

5

1 MARC A. LEVINSON (STATE BAR NO. 57613)
 malevinson@orrick.com
 2 NORMAN C. HILE (STATE BAR NO. 57299)
 nhile@orrick.com
 3 JOHN W. KILLEEN (STATE BAR NO. 258395)
 jkilleen@orrick.com
 4 ORRICK, HERRINGTON & SUTCLIFEE LLP
 400 Capital Mall, Suite 3000
 5 Sacramento, California, 95814-4497
 Telephone: (916) 447-9200
 6 Facsimile: (916) 329-4900

7 Attorneys for Debtor
 City of Stockton
 8

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

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

Case No. 12-32118 (CMK)
 DC No. OHS-4
 Chapter 9

**FINDINGS OF FACT AND CONCLUSIONS OF
 LAW WITH RESPECT TO THE CITY OF
 STOCKTON'S MOTION FOR ORDER
 APPROVING COMPROMISE PURSUANT TO
 FEDERAL RULE OF BANKRUPTCY
 PROCEDURE 9019**

Date: April 2, 2013
 Time: 9:30 A.M.
 Dept: C, Courtroom 35
 Judge: Hon. Christopher M. Klein

15
 16
 17
 18
 19
 20
 21
 22
 23 Upon the motion (the "Motion")¹ of the City of Stockton (the "Debtor" or "City"), seeking
 24 entry of an order (the "Approval Order"), pursuant to Rule 9019 of the Federal Rules of
 25 Bankruptcy Procedure, approving the Stipulation and Settlement Agreement by and among the
 26 City, the Stockton Public Finance Authority (the "Authority"), Ambac Assurance Corporation (the
 27 "Insurer"), Wells Fargo Bank, National Association (the "Trustee"), attached hereto as Exhibit A

28 ¹ Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Stipulation and Settlement Agreement (as defined herein).

RECEIVED

April 23, 2013

CLERK, U.S. BANKRUPTCY COURT
 EASTERN DISTRICT OF CALIFORNIA
 0004763425

1 (the “Settlement Agreement”); and the Court having conducted a hearing on the Motion on April
2 2, 2013 (the “Hearing”) at which time all interested parties were offered an opportunity to be heard
3 with respect to the Motion; and upon full consideration of the Motion and after due deliberation
4 thereon;

5 **IT IS HEREBY FOUND AND DETERMINED THAT:²**

6 1. This Court has jurisdiction over the Motion and the relief requested therein pursuant
7 to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157.
8 Venue for the Motion is proper in this Court.

9 2. The form and manner in which notice of the Motion, Settlement Agreement, and
10 the Hearing was provided to all parties in interest entitled to such notice, including the holders of
11 Certificates (each, a “Certificate Holder”) as set forth herein, was reasonably calculated to
12 provide all such interested parties with adequate, appropriate, reasonable and sufficient notice,
13 including all deadlines associated therewith and the provisions of this Approval Order, and is for
14 all purposes approved. The City’s notice of the Motion and Hearing to approve the Settlement
15 Agreement was made to all Certificate Holders by posting that certain Notice of Settlement and
16 Procedures Concerning Court Approval of Settlement and Related Deadlines through the
17 Depository Trust Company, Bloomberg and with the Electronic Municipal Market Access
18 service, as maintained by the Municipal Securities Rulemaking Board and found at
19 <http://www.emma.msrb.org/>, which is an official source for municipal disclosure and market
20 data and is deemed sufficient notice of the terms and conditions of the Settlement Agreement and
21 the provisions of this Approval Order to Certificate Holders and provided Certificate Holders
22 notice and an opportunity to object to the Motion and be heard at any Hearing on the Motion,
23 and no other or further notice is required to such Certificate Holders.

24 3. The Trustee has due authority to enter into the Settlement Agreement for the benefit
25 of all Certificate Holders. The Insurer is not in default under its Insurance Policy with the

26
27 ² The findings of fact and the conclusions of law stated herein shall constitute this Court’s findings of fact and
28 conclusions of law pursuant to Bankruptcy Rule 7052, made applicable pursuant to this proceeding pursuant to
Bankruptcy Rule 9014. To the extent any finding of fact later shall be determined to be a conclusion of law, it shall be
so deemed, and to the extent any conclusion of law later shall be determined to be a finding of fact, it shall so be
deemed.

1 Trustee and has provided direction to the Trustee under the Trust Agreement to enter into the
2 Settlement Agreement, and thus, the Trustee is compelled to enter into the Settlement
3 Agreement.

4 4. The relief requested in the Motion and the compromises and settlement set forth in
5 the Settlement Agreement, by and among the Authority, the City, the Insurer, and the Trustee are
6 fair and reasonable to, and are in the best interest of, the Authority, the City and its creditors,
7 including the Insurer, Trustee, and the Certificate Holders.

8 5. The Trustee has acted consistent with its duties and responsibilities under, and entry
9 of this order does not violate, the terms of the Trust Agreement and has used the same degree of
10 care and skill in their exercise, as a prudent person would exercise or use under the
11 circumstances in the conduct of such person's own affairs.

12 6. All objections, if any, to the Motion or the relief requested therein that have not
13 been withdrawn, waived, or settled, and all reservations of rights included in any such
14 objections, are hereby overruled [REDACTED].

15 7. The Debtor is authorized and directed to execute and deliver, and is empowered to
16 perform under, consummate, and implement the Settlement Agreement, together with all
17 additional instruments and documents as are necessary to effectuate the Settlement Agreement,
18 including but not limited to the Supplemental Trust Agreement and the Site Lease Assignment
19 Agreement.

20 8. Each of the Authority, Insurer, and the Trustee is authorized to enter into the
21 Settlement Agreement and each are authorized to enter into such additional instruments and
22 documents as are necessary to effectuate the Settlement Agreement.

23 9. The Approval Order and the Settlement Agreement shall be binding on the Debtor,
24 the Authority, Insurer, the Trustee and all creditors of the Debtor, including the Certificate
25 Holders, and each of their respective successors and assigns.

26 10. The Approval Order and the Settlement Agreement shall be binding on the City in
27 its capacity as Successor Agency to the Redevelopment Agency of the City of Stockton, and any
28 successors and assigns thereof.

1 11. The Approval Order and the Settlement Agreement shall be binding on the Trustee
2 and any successors and assigns thereof, solely in its capacity as a trustee with respect to the
3 Certificates, and not in any other capacity, including, but not limited to, its capacity as a holder
4 of any claim against the Debtor unrelated to the Trust Agreement, or as the trustee with respect
5 to any other certificates, bonds, warrants or claims related to the Debtor.

6 12. The Approval Order shall be binding on each Certificate Holder and any successors
7 and assigns thereof, solely in such certificate holders' capacity as a Certificate Holder and not in
8 any other capacity, including, but not limited to, its capacity as the holder of any other claim
9 against the Debtor unrelated to the Trust Agreement.

10 13. Without the need for any further action on the part of any Certificate Holder and for
11 the benefit of the Certificate Holders in order to insure the timely scheduled payment of debt
12 service on the Certificates, the Trustee is hereby granted the right and power to (a) execute any
13 assignment required by the Insurer in connection with any payments by the Insurer under the
14 Insurance Policy in accordance with the terms of the Trust Agreement, and (b) accept any
15 amendment to or replacement of the Insurance Policy necessary to insure the timely payment of
16 debt service on the Certificates.

17 14. The terms, conditions and provisions of the Settlement Agreement and the
18 Approval Order shall not be deemed to alter, amend or modify any of the Insurer's obligations to
19 the Trustee or the Certificate Holders under the Insurance Policy.
20
21
22
23
24
25
26
27
28

