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10 GUARANTEE CORPORATION

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**UNITED STATES BANKRUPTCY COURT**

13

**EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION**

14

In re:

Case No. 12-32118

15

CITY OF STOCKTON, CALIFORNIA,

D.C. No. OHS-1

16

Debtor.

Chapter 9

17

**EXHIBIT A IN SUPPORT OF  
"NATIONAL PUBLIC FINANCE  
GUARANTEE CORPORATION'S  
OFFER OF PROOF PURSUANT TO  
18 FEDERAL RULE OF EVIDENCE  
19 103"**

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Date: March 25, 2013

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Time: 9:30 a.m.

23

Dept: Courtroom 35

24

Judge: Hon. Christopher M. Klein

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Exhibit A Declaration of Matthew A. Cohn .....2

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# **Exhibit A**

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**DECLARATION OF MATTHEW A. COHN**

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) Date: March 25, 2013

19

) Time: 9:30 a.m.

20

) Dept: Courtroom 35

21

) Judge: Hon. Christopher M. Klein

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1 I, Matthew A. Cohn, declare as follows:

2 1. I am Director of Optinuity Alliance Resources, an affiliate of creditor National Public  
3 Finance Guarantee Corporation (“National”). I make this declaration of my own personal  
4 knowledge and, if called upon to do so, I could and would testify to the facts set forth herein.

5 2. In connection with the City of Stockton, California’s (the “City”) chapter 9  
6 bankruptcy filing, National, with its counsel and financial advisors, attended mediation sessions  
7 called by the City under the California state statute generally known as “AB 506” on May 15 and 16,  
8 2012. Prior to these mediation sessions, National, and its counsel and financial advisors attended  
9 due diligence meetings called by the City on April 30 and May 1, 2012 and participated in certain  
10 organizational conference calls.

11 3. On May 7, 2012, the City delivered to National, its counsel and its financial advisors  
12 a 790-page document titled “Proposals for Modification to Obligations Under AB 506 Process” (the  
13 “Ask”).

14 4. On May 15, at the first mediation session, National expressed its position to the City  
15 that the Ask (i) was discriminatory among unsecured creditors because it failed to address the City’s  
16 pension liabilities, and (ii) was not a feasible plan because, even if the City obtained all the  
17 concessions it requested, the City would still remain insolvent. Having heard National’s objections  
18 on day one, counsel to the City reported that he would discuss them with the City.

19 5. On May 16, at the second mediation session attended by National, officials from the  
20 City attended the mediation session and reported that (i) at a closed meeting the previous evening the  
21 City Council had reaffirmed unanimously its decision not to seek concessions from CalPERS or any  
22 other party relating to its pension liability, and (ii) the City had no other changes or additions to the  
23 Ask. After the City’s presentation, the mediator declared that there did not appear to be much more  
24 to discuss and the mediation session ended. National was not invited to any other AB 506 mediation  
25 sessions.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge.

Executed on March 13, 2013 in Armonk, New York.

  
MATTHEW A. COHN