
12 percentage payment on the dollar of Allowed Claim as will the holders of Allowed Class 12  
13 Claims. The Insured Portion of each Allowed General Liability Claim is not Impaired, and shall  
14 be paid by the applicable excess risk-sharing pool.

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

18 **1. Impairment and Voting.**

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

22 **2. Treatment.**

23 ~~In order to be both clear and transparent, the Plan designates the CalPERS contract~~  
24 ~~in a separate Class. The Plan expressly provides that~~ CalPERS will continue as the  
25 ~~Trustee~~ trustee for the City’s pension plan for its employees, and ~~that the contract~~ CalPERS  
26 Pension Plan will be assumed by the City. The City will continue to honor its obligations to its  
27 employees and retirees to fund employee retirement benefits under the CalPERS Pension Plan,  
28 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

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under the CalPERS Pension Plan.<sup>7</sup> CalPERS, pursuant to the CalPERS Pension Plan, will continue ~~to be made available~~ to provide pension benefits for participants in the manner indicated under the provisions of the CalPERS Pension Plan and ~~remedies under~~ 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.

**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.

<sup>7</sup>~~As a result of negotiated labor contracts that changed certain pension provisions, as well as changes in state law, pension benefits for new hires effective January 2013 have been reduced by 50-70% (including loss of retiree health benefits) and in some cases higher for some types of new hires; new hires are also required to pay a greater share of their future pensions; additionally, while the loss of retiree health benefits and the loss of "pension spiking" will reduce the postemployment retirement benefits of current employees 30-50%; and lastly, employee compensation reductions that occurred in 2011 and 2012, which ranged up to 30% in pensionable compensation in some cases, will further reduce their future pension benefit that they otherwise would have received; these concessions are unaffected by this Plan.~~

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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, ~~which in general provides each SPOA member with 44 hours of additional paid leave time through fiscal year 2014-15.~~

~~Specifically, the SPOA MOU provides as follows:~~

~~2. SPOA's Claims. SPOA alleges that its members have claims in the bankruptcy case against the City relating to the City's modification of its 2009 Memorandum of Understanding ("2009 MOU"), pursuant to Declarations of Fiscal Emergency beginning on or about May 26, 2010 and continuing in effect thereafter, and in connection with the treatment of the claims of SPOA and its members under the Pendency Plan (collectively, the "Claims"), and that, in the aggregate, the Claims exceed thirteen million dollars (\$13,000,000). The City disputes the Claims and contends that the Claims would not be allowed in the chapter 9 case. It further asserts that, if the Claims were allowed, they would be allowed in an amount aggregating less than thirteen million dollars (\$13,000,000).~~

~~In consideration of resolving the above differences and agreement on the MOU, the City agrees that the Claims shall be provided for in the Plan as follows:-~~

~~(a) The Claims will be deemed allowed in the chapter 9 case in the aggregate amount of eight million, five hundred thousand dollars (\$8,500,000) (the "Allowed Claims"). In consideration for the reduction in the amount of the Claims SPOA members employed during fiscal year 2010-2011 and/or 2011-2012 shall be credited, upon final approval of the MOU by the Parties and, if necessary, by the Bankruptcy Court, twenty-two (22) additional hours of paid leave in fiscal year 2012-2013. These additional hours of paid leave shall have no cash value and shall be utilized any time prior to the date upon which the SPOA member leaves employment with the City. Only those employees who~~

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~~were employed during some portion of the period July 1, 2010 and July 1, 2012 and who were still current employees upon the effective date of this Agreement shall be entitled to this treatment.~~

~~(b) The Allowed Claims shall be satisfied under the Plan by the City by crediting SPOA members employed during fiscal year 2010-2011 and/or 2011-2012 eleven (11) additional paid leave hours in the fiscal year of approval of the Plan and eleven (11) additional paid leave hours in the fiscal year after approval of the Plan. This benefit shall only apply to those employees who were employed during some portion of the period July 1, 2010 and July 1, 2012 and who are current employees as of the date the Plan is approved by the Bankruptcy Court. The total additional paid leave per SPOA member under paragraphs 2(a) and 2(b) of this article shall equal forty four (44) hours. These additional paid leave hours shall have no cash value, and shall be utilized any time prior to the date upon which the SPOA member leaves employment with the City. It is understood that the provision of these hours shall be the sole compensation for the Claims of SPOA and its members. The additional twenty two (22) hours additional paid leave credit contained in this paragraph 2(b) shall be contingent upon confirmation of the Plan and on the Plan becoming effective.~~

~~(c) Notwithstanding the foregoing, in the event that the Plan is not confirmed and does not become effective, the Claims shall not be allowed as specified herein, and both SPOA and the City agree that the Claims will be considered unresolved, with each Party reserving the right to assert or contest the Claims; provided, however, that the monetary equivalent of any paid leave hours taken pursuant to this Article shall serve as a credit against the Claims.~~

~~SPOA MOU at 55-56.~~

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.

///

2. Treatment.

The treatment of the Class 19 Claims will be as set forth in the Price

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Settlement, which should be consulted for the precise terms of the treatment.

**V. ACCEPTANCE OR REJECTION; CRAMDOWN**

**A. Voting of Claims.**

Each holder of an Allowed Claim (and, as applicable as specified herein, Ambac, NPF, and Assured) classified into Classes 1A, 1B, 3, 4, 5, 6, 7, ~~8~~, 9, 12, ~~13~~, 14, 18, and ~~18~~19 shall be entitled to vote each such Claim to accept or reject this Plan.

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

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

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

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

**B. Cure Payments.**

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

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timely file and serve such a statement in accordance with the instructions set forth in the Assumption Motion shall be deemed to be a waiver of any and all objections to the proposed assumption and any claim for cure amounts of the agreement at issue.

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

The Rejection Motion shall seek authority to reject all executory contracts and unexpired leases that that the City in the exercise of its business judgment deems warranted. ~~The City anticipates rejecting any executory contract and unexpired lease that is not needed for it to continue operating as a city.~~

**D. Claims Arising From Rejection.**

Proofs of claim arising from the rejection of executory contracts or unexpired leases must be filed with the Bankruptcy Court and served on the City no later than ~~30~~28 days after the date on which notice of entry of the order approving the Rejection Motion is served on the parties to the executory contracts and expired leases subject to the Rejection Motion. Any Claim for which a proof of claim is not filed and served within such time will be forever barred and shall not be enforceable against the City or its assets, properties, or interests in property. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be classified into Class 12 (General Unsecured Claims) and treated accordingly.

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

The ~~City is a party to hundreds of executory contracts and unexpired leases. It is reasonable to expect that due to accident or inadvertence, one or more will be omitted from the schedules that will be attached to the Assumption Motion and the Rejection Motion (collectively, "Omitted Agreements").~~ ~~The Omitted Agreements, if any,~~ Omitted Agreements shall be deemed assumed as of the Effective Date, *provided, however*, that any non-debtor counter-party to an Omitted Agreement may, within ~~60~~63 days ~~of~~after receiving notice from the City that such agreement is being assumed, file a motion in the Bankruptcy Court seeking an order reconsidering the assumption of the agreement.

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1  
2 **VII. IMPLEMENTATION AND MEANS FOR IMPLEMENTATION OF THIS PLAN**

3 ~~This Plan is predicated upon passage of Measure A. If Measure A fails to pass, the~~  
4 ~~City will be compelled to implement a plan of adjustment that further slashes staffing and services~~  
5 ~~provided by the City to its residents and will likely be unable to consummate the proposed~~  
6 ~~settlements with Ambac, Assured Guaranty, and NPPG.~~

7 Following the Effective Date, the City will continue to operate pursuant to the City  
8 Charter, the California Constitution, and other applicable laws. ~~While the City Council adopted~~  
9 ~~fiscal policies and projections to govern the allocation of the City's unrestricted resources, the~~  
10 ~~City acknowledges and understands that financial plans and budgets are not fixed in stone, and~~  
11 ~~that ongoing adjustments will have to be made in order to enable the City to adjust to changing~~  
12 ~~economic and operational needs. However, this Plan represents the City's commitment to the~~  
13 ~~binding treatment of the holders of Claims in the various Classes as enumerated in this Plan.~~

14 ~~By~~ Pursuant to the Rejection Motion, the City will reject, ~~among other~~ certain (i)  
15 unexpired leases, including, without limitation, the Office Building Standby Agreement, the  
16 Golf Course/Park Lease Out, and the Golf Course/Park Lease Back. ~~Rejection of these leases will~~  
17 ~~provide the City with relief from the operating and financing shortfalls associated with these~~  
18 ~~leases that historically have been subsidized by the General Fund. As part of the Rejection~~  
19 ~~Motion, the City intends to request the Bankruptcy Court to impose reasonable terms and~~  
20 ~~conditions on the right to possess and to attend to all issues necessary to ensure a smooth~~  
21 ~~transition to the new possessors that will expose the residents of the City to the lease possible~~  
22 ~~disruption.; and (ii) executory contracts, including, without limitation, the Ports License~~  
23 Agreement.

24 ~~After rejection, the counterparties to the lease out transactions above may have the~~  
25 ~~option, under section 365(h), to possess the leased properties. Alternatively, such counterparties~~  
26 ~~may decide not to possess, with the result that, notwithstanding the rejection of the leases, the~~  
27 ~~City may continue to operate the properties under such terms and conditions as the City and such~~  
28 ~~parties negotiate or subject to the order of the Bankruptcy Court or other court with jurisdiction.~~  
~~As to each of the leased properties, the City is party to executory contracts with vendors,~~

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1 ~~managers and operators of services and facilities located on such properties (e.g., the Golf~~  
2 ~~Courses are managed by a management company). Should the City not continue to operate a~~  
3 ~~given property, the City will likely reject the executory contracts related to that property, but if the~~  
4 ~~City remains in possession and control of that property, the City will likely re-negotiate such~~  
5 ~~contracts or may assume such executory contracts. At this time the City does not know whether~~  
6 ~~the counterparties to the lease-out transactions will elect to remain in possession (which the City~~  
7 ~~may contest or attempt to impose conditions upon). When the City is in a position to make such~~  
8 ~~decisions, the City will decide to reject, assume or renegotiate executory contracts with such~~  
9 ~~vendors.~~

10 Pursuant to the Rejection Motion, the City also intends to reject certain executory  
11 contracts including the Ports License Agreement.

12 On the Effective Date, (i) pursuant to the NPFG-SEB Settlement, the City will  
13 assume, among other leases, (i) the SEB Lease Out and the SEB Lease Back; (ii) pursuant to the  
14 NPFG Arena Settlement, the City will assume the Arena Lease Out and the Arena Lease Back, as  
15 modified by the NPFG Arena Settlement; and (iii) pursuant to the NPFG Parking Settlement, the  
16 City will assume the Parking Structure Lease Out and the Parking Structure Lease Back, as  
17 modified by the NPFG Parking Settlement (alternatively, the Parking Structure Lease Back will  
18 be terminated as provided in the NPFG Parking Settlement).

19 As described in the Assured Guaranty Settlement Term Sheet, the Office Building  
20 Lease Out and Lease Back will be terminated, and the City shall have no obligations under the  
21 same. Further, the Fourth Floor Lease of 400 E. Main will be superseded by the New 400 E.  
22 Main Lease.

23 Passage of Measure A is necessary to implement the Plan. If passed, Measure A is  
24 expected to generate approximately \$30 million per year in new revenue from a 3/4 of one percent  
25 increase in sales taxes (from 8.25% to 9%). The Plan Financial Projections assume that Measure  
26 A will pass. Simultaneously with Measure A, the voters of the City are being asked to vote on an  
27 advisory measure (Measure B) that advises the City Council to use approximately two-thirds of  
28 the new revenue over time to enhance depleted police services under the Marshall Plan, and the

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~~remainder to fund the City's ongoing expenses, including the cost of implementing the Plan.—  
Conversely, as demonstrated in graphs included with the Plan Financial Projections, failure of Measure A means that the City will continue to incur a substantial operating deficit even if the additional hires of police and other safety officers contemplated by the Marshall Plan do not take place. Moreover, the City will be incapable of fulfilling its obligations under the Plan, and the City will be required to make additional significant cuts to existing City's services and to renegotiate or change the treatment of creditors hereunder. The City cannot predict whether it would be able to continue to function under such a scenario, and it does not have detailed plans in place at this point to deal with such further across-the-board staffing and service reductions.—~~

~~In addition, at the time of preparation of this Plan, the City hopes to resume negotiations with Franklin, is still involved in negotiations with other creditors, and is hopeful that those negotiations will culminate in agreements with such creditors on the terms of a consensual plan of adjustment that would retain City control of its assets. However, no such plan will be possible unless additional funds flow to the General Fund through Measure A.~~

## VIII. RESERVATION OF THE CITY'S RIGHTS OF ACTION

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

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1  
2 **IX. DISTRIBUTIONS**

3 **A. Distribution Agent.**

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

8 **B. Delivery of Distributions.**

9 All distributions to any holder of an Allowed Claim shall be made at the address of  
10 such holder as set forth in the books and records of the City or its agents, unless the City has been  
11 notified by such holder in a writing that contains an address for such holder different from the  
12 address reflected in the City's books and records. All such notifications of address changes and all  
13 address confirmations should be mailed to: Rust Consulting/Omni Bankruptcy, 5955 DeSoto  
14 Avenue, Suite 100, Woodland Hills, CA 91367. All distributions to the Indenture Trustee shall  
15 be made in accordance with the relevant indenture, as applicable.

16 **C. Undeliverable Distributions of Unclaimed Property.**

17 **1. Holding of Undeliverable Distributions.**

18 If any distribution to any holder of a Claim is returned to the City or its agent as  
19 undeliverable, no further distributions shall be made to such holder unless and until the City is  
20 notified in writing of such holder's then-current address. ~~Unless and until the City is so notified,~~  
21 ~~such distribution shall be deemed to be "Unclaimed Property" and shall be dealt with in~~  
22 ~~accordance with Section IX(C)(2).~~

23 **2. Unclaimed Property.** ~~If any entity entitled to receive~~

24 ~~distributions pursuant to this Plan does not present itself on the Effective Date or on~~  
25 ~~such other date on which such entity becomes eligible for distribution, such~~  
26 ~~distributions shall be deemed to be "Unclaimed Property."~~ Unclaimed Property  
27 Any  
28 unclaimed distributions shall be set aside and held in a segregated account to be  
maintained by the City pursuant to the terms of this Plan.

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3. ~~Notification and Forfeiture of Unclaimed Property.~~ No later

than ~~60~~63 days after the date of the first distributions under the Plan, the City ~~will~~shall file with the Bankruptcy Court a list of ~~Unclaimed Property~~unclaimed distributions, together with a schedule that identifies the name and last-known ~~address~~addresses of the holders of ~~the Unclaimed Property; the City otherwise will~~any unclaimed distributions. The City shall not be required to make any further attempt to locate the holders of any ~~such entity. On the 60th day~~unclaimed distributions. Any distribution under the Plan that remains unclaimed after 91 days following the date of the first distributions ~~made under the Plan, all remaining Unclaimed Property and~~under the Plan (including, without limitation, because the distribution made to the last known address is returned as undeliverable), shall be deemed not to have been made and, together with any accrued interest or dividends earned thereon ~~will, shall~~ be ~~remitted~~transferred to and vest in the City for any ~~such~~ use as the City sees fit. The City shall not be obligated to make any further distributions on account of the Claim with respect to which such distribution was made, and such Claim shall be treated as a Disallowed Claim. Nothing contained herein shall affect the discharge of the Claim with respect to which such distribution was made, and the holder of such Claim shall be forever barred from enforcing such Claim against the City or its assets, estate, properties, or interests in property.

D. Distributions of Cash.

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

E. Timeliness of Payments.

Any payments or distributions to be made pursuant to this Plan shall be deemed to be timely made if made within 14 days after the dates specified in this Plan. Whenever any distribution to be made under this Plan shall be due on a day that is ~~a Saturday, Sunday, or legal holiday~~not a Business Day, such distribution instead shall be made, without interest on such distribution, on the immediately succeeding ~~day that is not a Saturday, Sunday, or legal~~

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holiday Business Day, but shall be deemed to have been timely made on the date due.

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

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

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

Checks issued by the City on account of Allowed Claims shall be null and void if not negotiated within ~~90~~91 days from and after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the City by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check must be made on or before the second anniversary of the Effective Date. After such date, all Claims in respect of voided checks will be discharged and forever barred and the City will retain all moneys related thereto.

**H. No De Minimis Distributions.**

Notwithstanding any other provision of this Plan, no Cash payment of less than ~~\$10.00~~10 will be made by the City on account of any Allowed Claim.

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

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

**J. No Postpetition Accrual.**

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

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

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

The City will have the right to object to the allowance of Claims filed with the Bankruptcy Court with respect to which liability or allowance is disputed in whole or in part. Unless otherwise ordered by the Bankruptcy Court, the City must file and serve any such objections to Claims by not later than ~~180~~182 days after the Effective Date (or, in the case of Claims lawfully filed after the Effective Date, by not later than ~~180~~182 days after the date of filing

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of such Claims).

**B. Reserves, Payments, and Distributions with Respect to Disputed Claims.**

After the Effective Date has occurred, at such time as a Disputed Claim becomes an Allowed Claim, in whole or in part, the City or its agent will distribute to the holder thereof the distributions, if any, to which such holder is then entitled under this Plan. Such distributions, if any, will be made as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim becomes a Final Order (or such other date as the Claim becomes an Allowed Claim), but in no event more than ~~60~~63 days thereafter. Unless otherwise specifically provided in this Plan or Allowed by order of the Bankruptcy Court, no interest will be paid on Disputed Claims that later become Allowed Claims.

**XI. EFFECT OF CONFIRMATION**

**A. Discharge of the City.**

Pursuant to section 944, upon the Effective Date, the City will be discharged from all debts ~~(as defined in the Bankruptcy Code)~~ of the City and Claims against the City other than (ai) any ~~debt~~Debt specifically and expressly excepted from discharge by this Plan or the Confirmation Order, or (bii) any ~~debt~~Debt owed to an entity that, before the Confirmation Date, had neither notice nor actual knowledge of the Chapter 9 Case.

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

**B. Injunction.**

Except as otherwise expressly provided in this Plan, all entities who have held,

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1 hold, or may hold Pre-Confirmation Date Claims shall be permanently enjoined from and after the  
2 Confirmation Date from: (a) commencing or continuing in any manner any action or other  
3 proceeding of any kind with respect to any such Pre-Confirmation Date Claim against the City or  
4 its property; (b) enforcing, attaching, collecting, or recovering by any manner or means any  
5 judgment, award, decree, or order against the City or its property with respect to such  
6 Pre-Confirmation Date Claims; (c) creating, perfecting, or enforcing any lien or encumbrance of  
7 any kind against the City or its property; and (d) asserting any right of setoff, subrogation, or  
8 recoupment of any kind against any obligation due to the City with respect to any such  
9 Pre-Confirmation Date Claim, except as otherwise permitted by section 553.

10  
11 **C. Term of Existing Injunctions or Stays.**

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

15 **D. Exculpation.**

16 **Except with respect to obligations specifically arising pursuant to or**  
17 **preserved in this Plan, including but not limited to the Insurance Policies, no Exculpated**  
18 **Party shall have or incur, and each Exculpated Party is hereby released and exculpated**  
19 **from, any claim, obligation, cause of action or liability for any claim in connection with or**  
20 **arising prior to or on the Effective Date for any act taken or omitted to be taken in**  
21 **connection with, or related to, (i) the administration of the Chapter 9 Case, (ii) the**  
22 **negotiation, pursuit, confirmation, solicitation of votes for, consummation or**  
23 **implementation of the Plan, (iii) the administration of the Plan or property to be distributed**  
24 **under the Plan, (iv) the AB 506 process, (v) any document, release, contract, or other**  
25 **instrument entered into in connection with, or relating to, the Plan or the settlements**  
26 **referenced within the Plan or (vi) any other transaction contemplated by, or entered into, in**  
27 **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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negligence. In all respects, each Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities pursuant to the Plan.

E. Releases Among Releasing Parties and Released Parties.  
EFFECTIVE AS OF THE EFFECTIVE DATE, FOR GOOD AND

VALUABLE CONSIDERATION PROVIDED BY EACH OF THE RELEASED PARTIES, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, (i) THE CITY AND EACH OF ITS RELATED PERSONS (COLLECTIVELY, THE "CITY RELEASING PARTIES") SHALL, AND SHALL BE DEEMED TO, COMPLETELY, CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASE, WAIVE, VOID, EXTINGUISH, AND DISCHARGE EACH AND ALL OF THE RELEASED PARTIES (AND EACH SUCH RELEASED PARTY SO RELEASED SHALL BE DEEMED FOREVER RELEASED, WAIVED AND DISCHARGED BY THE CITY RELEASING PARTIES) AND THEIR RESPECTIVE PROPERTIES AND RELATED PERSONS; AND (ii) EACH OF NCFG, ASSURED GUARANTY, AMBAC, THE INDENTURE TRUSTEE IN ALL CAPACITIES EXCEPT AS THE 2009 GOLF COURSE/PARK BOND TRUSTEE (COLLECTIVELY WITH THE CITY RELEASING PARTIES, THE "RELEASING PARTIES") SHALL, AND SHALL BE DEEMED TO, COMPLETELY, CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASE, WAIVE, VOID, EXTINGUISH, AND DISCHARGE THE CITY (AND THE CITY SHALL BE DEEMED FOREVER RELEASED, WAIVED AND DISCHARGED BY SUCH RELEASING PARTIES), OF AND FROM ANY AND ALL OF THE FOLLOWING: CLAIMS, CAUSES OF ACTION, LITIGATION CLAIMS, AVOIDANCE ACTIONS AND ANY OTHER DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, ACTIONS, REMEDIES, JUDGMENTS, AND LIABILITIES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, THE AB 506 PROCESS AND THE ELIGIBILITY CONTEST), WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED,

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1 FIXED OR CONTINGENT, MATURED OR UNMATURED, EXISTING AS OF THE  
2 EFFECTIVE DATE OR THEREAFTER ARISING, IN LAW, AT EQUITY, WHETHER  
3 FOR TORT, CONTRACT, OR OTHERWISE, BASED IN WHOLE OR IN PART UPON  
4 ANY ACT OR OMISSION, TRANSACTION, EVENT OR OTHER OCCURRENCE OR  
5 CIRCUMSTANCES EXISTING OR TAKING PLACE PRIOR TO OR ON THE  
6 EFFECTIVE DATE ARISING FROM OR RELATED IN ANY WAY IN WHOLE OR IN  
7 PART TO THE CITY OR ITS ASSETS AND PROPERTY, THE CHAPTER 9 CASE,  
8 THE DISCLOSURE STATEMENT, THIS PLAN OR THE SOLICITATION OF VOTES  
9 ON THIS PLAN THAT SUCH RELEASING PARTY WOULD HAVE BEEN LEGALLY  
10 ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR  
11 THAT ANY HOLDER OF A CLAIM OR EQUITY INTEREST OR OTHER ENTITY  
12 WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT FOR OR ON BEHALF OF  
13 SUCH RELEASING PARTY (WHETHER DIRECTLY OR DERIVATIVELY) AGAINST  
14 ANY OF THE RELEASED PARTIES OR THE CITY, AS APPLICABLE; PROVIDED,  
15 HOWEVER, THAT THE FOREGOING PROVISIONS OF THIS RELEASE SHALL NOT  
16 OPERATE TO WAIVE OR RELEASE (i) ANY CAUSES OF ACTION, CLAIMS OR  
17 AGREEMENTS EXPRESSLY SET FORTH IN AND/OR PRESERVED BY THIS PLAN  
18 OR ANY PLAN SUPPLEMENT, INCLUDING BUT NOT LIMITED TO THE  
19 INSURANCE POLICIES; AND/OR (ii) THE RIGHTS OF SUCH RELEASING PARTY  
20 TO ENFORCE THIS PLAN AND THE CONTRACTS, INSTRUMENTS, RELEASES,  
21 AND OTHER AGREEMENTS OR DOCUMENTS DELIVERED UNDER OR IN  
22 CONNECTION WITH THIS PLAN OR ASSUMED PURSUANT TO THIS PLAN OR  
23 ASSUMED PURSUANT TO FINAL ORDER OF THE BANKRUPTCY COURT. THE  
24 FOREGOING RELEASE SHALL BE EFFECTIVE AS OF THE EFFECTIVE DATE  
25 WITHOUT FURTHER NOTICE TO OR ORDER OF THE BANKRUPTCY COURT,  
26 ACT OR ACTION UNDER APPLICABLE LAW, REGULATION, ORDER, OR RULE  
27 OR THE VOTE, CONSENT, AUTHORIZATION OR APPROVAL OF ANY PERSON.  
28

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1  
2 E. **Good Faith Compromise.**  
3 Pursuant to Bankruptcy Rule 9019, to the extent applicable, and in  
4 consideration for the distributions and other benefits provided under this Plan, the  
5 provisions of this Plan, including the exculpation and release provisions contained in this  
6 Article XI, constitute a good faith compromise and settlement of all Claims, causes of action  
7 or controversies relating to the rights that a holder of a Claim may have with respect to any  
8 Claim against the City, any distribution to be made pursuant to the Plan on account of any  
9 such Claim and any and all Claims or causes of action of any party arising out of or relating  
10 to the AB 506 Process or the Eligibility Contest. The entry of the Confirmation Order  
11 constitutes the Bankruptcy Court's approval, as of the Effective Date, of the compromise or  
12 settlement of all such Claims or controversies and the Bankruptcy Court's finding that all  
13 such compromises or settlements are in the best interests of the City and the holders of  
14 Claims, and are fair, equitable, and reasonable.

## 15 **XII. RETENTION OF AND CONSENT TO JURISDICTION**

16 Following the Effective Date, the Bankruptcy Court shall retain and have exclusive  
17 jurisdiction over any matter (4i) arising under the Bankruptcy Code and relating to the City, (2ii)  
18 arising in or related to the Chapter 9 Case or this Plan, and (3iii) otherwise for the following:

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

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1 contested or litigated matters that may be pending on the Effective Date or that, pursuant to this  
2 Plan, may be instituted by the City after the Effective Date or that are instituted by any holder of a  
3 Claim before or after the Effective Date concerning any matter based upon, arising out of, or  
4 relating to the Chapter 9 Case, whether or not such action initially is filed in the Bankruptcy Court  
5 or any other court;

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

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

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

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

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

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

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

27 11. to issue injunctions, enter and implement other orders, or take such other actions as  
28 may be necessary or appropriate to restrain interference by any entity with consummation or

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1 enforcement of this Plan;

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

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

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

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

12 **XIII. CONDITIONS PRECEDENT**

13 **A. ConditionConditions Precedent to Confirmation.**

14 The conditions precedent to confirmation of the Plan are: (i) the entry of the  
15 Confirmation Order ~~that is~~ in form and substance satisfactory to the City, and ~~that~~which is  
16 reasonably satisfactory to \_\_\_\_\_, ~~is a condition precedent to confirmation of this Plan.~~

17 The Assured Guaranty, Ambac, NPMG, and the Indenture Trustee; and (ii) the approval of  
18 the State of California Department of Finance of the restructuring of the Arena Pledge Agreement  
19 as described in the NPMG Settlement ~~is also a condition precedent to confirmation of this Plan.~~

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

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

- 25 **1. Confirmation Order.** The Confirmation Order shall have been  
26 entered, shall be in full force and effect, and shall be a Final Order (but the  
27 requirement that the Confirmation Order be a Final Order may be waived by the City  
28 at any time).

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2. **Plan Documents.** All agreements and instruments

contemplated by, or to be entered into pursuant to, this Plan shall be in form and substance acceptable to the City (and in the case of all agreements and instruments between the City and Ambac, Assured Guaranty, ~~and~~ NPMFG, and the Indenture Trustee, acceptable to Ambac, Assured Guaranty, ~~and~~ NPMFG, and the Indenture Trustee, respectively); shall have been duly and validly executed and delivered (including, but not limited to, any documents necessary to be executed on or prior to the Effective Date so as to implement the Ambac Settlement, the Assured Guaranty Settlement, and the NPMFG Settlement, respectively, and the satisfaction or waiver of the conditions precedent to the Ambac Settlement, the Assured Guaranty Settlement, and the NPMFG Settlement, respectively), or deemed executed by the parties thereto; and all conditions to their effectiveness shall have been satisfied or waived.

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

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

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

The City may waive in whole or in part any condition to effectiveness of this Plan.

If a condition to the occurrence of the Effective Date is the occurrence of the conditions to the effectiveness of the Ambac Settlement Agreement, the Assured Guaranty Settlement, or the NPMFG Settlement, then such condition may not be waived without the prior written consent of Ambac, Assured Guaranty, of NPMFG, as applicable. Any such waiver of a condition may be effected at any time, without notice or leave or order of the Bankruptcy Court

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and without any formal action, other than the filing of a notice of such waiver with the Bankruptcy Court.

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

In the event that the conditions to effectiveness of this Plan have not been timely satisfied or waived, and upon notification submitted by the City to the Bankruptcy Court, (a) the Confirmation Order shall be vacated, (b) no distributions under this Plan shall be made, (c) the City and all holders of Claims shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred, and (d) all of the City's obligations with respect to the Claims shall remain unchanged and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the City or any other entity or to prejudice in any manner the rights, remedies, or claims of the City or any entity in any further proceedings involving the City.

**E. No Admission of Liability.**

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

**XIV. MISCELLANEOUS PROVISIONS**

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

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

**B. Severability.**

If, prior to the Confirmation Date, any term or provision of this Plan is held by the Bankruptcy Court or any other court having jurisdiction, including on appeal, if applicable, to be invalid, void, or unenforceable, the Bankruptcy Court, in each such case at the election of and with the consent of the City, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original

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1 purpose of the term or provision held to be invalid, void, or unenforceable, and such term or  
2 provision shall then be applicable as altered or interpreted. Notwithstanding any such holding,  
3 alteration, or interpretation, the remainder of the terms and provisions of this Plan shall remain in  
4 full force and effect and shall in no way be affected, impaired, or invalidated by such holding,  
5 alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and  
6 shall provide that each term and provision of  
7 ///  
8 this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and  
9 enforceable pursuant to its terms.

11 **C. Governing Law.**

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

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

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

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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 (~~OCTOBER 10, NOVEMBER 15, 2013~~)**

Exhibit A      ~~Final Settlement Term Sheet, Assured Guaranty Municipal Corp.~~ Description of Marina Project Real and ~~City of Stockton~~ Personal Property

Exhibit B      ~~Settlement Term Sheet, City of Stockton and National Public Finance-Guarantee Corporation~~

Exhibit C      ~~Term Sheet—Proposed Amendments to Team Lease for Stockton Events-Center~~

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Document 2 ID	interwovenSite://NCUSADMS01/USA/754914841/7
Description	#754914841v7<USA> - Stockton Plan of Adjustment - FIRST AMENDED
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