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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.
16
17
18
19
20
21

Case No. 2012-32118

Chapter 9

**SECOND SUPPLEMENTAL PLAN
SUPPLEMENT IN CONNECTION
WITH THE FIRST AMENDED PLAN
FOR THE ADJUSTMENT OF DEBTS
OF CITY OF STOCKTON,
CALIFORNIA, AS MODIFIED
(AUGUST 8, 2014), EXHIBITS 1 AND 2**

Date: January 13, 2015
Time: 10:00 a.m.
Dept: Courtroom 35
Judge: Hon. Christopher M. Klein

22 Pursuant to Sections I.A.145, I.A.180, I.A.189, and I.C of the First Amended Plan For The
23 Adjustment Of Debts Of City Of Stockton, California, As Modified (August 8, 2014) [Dkt. No.
24 1645] (the “**Plan**”) ¹, the City hereby submits the Second Supplemental Plan Supplement. The
25 City filed its Plan Supplement [Dkt. No. 1236] on January 27, 2014, and its Supplemental Plan
26 Supplement [Dkt. No. 1259] on February 10, 2014. As provided in Section I.C of the Plan, the
27 exhibits and schedules in the Plan Supplement, the Supplemental Plan Supplement, and the
28

¹ Unless otherwise defined, capitalized terms shall have the meaning ascribed to them in the Plan.

1 Second Supplemental Plan Supplement are incorporated into, and are a part of, the Plan as if set
2 forth therein. The Court confirmed the Plan pursuant to oral findings of fact and conclusions of
3 law on October 30, 2014, and entered a minute order to that effect the same day.²

4 The City Council has approved versions of the Plan Documents substantially the same as
5 the attached, and no further City Council approval is required.

6 The attached Plan Documents are in final form, although a few immaterial changes may
7 be made prior to the Effective Date. Moreover, one or more of the attached Plan Documents may
8 require approval of officials of the counterparties to such Plan Documents. Therefore, while the
9 City does not believe that modifications, if any, will be material, the City reserves the right to
10 alter, amend, modify or supplement any of the attached Plan Documents in accordance with the
11 provisions of the Plan.

12 The Plan provides in Section I.A.186 that the SPOA MOU would be attached as an exhibit
13 to the Plan Supplement. The City omitted the SPOA MOU from the Plan Supplement. Because
14 the SPOA MOU is publicly available on the City's website³ and is attached as an exhibit to the
15 declarations of Ann Goodrich [Dkt. No. 1381] and Kathryn Nance [Dkt. Nos. 1792 and 1793], the
16 City has not included it among the attached Plan Documents.

17
18 Dated: January 7, 2015

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PATRICK B. BOCASH
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21
22 By: /s/ Marc A. Levinson
23 MARC A. LEVINSON
24 Attorneys for Debtor
25 City of Stockton
26
27

28 ² Dkt. No. 1747.

³ Available at <http://www.stocktongov.com/files/SPOAMOUFinalEff01July2012through30June2014.pdf>.

PLAN SUPPLEMENT DOCUMENTS

Collective Exhibit 1. Assured Guaranty Settlement Documents.

- a. Reimbursement Agreement, by and between the City of Stockton and Assured Guaranty Municipal Corp.
- b. 400 East Main Street Office Lease, by and between Receiver and the City of Stockton, tenant
- c. Real Property Option Agreement and Joint Escrow Instructions, by and between the City and Optionee

Collective Exhibit 2. NCFG Arena Settlement Documents.

- a. Forbearance Agreement by and between the City of Stockton, the City of Stockton, as successor agency to the former Redevelopment Agency of the City of Stockton, National Public Finance Guarantee Corporation and Wells Fargo Bank, National Association, as trustee for the 2004 Arena Bonds
- b. Amended and Restated Pledge Agreement, by and between the City of Stockton and the City of Stockton, as successor agency to the former Redevelopment Agency of the City of Stockton

Collective Exhibit 3. NCFG Parking Settlement Documents.

- a. Forbearance Agreement by and between the City of Stockton, the Stockton Public Financing Authority, National Public Finance Guarantee Corporation, the Parking Authority of the City of Stockton and Wells Fargo Bank, National Association, as trustee for the 2004 Parking Bonds
- b. Installment Sale Agreement by and between National Public Finance Guarantee Corporation, Wells Fargo Bank, National Association, as trustee for the 2004 Parking Bonds, and the Parking Authority of the City of Stockton

Exhibit 4. DBW Settlement Document.

Exhibit 5. Price Settlement Documents.

Exhibit 6. Ports Settlement Documents.

Exhibit 7. Thunder Settlement Documents.

Exhibit 8. Ambac Settlement Documents.

- a. Amended and Restated Stipulation and Settlement Agreement by and between the City of Stockton, the Stockton Public Financing Authority, Wells Fargo Bank, National Association, as trustee for the Certificates of Participation, (Redevelopment Housing Projects) Series 2003A and Taxable Series 2003B, and Ambac Assurance Corporation dated as of July 1, 2014

COLLECTIVE EXHIBIT 1

ASSURED GUARANTY SETTLEMENT DOCUMENTS

a. REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT

between

ASSURED GUARANTY MUNICIPAL CORP.

and

CITY OF STOCKTON

Dated as of _____, 2015

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REIMBURSEMENT AGREEMENT

This AGREEMENT, dated as of _____, 2015, is entered into by and between ASSURED GUARANTY MUNICIPAL CORP., a New York insurance corporation (“Assured Guaranty”), and CITY OF STOCKTON, a municipal corporation organized and existing under the laws of the State of California (the “City”).

WITNESSETH:

WHEREAS, on April 5, 2007, the City issued the Bonds (as hereinafter defined) pursuant to the terms of the Indenture (as hereinafter defined) to (a) refund a portion of the obligation of City to the California Public Employees’ Retirement System, and (b) pay certain costs associated with the issuance of the Bonds;

WHEREAS, the scheduled payment of principal of and interest on the Bonds when due is guaranteed under the Bond Insurance Policy (as hereinafter defined) issued by Assured Guaranty (formerly known as Financial Security Assurance Inc.);

WHEREAS, in connection with issuance of the Bond Insurance Policy, the City agreed to pay to Assured Guaranty (a) a sum equal to the total of all amounts paid by Assured Guaranty under the Bond Insurance Policy; (b) interest on the foregoing amounts until payment thereof in full; and (c) any and all charges, fees, costs and expenses that Assured Guaranty might reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed or (iv) any litigation or other dispute in connection with the Indenture or the transactions contemplated thereby, other than costs resulting from the failure of Assured Guaranty to honor its obligations under the Bond Insurance Policy (collectively, the “Reimbursable Amounts”);

WHEREAS, the City is the debtor in a bankruptcy case under chapter 9 of Title 11 of the United States Code, Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division (the “Bankruptcy Court”), styled *In re City of Stockton, California* (the “Chapter 9 Case”);

WHEREAS, Assured Guaranty, together with certain other creditors, contested the City’s eligibility to be a debtor in the Chapter 9 Case (the “Eligibility Contest”);

WHEREAS, to resolve the Chapter 9 Case, in part, the City has agreed to enter into this Agreement pursuant to which the City will amend certain terms relating to its obligation to reimburse Assured Guaranty for the Reimbursable Amounts;

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and other good and valuable consideration, Assured Guaranty and the City agree as follows:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. Except as otherwise defined herein, the following words and phrases shall have the following meanings.

“2007 Lease Ask Payments” means, for each Fiscal Year, the payments on the Payment Dates and in the amounts set forth in Schedule 1 hereto

“Actual Core Revenue Increment” means, for each Fiscal Year, the amount, if any, by which the Actual Core Revenues exceed the Baseline Core Revenues, as estimated and reconciled as provided in Section 2.03(c) hereof.

“Actual Core Revenues” means the amount of Core Revenues actually received by the City in a given Fiscal Year, as estimated and reconciled as provided in Section 2.03(c) hereof.

“Agreement” means this Reimbursement Agreement, dated as of _____, 2015, between Assured Guaranty and the City, as such agreement may be amended or supplemented.

“Allocable Share” means a fraction, the numerator of which is the principal amount of the Bonds and the denominator of which is the sum of all the principal amounts of all Participating Creditors’ Obligations as of July 1, 2012; provided, however, that with respect to the Contingent General Fund Payments (i) payable prior to June 1, 2039, the Allocable Share shall be no less than 78%; and (ii) payable on or after June 1, 2039, the Allocable Share shall be equal to 100%.

“Ambac Settlement Agreement” means the Stipulation and Settlement Agreement, dated as of February 26, 2013, by and among (i) the City, (ii) the Stockton Public Financing Authority, (iii) the 2003 Fire/Police/Library Certificates Trustee (as such term is defined in the Plan of Adjustment), and Ambac Assurance Corporation, 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.

“Annexed Area Revenues” means the Core Revenues (except for revenue derived from motor vehicle license fees) generated from any territory annexed to the City after the Effective Date.

“Assured Guaranty” has the meaning set forth in the first paragraph of this Agreement.

“Bankruptcy Court” has the meaning set forth in the recitals of this Agreement.

“Baseline Core Revenues” means, for each Fiscal Year, the amount of Core Revenues set forth for such Fiscal Year on Schedule 4 hereto.

“Bond Insurance Policy” means Municipal Bond Insurance Policy No. 208382-N, dated April 5, 2007, issued by Assured Guaranty (formerly known as Financial Security Assurance Inc.), insuring the scheduled payment of principal of and interest on the Bonds when due.

“Bond Payment Date” means each March 1 and September 1.

“Bonds” means, collectively, the City of Stockton 2007 Taxable Pension Obligation Bonds, Series A, issued in the original aggregate principal amount of \$96,985,000, and the City of Stockton 2007 Taxable Pension Obligation Bonds, Series B, issued in the original aggregate principal amount of \$28,325,000.

“Business Day” means any day of the year (other than a Saturday or a Sunday) on which banks located in California are not required or permitted to be closed, and on which the New York Stock Exchange is open.

“Chapter 9 Case” has the meaning set forth in the recitals of this Agreement.

“City” has the meaning set forth in the first paragraph of this Agreement.

“City Council” means the governing body of the City.

“Claim” has the meaning set forth in Section 6.10 hereof.

“Contingent General Fund Payment” has the meaning set forth in Section 2.03(a) hereof.

“Core Revenues” means, for each Fiscal Year, the City’s Unrestricted General Fund receipts, net of any required refunds, rebates or legally required adjustments from the following sources: (a) *ad valorem* property tax (excluding any special overrides for voter-approved general obligation bonds); (b) sales and transaction and use taxes; (c) utility taxes; (d) transient occupancy taxes; (e) franchise taxes; (f) business license taxes; (g) document transfer taxes; (h) motor vehicle license fees; (i) other Unrestricted taxes approved by the voters after Fiscal Year 2013-14; and (j) net revenues generated from the sale of Surplus Property; provided, that Core Revenues does not include any Annexed Area Revenues or Realignment Revenues. For purposes of clarification, Core Revenues include any such receipts, whether paid directly to the City, or to the City by another public agency, including the State of California, as a result of structural changes in tax distributions imposed by the State of California (except to the extent such amounts constitute Realignment Revenues) or otherwise. The Core Revenues for Fiscal Year 2012-13 are shown on Schedule 9 hereto.

“Effective Date” means the date that the Plan of Adjustment becomes effective.

“Electronic Means” means telephone, telecopy, telegraph, telex, internet, electronic mail, facsimile transmission or any other similar means of electronic communication. Any communication by telephone as an Electronic Means shall be promptly confirmed in writing or by one of the other means of electronic communication authorized herein.

“Eligibility Contest” has the meaning set forth in the recitals of this Agreement.

“EMMA” means the MSRB’s Electronic Municipal Market Access system.

“Event of Default” has the meaning set forth in Section 5.01 hereof.

“Expected Core Revenues” means, for each Fiscal Year, the amount shown in Schedule 5 hereto.

“Expected Core Revenue Increment” means, for any Fiscal Year, the difference between the Baseline Core Revenues and the Expected Core Revenues, as shown in Schedule 6 hereto.

“Extraordinary Expense Event” means an expense or combination of expenses that become involuntary obligations of the City which are at least 5% of the City’s prior Fiscal Year budgeted General Fund expenses. An Extraordinary Expense Event may include a judgment against the City that is finally determined to be due and payable (provided that the City shall exercise any right with respect to such judgment to make installment payments thereon to the extent permitted by law), payments required to be made by the City to respond to a natural disaster where a declaration of emergency has been declared by the State of California or federal government or unfunded mandates of the State of California or federal government or other similar extraordinary expenses, but shall not include any changes to pension or other post-employment benefit costs.

“Fiscal Year” means the 12-month period selected and designated as the official fiscal year of the City, which is currently the period beginning on July 1 of each year and ending on the next June 30.

“Franklin” means Franklin High Yield Tax-Free Income Fund and Franklin California High Yield Municipal Fund.

“GAAP” means accounting principles generally accepted in the United States of America, as applicable to municipal entities.

“General Fund” means the general fund of the City.

“Governmental Authority” means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government.

“Incremental Revenue Ratio” means the ratio of the Actual Core Revenue Increment to the Expected Core Revenue Increment. The Incremental Revenue Ratio may not be less than 0 nor more than 1.

“Indenture” means that certain Indenture of Trust, dated as of April 1, 2007, by and between the City and the Trustee.

“Material Adverse Effect” means (a) a material adverse change in, or material adverse effect upon the condition (financial or otherwise) of the City which affects its ability to make any payment hereunder, or which affects the amount of any payment payable hereunder, (b) a material impairment of the ability of the City to perform its obligations under this Agreement, or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the City of this Agreement or the rights and remedies of Assured Guaranty hereunder.

“Measure A” means a ballot measure that was approved by voters of the City on November 5, 2013, which imposes a three-quarter cent (0.75%) retail transactions and use tax to be applied throughout the entire territory of the City to the fullest extent permitted by law and in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code (commencing with Section 7251) and Chapter 2.3 of Part 1.7 of Division 2 of the Revenue and Taxation Code (commencing with Section 7285.9) effective April 1, 2014, as such measure may be extended by the City Council by its terms.

“MSRB” means the Municipal Securities Rulemaking Board.

“Neutral Accountant” means an accountant or municipal financial advisor having significant experience in the auditing of California municipalities or the finances of such California municipalities.

“Non-Contingent General Fund Payments” means, for each Fiscal Year, the payments required to be made by the City pursuant to Section 2.02 hereof.

“Other Bonds” means Bonds owned by holders other than Assured Guaranty.

“Participating Creditors’ Obligations” means (i) the Bonds; and, (ii) in the event that the City enters into a settlement with Franklin that (x) is approved by the Bankruptcy Court at or before confirmation of the Plan of Adjustment and (y) includes participation in the Contingent General Fund Payments, the Stockton Public Financing Authority Lease Revenue Bonds, 2009 Series A (Capital Improvement Projects) (which had a principal amount as of June 28, 2012 of \$35,080,000).

“Payees” means, collectively, the Trustee and Assured Guaranty or its assigns. Where this Agreement requires payment to “Payees,” such payment shall be made to the applicable Payee(s) as and to the extent provided in Section 2.05.

“Payment Date” means the day on which any payment is due and owing to Assured Guaranty hereunder. If any Payment Date is not a Business Day, Payment Date shall mean the next Business Day; provided, however, interest will accrue at the Prime Rate plus 3% per annum through the date of payment.

“Pension Obligation Bond Claim” means the amount owing on account of the Bonds on June 28, 2012, which is comprised of unpaid principal of \$124.28 million plus accrued but unpaid interest as of such date.

“Pension Obligation Bonds Payments” means, collectively, the Non-Contingent General Fund Payments and the Contingent General Fund Payments.

“Plan of Adjustment” means the City’s plan of adjustment, as confirmed by an order entered in the Chapter 9 Case.

“Prime Rate” means the floating rate of interest per year identified from time to time as the Prime Rate as published in the “Consumer Rates and Returns to Investor” section of the *Wall Street Journal* or any successor source for such rate. Changes in the rate of interest resulting

from a change in the Prime Rate shall take effect on the date set forth in each announcement of a change in the Prime Rate.

“Realignment Revenues” means the Core Revenues received by the City as a result of structural changes in tax distributions imposed by the State of California in connection with any realignment of State of California and local government services and obligations such that the additional revenues are intended to offset additional cost burdens required to be assumed by the City.

“Referee” has the meaning set forth in Section 6.11(b) hereof.

“Reference” has the meaning set forth in Section 6.11(a) hereof.

“Reimbursable Amounts” has the meaning set forth in the recitals of this Agreement.

“SEB 2006 Settlement” means the settlement between the City and National Public Finance Guarantee Corporation relating to the SEB Lease Back Transaction (as such term is defined in the Plan of Adjustment), the terms of which are embodied in the Plan of Adjustment.

“Shortfall Amount” means, for each Fiscal Year, the amount shown in Schedule 7 hereto.

“Special Fund Payments” means, for each Fiscal Year, the payments to be made by the City on the Payment Dates and in the amounts set forth in Schedule 2 hereto.

“Supplemental Payments” means, for each Fiscal Year, the payments on the Payment Dates and in the amounts set forth in Schedule 3 hereto.

“Surplus Property” means (a) the properties identified by the City as surplus property in Schedule 8 hereto and (b) any property which may be declared surplus by the City, except to the extent of any revenues generated by the sale of such property used to purchase replacement property to deliver the same category of service or amenity that the sold property previously delivered.

“Trustee” shall mean Wells Fargo Bank, National Association, or any successor thereto, as trustee under the Indenture.

“Unrestricted” means, with respect to Core Revenues, amounts that are not subject to any legal limitation or encumbrance as to use for a specific purpose, and includes revenues from taxes that are defined as general taxes under Article XIIC of the Constitution of the State of California, except to the extent that the voters of the City, simultaneously with the passage of a tax measure which approved any such taxes, adopted an advisory measure which directs the City Council to expend the proceeds of such taxes for a purpose inconsistent with their treatment as Core Revenues hereunder but only to the extent the City uses such funds for such inconsistent purpose; provided that if Measure A should expire before or not be extended through 2052, then this exception shall not apply to an amount of revenues which Measure A was expected to generate for each year through 2052, as shown in Schedule 10 hereto.

Section 1.02. Descriptive Headings; Generic Terms. The descriptive headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement. Unless otherwise modified by more specific reference, the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof. Words of the masculine gender shall mean and include words of the feminine and neuter genders, and words denoting the singular number include the plural number and vice versa.

ARTICLE II SETTLEMENT TERMS AND PAYMENTS

Section 2.01. Reimbursement Obligations. In settlement of disputes arising from the City’s default under the Indenture and its reimbursement obligations to Assured Guaranty in respect of the Bond Insurance Policy, and as reimbursement for payments made, and to be made, by Assured Guaranty under the Bond Insurance Policy, the City agrees to pay to the Payees the Pension Obligation Bonds Payments and to make such other payments required by, and to otherwise comply with the terms of, this Agreement. All payments made to the Trustee shall be applied by the Trustee in accordance with, and subject to the terms of, the Indenture.

Section 2.02. Non-Contingent General Fund Payments. The City shall pay to the Payees, in the manner described in Section 2.05 and on the Payment Dates specified herein, the following payments: (i) the 2007 Lease Ask Payments; (ii) the Special Fund Payments; and (iii) the Supplemental Payments. The Payment Dates for the 2007 Lease Ask Payments shall be June 1 of each year, commencing June 1, 2018 to and including June 1, 2052. The Payment Dates for the Special Fund Payments shall be (i) June 1, 2014 and (ii) July 1 of each year thereafter, commencing July 1, 2015 to and including July 1, 2053. The Payment Dates for the Supplemental Payments shall be June 1 of each year, commencing June 1, 2023, to and including June 1, 2052.

Section 2.03. Contingent General Fund Payments.

(a) General. (a) For each Fiscal Year, commencing with the Fiscal Year ending June 30, 2018 and ending in the Fiscal Year ending June 30, 2052 (subject to extension pursuant to the provisions of subsection (d) below), in which the Actual Core Revenues exceed the Baseline Core Revenues, the City shall pay to the Payees, in the manner described in Section 2.05, a payment equal to the Allocable Share of the average Incremental Revenue Ratio for such Fiscal Year and each of the previous two Fiscal Years multiplied by the Shortfall Amount (each such payment, a “Contingent General Fund Payment”). The Payment Date for the estimated Contingent General Fund Payments with respect to any Fiscal Year shall be June 1 of such Fiscal Year, commencing June 1, 2018 to and including June 1, 2052, subject to the provisions of subsections (c) and (d) of this Section 2.03.

(b) Calculation and Payment of Estimated Contingent General Fund Payments. At least 30 days prior to June 1 of each Fiscal Year, the City shall calculate the estimated amount of the Contingent General Fund Payment, if any, payable to the Payees with respect to such Fiscal Year, based on the City's adopted budget for such Fiscal Year in effect as of the date of calculation, and shall provide Assured Guaranty and the Trustee with a certificate showing the City's calculations of such payment, substantially in the form of Exhibit A hereto. On June 1 of each Fiscal Year, the City shall pay to the Payees such estimated Contingent General Fund Payment, if any.

(c) Reconciliation and Adjustment of Contingent General Fund Payments. Not later than 30 days following the release of the audited financial statements for each Fiscal Year, the City shall (i) calculate any adjustment to the next Contingent General Fund Payment which is necessary to reflect any underpayment or overpayment by the City for such Fiscal Year, based upon a reconciliation of data in the budget used to calculate the estimated Contingent General Fund Payment and the final financial results of the City as reflected in the City's audited financial statements for such Fiscal Year and (ii) provide to Assured Guaranty and the Trustee a certificate, substantially in the form of Exhibit B hereto, showing the calculations described in clause (i) of this subsection (c) in detail satisfactory to Assured Guaranty. Any underpayment of a Contingent General Fund Payment shall be added to the estimated Contingent Fund Payment due on the following June 1; and any overpayment of a Contingent General Fund Payment by the City shall be credited against the estimated Contingent General Fund Payment due on the following June 1; provided, however, that so long as Assured Guaranty is the Payee under Section 2.05 of this Agreement, (x) any underpayment of a Contingent General Fund Payment in excess of \$250,000 shall be paid to Assured Guaranty within thirty (30) days of delivery of the certificate described in clause (ii) of this subsection (c); and (y) any overpayment of a Contingent General Fund Payment in excess of \$250,000 shall be paid to the City by Assured Guaranty within thirty (30) days of delivery of the certificate described in clause (ii) of this subsection (c).

(d) Suspension of Contingent General Fund Payments. The City may suspend the payment of a Contingent General Fund Payment for any Fiscal Year, if (i) an Extraordinary Expense Event occurs and is continuing, and (ii) the City provides written notice to Assured Guaranty, not later than 30 days prior to June 1 of any Fiscal Year with respect to which the City seeks such a suspension, describing the Extraordinary Expense Event in detail satisfactory to Assured Guaranty and setting forth a repayment schedule for such suspended Contingent General Fund Payments. The amount of any such suspended Contingent General Fund Payment shall remain an obligation of the City, which shall be payable no later than ten (10) years after the suspension of such Contingent General Fund Payment, and shall bear interest, compounding semi-annually, at the Prime Rate plus 3% until paid. If any suspended Contingent General Fund Payment extends the payment period beyond Fiscal Year 2051-52, the City shall continue to make Special Fund Payments, in an amount not exceeding \$2,009,482 in each Fiscal Year, and such payments shall reduce the amount of any suspended Contingent General Fund Payment. Assured Guaranty shall calculate all amounts due and owing from the City with respect to any such suspended Contingent General Fund Payments in

accordance with this Agreement and such determinations shall be final and binding on all parties hereto absent manifest error.

Section 2.04. Maximum Amount of Payments Payable by City. The Non-Contingent General Fund Payments shall be made in accordance with Section 2.02 of this Agreement. The obligation of the City to make Contingent General Fund Payments shall cease as of the earlier of June 1, 2052 (subject to, and except to the extent extended by subsections (c) and (d) of Section 2.03) or the date by which the cumulative amount of Pension Obligation Bonds Payments (excluding interest payable with respect to any suspended Contingent General Fund Payments, which shall be disregarded for the purpose of this calculation) paid by the City hereunder equals an amount needed to fully reimburse Assured Guaranty for satisfying its obligations under the Bond Insurance Policy, including the sum of (a) the Pension Obligation Bonds Claim; (b) all interest that would have been payable on the Bonds, on and after June 28, 2012, had the City fully performed under the Indenture; (c) interest on all amounts paid by Assured Guaranty with respect to any Bonds under the Bond Insurance Policy, from the date of each such payment by Assured Guaranty calculated at the rate of 5.61273% per annum and compounding semi-annually on each Bond Payment Date, and (d) the reasonable fees and expenses of Assured Guaranty, or its assigns, to enforce any rights and remedies under this Agreement, but excluding any fees or expenses disclaimed under Section 2.07 hereof. For the purpose of calculating the maximum unpaid amount due and payable under this Agreement at any time, Pension Obligation Bond Payments made by the City and actually received by Assured Guaranty will be applied by Assured Guaranty first to the repayment of interest accrued pursuant to subsection (c) of this Section, and second to amounts advanced pursuant to the Bond Insurance Policy. Assured Guaranty shall provide to the City a calculation of the maximum unpaid amount due and payable to Assured Guaranty pursuant to subsections (c)-(d) of this Section upon written request by the City.

Section 2.05. Payments.

(a) All Pension Obligation Bond Payments due and payable under this Agreement shall be made to the Trustee until the Trustee delivers to the City and Assured Guaranty an instrument in form and substance acceptable to Assured Guaranty (i) certifying that principal of and interest on the Other Bonds have been paid in full or adequately provided for under the Indenture, and (ii) directing the City to pay all Pension Obligation Bonds Payments directly to Assured Guaranty, or its assigns. The Trustee shall deliver such instrument to the City and Assured Guaranty promptly after payment of or provision for the Other Bonds has been made (but in any event not later than two Business Days following such event) and shall remit to Assured Guaranty any and all remaining funds it holds on account of the Bonds upon the payment in full of, or adequate provision for, the Other Bonds.

(b) All payments made to the Trustee under this Agreement shall be paid in lawful currency of the United States in immediately available funds to the following account:

Bank:	Wells Fargo Bank
ABA Number:	121000248

Beneficiary Name:	Corporate Trust
Beneficiary Account Number:	0001038377
For Further Credit: 2	2225500
Attn:	M Vonderharr Re Stockton 07

or such other account as shall be designated from time to time, in writing, by Assured Guaranty.

(c) All payments made to Assured Guaranty or its assigns under this Agreement – which payments shall remain due and owing until paid irrespective of any default by Assured Guaranty under the Bond Insurance Policy – shall be paid in lawful currency of the United States in immediately available funds to the following account:

Bank:	The Bank of New York
Account Name:	Assured Guaranty Municipal Corp.
Account Number:	8900297263
ABA Number:	021-000-018
Reference:	City of Stockton, California Reimbursement Agreement
Policy Number:	208382

or such other account as shall be designated from time to time, in writing, by Assured Guaranty.

(d) Any Pension Obligation Bonds Payments which are delinquent shall bear interest, compounding semi-annually, from their Payment Date at the Prime Rate plus 3% until paid.

(e) Amounts paid to the Payees under this Agreement shall be applied first to Non-Contingent General Fund Payments, then, if and as directed by the City, to any suspended Contingent General Fund Payments, then to Contingent General Fund Payments, then to the interest payable pursuant to Section 2.05(d), and then to remaining suspended Contingent General Fund Payments.

Section 2.06. Unconditional Obligation. The obligations of the City to pay all amounts due under this Agreement shall be an absolute and unconditional general obligation of the City, payable from all of its legally available funds and resources, and will be paid or performed strictly in accordance with this Agreement, notwithstanding any condition or circumstance, including the failure of Assured Guaranty to make payments under the Bond Insurance Policy.

Section 2.07. Fees and Expenses and Waiver of Certain Fee and Expense Claims. Assured Guaranty and the City shall each bear their own attorneys' and other professional and consulting fees and expenses in connection with negotiating and entering into this Agreement. On or after the Effective Date, the City shall pay the reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Agreement and/or the Indenture after the effective date hereof, and such payments shall be in addition to the Pension Obligation Bonds Payments required hereunder. A schedule of the Trustee's standard fees to administer its

obligations under this Agreement and/or the Indenture are attached as Schedule 11 hereto. The City hereby waives any right to seek reimbursement of attorneys' fees related to the Eligibility Contest. Subject to Section 4.07, Section 6.11(d), and Section 6.12(c) of this Agreement, Assured Guaranty hereby waives any rights to seek attorneys' fees under or relating to the Indenture and/or the Bond Insurance Policy.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.01. Due Organization and Qualification. The City is a municipal corporation and charter city duly organized and validly existing under, and by virtue of, its charter and the Constitution of the State of California.

Section 3.02. Power and Authority. The City has full power and authority to authorize, execute and deliver this Agreement. By proper action the City has duly authorized the execution, delivery and performance of this Agreement. This Agreement constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with the terms hereof.

Section 3.03. Non-contravention. The execution and delivery of this Agreement by the City, the consummation of the transactions contemplated by this Agreement by the City and the fulfillment of or compliance with the terms and conditions of this Agreement do not conflict with or violate the Constitution of the State of California (including without limitation the indebtedness limitation of Section 18 of Article XVI of the Constitution of the State of California or any other law or regulation of the State of California or any applicable governmental body of competent jurisdiction).

Section 3.04. No Litigation. There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other Governmental Authority, pending, or to the knowledge of the City, threatened, against or affecting the City (excepting in all cases the Chapter 9 Case):

- (a) to restrain or enjoin the execution and delivery of and performance by the City under this Agreement;
- (b) in any way contesting or adversely affecting the authority for or the validity or enforceability of this Agreement; or
- (c) which, (i) if determined adversely to it, would result in any Material Adverse Effect or (ii) otherwise would reasonably be expected to have a Material Adverse Effect.

Section 3.05. Disclosures Accurate. As of the date hereof, and as of the date of each certificate required to be delivered to Assured Guaranty hereunder, the written information, schedules, exhibits and/or reports furnished to Assured Guaranty by the City in connection with the negotiation of this Agreement or otherwise in connection with the transactions contemplated hereby, are or will be true and accurate in all material respects and will be sufficient to provide a reasonable person with an explanation of the calculations.

Section 3.06. No Defaults. Except as to any default that may arise as a result of the pendency of the Chapter 9 Case, no Event of Default has occurred and is continuing.

ARTICLE IV COVENANTS

Section 4.01. Other Creditor Settlements. The City agrees that it will not enter into any settlement agreement (except the Ambac Settlement Agreement and the SEB 2006 Settlement) or provide Plan of Adjustment treatment for any unsecured creditor holding a claim on the petition date (e.g., an unsecured judgment claim) or any capital markets creditor, payable from the General Fund (but excluding payments made by any third-party, such as an insurer) which provides a net present value recovery (applying a 5% discount rate) to such creditor, based upon non-contingent cash payments from the General Fund, in excess of the net present value return of Non-Contingent General Fund Payments provided hereunder to Assured Guaranty, unless Assured Guaranty is provided with the same level of non-contingent cash payments from the General Fund on the Bonds.

Section 4.02. Financial Statements. The City shall deliver to Assured Guaranty in form and detail satisfactory to Assured Guaranty:

(a) not later than 90 days after and as of the end of each Fiscal Year, commencing with the Fiscal Year 2013-14, unaudited fund trial balances of the City;

(b) not later than 210 days after and as of the end of each Fiscal Year, audited financial statements of the City, which financial statements shall include a statement of net position, statement of activities and changes in net position. The audited financial statements shall be audited by independent certified public accountants from a firm experienced in the field of municipal audits and licensed in the State of California, and prepared in accordance with GAAP, and shall be delivered together with an agreed-upon procedures letter from such accountants addressed to Assured Guaranty providing a report showing that such accountants have recomputed the calculations of the Actual Core Revenues and the Contingent General Fund Payment made by the City with respect to such Fiscal Year and have compared the data used in such calculations and found it to be consistent with the audited financial statements or other internal accounts and records of the City for such Fiscal Year;

(c) not later than 30 days after the beginning of each Fiscal Year, a copy of the annual budget for such Fiscal Year, as adopted by City Council;

(d) not later than 30 days following its adoption, a copy of any revised budget for any Fiscal Year, as adopted by the City Council;

(e) such other information relating to the financial condition of the City or the calculation of amounts payable to Assured Guaranty hereunder reasonably requested by Assured Guaranty, promptly upon such request; and

(f) all such information provided to Assured Guaranty by the City shall be kept confidential by Assured Guaranty and shall not be published, disseminated, quoted

or circulated to any other party without prior written consent of the City; provided, however, that Assured Guaranty shall be permitted to share such information with a Neutral Accountant appointed under Section 6.12 of this Agreement and shall be permitted to disclose such information in any enforcement proceeding contemplated hereunder.

Section 4.03. Certificates, Notices and Other Information. The City shall deliver to Assured Guaranty, in such form and detail satisfactory to Assured Guaranty:

- (a) the certificates required by Section 2.03(b) and Section 2.03(c) hereof;
- (b) promptly after request by Assured Guaranty, copies of any detailed audit reports, management letters or recommendations submitted to the City Council (or any committee of the City Council) by independent accountants in connection with the accounts or books of the City, or any audit of it;
- (c) promptly upon the City obtaining knowledge thereof, and in any event within two Business Days of such date, notice of any Event of Default;
- (d) within 30 days after the occurrence of such event, notice of any material change in accounting policies or financial reporting practices by the City;
- (e) within 30 days after the occurrence of such event, notice of any litigation, investigation or proceeding (i) in which injunctive relief or similar relief is sought, which relief, if granted, would have a Material Adverse Effect or (ii) which otherwise could reasonably be expected to have a Material Adverse Effect;
- (f) within 30 days after the occurrence of such event, notice of any Material Adverse Effect;
- (g) promptly, notice of any announcement by any rating agency regarding the City; and
- (h) promptly, such other data and information as from time to time may be reasonably requested by Assured Guaranty.

Each notice pursuant to this Section 4.03 shall be accompanied by a statement of the City Manager setting forth details of the occurrence referred to therein and stating what action the City has taken and proposes to take with respect thereto.

Section 4.04. Audit Rights. Assured Guaranty shall have the right to audit the methodology and calculation of the payments due hereunder at its expense; provided, however, that if any audit shall reveal a net underpayment by the City in the aggregate amount of \$50,000 or greater, the internal costs of such audit incurred by Assured Guaranty, or the costs of any auditor retained by Assured Guaranty for such purpose, shall be paid by the City upon presentation of any invoice and demand for payment. In addition, the City shall afford Assured Guaranty the opportunity to meet and confer with the City's accountants (at the sole expense of the City) with respect to any audit report provided pursuant to Section 4.02.

Section 4.05. Keeping of Records and Books of Account. The City shall keep adequate records and books of account reflecting all financial transactions in conformity with GAAP and in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the City.

Section 4.06. Accounting. The City will not adopt, permit or consent to any material change in accounting principles, other than as required or permitted by GAAP or the Governmental Accounting Standards Board, or adopt, permit or consent to any change in its Fiscal Year unless the City provides Assured Guaranty (a) notice pursuant to Section 4.03(d) hereof and (b) restated financial statements in comparative form for the prior Fiscal Year.

Section 4.07. Reimbursement for Expenses; Indemnification.

(a) Upon demand by Assured Guaranty, the City agrees to pay or reimburse Assured Guaranty for any and all reasonable charges, fees, costs, losses, liabilities and expenses which Assured Guaranty may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and costs of investigation, in connection with (i) the enforcement, defense, exercise or preservation of any rights under or in respect of this Agreement including defending, monitoring or participating in any litigation or proceeding relating to the City's obligations under this Agreement and the transactions contemplated by this Agreement, (ii) any amendment, waiver, consent or other action with respect to, or related to this Agreement, whether or not executed or completed, or (iii) any action taken by Assured Guaranty to cure an Event of Default or similar event (or mitigate the effect thereof) hereunder. For the purpose of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of Assured Guaranty spent in connection with the actions described in clauses (i)-(iii) above. Assured Guaranty reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Agreement.

(b) The City agrees to indemnify Assured Guaranty, to the extent permitted by law, against any and all liability, claims, loss, costs, damages, fees of attorneys and other expenses which Assured Guaranty may sustain or incur by reason of or in consequence of (i) the failure of the City to perform or comply with the covenants or conditions of this Agreement, or (ii) reliance by Assured Guaranty upon representations made by the City or (iii) an Event of Default by the City under the terms of this Agreement.

Section 4.08. Special Fund Payments. To the extent Special Fund Payments may be payable from revenues dedicated to any "Restricted Revenue Bond and Note Payable Obligations" (as such term is defined in the Plan of Adjustment), such payments will be made as operation and maintenance costs as and to the extent permitted under the documents governing such Restricted Revenue Bond and Note Payable Obligations, and otherwise shall be paid from the restricted revenues associated with each of the Restricted Revenue Bond and Note Payable Obligations only to the extent permitted by the documents governing such obligations and applicable law. Notwithstanding the foregoing, the City shall remain absolutely and unconditionally liable to make all Special Fund Payments in full in accordance with Sections 2.02 and 2.06 of this Agreement.

ARTICLE V

EVENTS OF DEFAULT; REMEDIES

Section 5.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The City shall fail to pay to the Payees any amount payable hereunder when due, including any attorneys' fees or other expenses provided under Sections 2.07, 4.07, 6.11(d) or 6.12(c); provided, however, that the City's failure to make any payment due on a Payment Date occurring prior to the Effective Date shall not be an Event of Default hereunder; provided further, that any such amounts payable shall still accrue interest as provided in Section 2.05(d) until paid, and all such amounts, including interest accrued under Section 2.05(d), shall be paid in accordance with Section 2.05 on the Effective Date;

(b) Any representation or warranty made by the City hereunder or in any written report, financial statement or other certificate provided in connection with this Agreement shall have been or is untrue in any material respect;

(c) Except as otherwise provided in this Section 5.01, the City shall fail to perform any of its other obligations hereunder; or

(d) The City shall (excepting in each case the Chapter 9 Case) (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of; or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for the City or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vi) take action for the purpose of effecting any of the foregoing.

Section 5.02. Remedies. Whenever an Event of Default referred to in Section 5.01 hereof shall have occurred and be continuing, Assured Guaranty or its assigns shall have the right to take any one or any combination of the following remedial actions:

(a) declare all Non-Contingent General Fund Payments payable to the Payees under this Agreement to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable, without presentment, notice of dishonor, protest or further notice of any kind, all of which are hereby expressly waived by the City;

(b) exercise all rights and remedies legally available to Assured Guaranty, including (without limitation) the right to pursue legal action to enforce payment of Contingent General Fund Payments due in each year;

(c) assert or accelerate the full amount of the Pension Obligation Bonds Claim, plus any additional amounts owed and payable under this Agreement (i.e., the maximum amount payable pursuant to Section 2.04 hereof), less any payments made under this Agreement, in any litigation or bankruptcy, insolvency or other enforcement proceeding in which the City is a debtor;

(d) proceed by appropriate court action to enforce performance by the City of the applicable covenants of this Agreement or to recover for the breach thereof, including the payment of all amounts due from the City, in which event the City shall pay or repay to Assured Guaranty all costs of such action or court action including, without limitation, reasonable attorneys' fees; and

(e) take whatever action at law or in equity that may appear necessary or desirable to enforce its rights, in which event the City shall pay or repay to Assured Guaranty all costs of such action or court action, including, without limitation, reasonable attorneys' fees.

The City hereby authorizes Assured Guaranty or its assigns to file with the MSRB through EMMA, and to publish on Assured Guaranty's website, notice of any such Event of Default.

Notwithstanding any remedy exercised hereunder, the City shall remain obligated to pay to the Payees any unpaid Pension Obligation Bonds Payments and all other amounts payable hereunder. To the extent permitted by applicable law, the City hereby waives any rights now or hereafter conferred by statute or otherwise which might otherwise limit or modify any of Assured Guaranty's or its assigns rights hereunder.

From time to time after the occurrence and continuance of an Event of Default, all rights, powers, and remedies of Assured Guaranty or its assigns are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.

Section 5.03. No Remedy Exclusive. Unless otherwise expressly provided, no remedy herein conferred upon or reserved to Assured Guaranty or its assigns is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or of any rights or remedies which Assured Guaranty or its assigns would otherwise have pursuant to law or equity.

Section 5.04. Exercise of Rights. No failure or delay on the part of Assured Guaranty or its assigns to exercise any right, power or privilege under this Agreement and no course of dealing between Assured Guaranty or its assigns and the City or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on the City shall entitle the City to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of Assured Guaranty or its assigns to any other or further action in any circumstances without notice or demand, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VI MISCELLANEOUS

Section 6.01. Computations. All computations of amounts due to the Payees hereunder with respect to reimbursement for payments made under the Bond Insurance Policy and all computations of fees and expenses payable under Section 4.07 or 6.11(d) hereof shall be computed by Assured Guaranty, and all such calculations shall be final absent manifest error. All computations of interest hereunder shall be made on the basis of the actual number of days elapsed over a year of 365 days.

Section 6.02. Continuation of Existing Obligations. This Agreement does not modify, amend or alter the Bonds or the obligations of Assured Guaranty to make the scheduled payment of the principal of, and interest on, the Bonds as and when such amounts become due in accordance with the terms of the Bond Insurance Policy. Except as expressly set forth in this Agreement, the Indenture has not been amended or modified and remains in full force and effect.

Section 6.03. Amendments and Waivers. This Agreement may only be amended, modified, waived, supplemented, discharged or terminated by written instrument signed by the parties hereto, with the prior written consent of the Trustee.

Section 6.04. Successors and Assigns. This Agreement shall bind, and the benefits thereof shall inure to, the City and Assured Guaranty and their respective successors and assigns; provided, that the City may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of Assured Guaranty and the Trustee. Any or all rights of Assured Guaranty under this Agreement may be sold, assigned or pledged by Assured Guaranty without the consent of the City; provided that no such sale, assignment or pledge shall affect Assured Guaranty's obligation to make payment on the Bonds in accordance with the terms of the Bond Insurance Policy. Assured Guaranty shall give notice to the City of any such sale, assignment or pledge, and any such purchaser, assignee or pledgee shall be entitled to enforce all rights and remedies of Assured Guaranty hereunder directly against the City.

Section 6.05. Third-Party Beneficiary. It is the intention of the parties that the Trustee be a third-party beneficiary of this Agreement until all of the Other Bonds have been paid in full or adequately provided for under the Indenture. The Trustee shall receive a copy of all notices given to Assured Guaranty hereunder. Notwithstanding anything herein to the contrary, the Trustee is entitled to all of the rights, privileges and immunities set forth in the Indenture. Furthermore, nothing in this Agreement is intended to impair any rights, remedies and interests, including without limitation, liens, of any of the Parties hereto in any other capacity. Except for Section 2.07 hereof, and subject to the next two sentences, the Trustee will act at the direction of Assured Guaranty with respect to any rights and remedies under this Agreement, and will not undertake any duplicative review or analysis of notices or materials provided by the City herein or otherwise incur any additional expense beyond the amounts set forth in Schedule 11 without written approval from Assured Guaranty. Assured Guaranty's right to direct the Trustee is subject to the terms and conditions of the Indenture, including without limitation the condition that Assured Guaranty is not in payment default under the Bond Insurance Policy. In the event Assured Guaranty is in payment default under the Bond Insurance Policy and so long as such default is continuing, then, the Trustee shall have the right to enforce the provisions of this

Agreement against the City without the consent of Assured Guaranty, provided that the Trustee shall have no right to alter or amend the terms of this Agreement or compromise or reduce the City's payment obligations hereunder.

Section 6.06. Right To Remove and Replace Trustee. Except in the event Assured Guaranty is in payment default under the Bond Insurance Policy, Assured Guaranty shall have the exclusive right to remove the Trustee at any time, and to select a new trustee reasonably acceptable to the City, in accordance with the terms of the Indenture; provided, however that the City shall have no right to consent to any replacement in the event it is in default under this Agreement.

Section 6.07. Notices, Requests, Demands; Payments. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when transmitted by Electronic Means, delivered by hand delivery or on the third day following the day on which the same has been mailed, by registered or certified mail, postage prepaid, or one Business Day after the date when deposited with Federal Express, UPS, or other reputable express courier service (charges prepaid) with a reliable system for tracking deliveries, addressed as follows or at such other address as any party may hereafter specify in writing to the other:

If to the City:

City of Stockton, California
425 North El Dorado Street
Stockton, California 95202
Attention: City Manager
Facsimile No.: (209) 937-7149
Telephone No.: (209) 937-8212

If to Assured Guaranty:

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, New York 10019
Attention: Municipal Oversight Group and General
Counsel
Facsimile No.: (212) 857-0405
Telephone No.: (212) 974-0100
Email Address: munidisclosure@assuredguaranty.com

If to the Trustee:

Wells Fargo Bank, National Association
333 Market Street, 18th Floor
MAC A0119-181
San Francisco, California 94105
Attention: Corporate Trust Services
Fax: (415) 371-3400

Section 6.08. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement.

Section 6.09. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 6.10. Jury Trial Waiver. TO THE EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO JURY TRIAL OF ANY ACTION, PROCEEDING OR HEARING (HEREINAFTER, A "CLAIM") BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT, ANY DEALINGS BETWEEN ASSURED GUARANTY AND THE CITY RELATING TO THE SUBJECT MATTER OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY RELATED TRANSACTIONS. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT (INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS). THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY RELATED DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR SUPPLEMENTS RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY RELATED TRANSACTIONS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

Section 6.11. Judicial Reference Procedure.

(a) Judicial Reference. In the event the jury trial waiver provisions set forth in Section 6.10 are not permitted for any reason and the City fails to waive jury trial, Assured Guaranty and the City hereby agree: (i) each Claim shall be determined by a consensual general judicial reference (the "Reference"); (ii) upon a written request, or upon an appropriate motion by either party hereto, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision; (iii) the Referee's statement of decision will constitute the conclusive determination of the Claim; (iv) the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (v) the parties hereto shall promptly and diligently cooperate with one another and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 6.11; (vi) any party hereto may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon and if the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; and (vii) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) Selection of Referee; Powers. The parties to the Reference proceeding shall select a single neutral referee (the “Referee”), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Sacramento Superior Court, or of the United States District Court for the Eastern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 6.11(b).

(c) Provisional Remedies, Self-Help and Foreclosure. No provision of this Section 6.11 shall limit the right of Assured Guaranty to (i) exercise such self-help remedies as might otherwise be available under applicable law, (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral, (iii) exercise any judicial or power of sale rights, or (iv) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of Assured Guaranty to the Reference pursuant to this Section 6.11.

(d) Costs and Fees. Promptly following the selection of the Referee, the City shall advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys’ fees, to the prevailing party, if any, and may order the Referee’s fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

Section 6.12. Alternative Dispute Resolution of Calculation Through Neutral Accountant.

(a) Dispute Notice. If Assured Guaranty disputes any calculation made by the City in any Certificate provided under this Agreement, Assured Guaranty will deliver to the City, within forty-five (45) days after receipt of any Certificate which is the subject of such dispute, a statement (the “Dispute Notice”) setting forth Assured Guaranty’s calculation of any such disputed amount or Assured Guaranty’s request for additional information regarding such calculation. The parties shall thereafter use commercially reasonable efforts to resolve such differences regarding the determination of the disputed amounts for a period of thirty (30) days after Assured Guaranty has given the Dispute Notice, provided that Assured Guaranty may extend this period at its discretion to continue negotiations or to obtain relevant information.

(b) Appointment of Neutral Accountant. If the parties do not reach a final resolution of the amounts disputed under paragraph (a) within thirty (30) days after

Assured Guaranty has given the Dispute Notice, unless Assured Guaranty agrees to continue the parties' efforts to resolve such differences, the Neutral Accountant shall resolve such differences, pursuant to an engagement agreement executed by the parties and the Neutral Accountant, in the manner provided below. The parties shall each be entitled to make a presentation to the Neutral Accountant within ten (10) Business Days after the engagement of the Neutral Accountant, pursuant to procedures to be agreed to among Assured Guaranty, the City and the Neutral Accountant (or, if they cannot agree on such procedures, pursuant to procedures determined by the Neutral Accountant), regarding such party's calculation of such disputed amounts. The Neutral Accountant shall be required to resolve the dispute and determine the disputed amounts within twenty (20) Business Days after the parties' presentation to the Neutral Accountant. Such determination by the Neutral Accountant shall be conclusive and binding upon the parties, absent fraud, misrepresentation or manifest error.

(c) Fees and Expenses. Assured Guaranty, on the one hand, and the City, on the other hand, shall each pay one-half of the fees and expenses of the Neutral Accountant; provided that if the Neutral Accountant determines that one party has adopted a position or positions with respect to the amount in dispute that is frivolous or clearly without merit, the Neutral Accountant (i) may, in its discretion, assign a greater portion of the burden of the Neutral Accountant's fees and expenses to such party, and (ii) shall provide to the parties a written explanation of its reasons for making such a determination.

(d) Exclusive Method of Resolution. The parties agree that the procedure set forth in this Section 6.12 for resolving disputes with respect to any calculation shall be the sole and exclusive method for resolving any such disputes; provided that this provision shall not prohibit either party from bringing any legal action to (i) enforce the ruling of the Neutral Accountant or (ii) challenge the Neutral Accountant's determination based on fraud, misrepresentation or manifest error.

Section 6.13. Consent to Jurisdiction.

(a) THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA AND ANY APPELLATE COURT WHICH HEARS APPEALS FROM ANY COURT THEREOF, ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND TO OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREUNDER OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH COURTS. THE PARTIES HERETO FURTHER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE BANKRUPTCY COURT IN ANY MATTER AS TO WHICH THE BANKRUPTCY COURT HAS CONTINUING JURISDICTION UNDER THE PLAN AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH

MATTER MAY BE HEARD OR DETERMINED IN THE BANKRUPTCY COURT. THE PARTIES HERETO AGREE THAT A FINAL AND NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR THE SUBJECT MATTER HEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

(b) To the extent permitted by applicable law, the parties hereto shall not seek and hereby waive the right to any review of the judgment of any such court by any court of any other nation or jurisdiction which may be called upon to grant an enforcement of such judgment.

Section 6.14. Waiver of Personal Liability. No recourse under this Agreement shall be had against, and no personal liability shall under any circumstances attach to, any officer, employee, agent, director, affiliate, advisor or securityholder of Assured Guaranty or any member, director, officer, employee or agent of the City, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise in respect of this Agreement.

Section 6.15. Counterparts. This Agreement may be executed in counterparts by the parties hereto and such counterparts shall constitute one and the same instrument, each of which shall be deemed to be an original instrument.

Section 6.16. Further Assurances. Assured Guaranty and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto (including any financing statements, if applicable) and such further instruments as may be required by law or as shall reasonably be requested by Assured Guaranty for carrying out the intention of or facilitating the performance of this Agreement.

Section 6.17. Severability. With the exception of provisions contained in Article II and Section 6.05 hereof, in the event any other provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, the parties hereto agree that such holding shall not invalidate or make unenforceable any other provision hereof. The parties hereto further agree that the holding by any court of competent jurisdiction that any remedy pursued by any party hereto is unavailable or unenforceable shall not affect in any way the ability of such party to pursue any other remedy available to it.

Section 6.18. Survival of Obligations. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the City to pay all amounts due hereunder and the

rights of Assured Guaranty to pursue all remedies shall survive the expiration, termination or substitution of this Agreement or the Bond Insurance Policy.

Section 6.19. Term. This Agreement shall terminate on the later of (a) July 1, 2053 or (b) the date on which any suspended payments pursuant to Section 2.03(c) or Section 2.03(d) hereof, together with any interest due thereon, and all other amounts due and owing to Assured Guaranty hereunder are paid in full.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto have duly executed and delivered this Agreement as of the date first above written.

ASSURED GUARANTY MUNICIPAL CORP.

By: _____
Name:
Title:

CITY OF STOCKTON, CALIFORNIA

By: _____
Name:
Title:

Acknowledged and Agreed as Third Party Beneficiary

WELLS FARGO BANK, N.A., as Trustee

By: _____
Name:
Title:

SCHEDULE 1
2007 LEASE ASK PAYMENTS

Payment Date	2007 Lease Ask Payments
6/1/2014	-
6/1/2015	-
6/1/2016	-
6/1/2017	-
6/1/2018	\$1,334,875
6/1/2019	1,334,875
6/1/2020	1,334,875
6/1/2021	1,334,875
6/1/2022	1,334,875
6/1/2023	2,529,750
6/1/2024	2,529,125
6/1/2025	2,527,750
6/1/2026	2,530,563
6/1/2027	2,532,500
6/1/2028	2,528,625
6/1/2029	2,528,938
6/1/2030	2,528,375
6/1/2031	2,531,875
6/1/2032	2,529,438
6/1/2033	2,531,063
6/1/2034	2,531,688
6/1/2035	2,531,313
6/1/2036	2,529,938
6/1/2037	2,527,563
6/1/2038	2,529,125
6/1/2039	2,529,563
6/1/2040	2,528,875
6/1/2041	2,532,000
6/1/2042	2,528,938
6/1/2043	2,529,688
6/1/2044	2,529,188
6/1/2045	2,532,375
6/1/2046	2,529,250
6/1/2047	2,529,813
6/1/2048	2,529,000
6/1/2049	2,531,750
6/1/2050	2,528,063
6/1/2051	2,527,938
6/1/2052	2,531,250
Total	\$82,569,688

SCHEDULE 2
SPECIAL FUND PAYMENTS

Payment Date	Special Fund Payments
6/1/2014	\$2,154,219
7/1/2015	1,441,164
7/1/2016	1,465,386
7/1/2017	1,489,254
7/1/2018	1,514,381
7/1/2019	1,540,593
7/1/2020	1,566,255
7/1/2021	1,592,496
7/1/2022	1,618,283
7/1/2023	1,646,025
7/1/2024	1,673,742
7/1/2025	1,701,251
7/1/2026	1,455,516
7/1/2027	1,504,553
7/1/2028	1,526,057
7/1/2029	1,548,562
7/1/2030	1,569,945
7/1/2031	1,591,762
7/1/2032	1,614,631
7/1/2033	1,637,417
7/1/2034	1,660,736
7/1/2035	1,684,302
7/1/2036	1,707,838
7/1/2037	1,731,908
7/1/2038	2,009,482
7/1/2039	2,009,482
7/1/2040	2,009,482
7/1/2041	2,009,482
7/1/2042	2,009,482
7/1/2043	2,009,482
7/1/2044	2,009,482
7/1/2045	2,009,482
7/1/2046	2,009,482
7/1/2047	2,009,482
7/1/2048	2,009,482
7/1/2049	2,009,482
7/1/2050	2,009,482
7/1/2051	2,009,482
7/1/2052	2,009,482
7/1/2053	2,009,482
Total	\$70,787,984

SCHEDULE 3
SUPPLEMENTAL PAYMENTS

Payment Date	Supplemental Payments
6/1/2014	-
6/1/2015	-
6/1/2016	-
6/1/2017	-
6/1/2018	-
6/1/2019	-
6/1/2020	-
6/1/2021	-
6/1/2022	-
6/1/2023	\$250,000
6/1/2024	250,000
6/1/2025	250,000
6/1/2026	250,000
6/1/2027	250,000
6/1/2028	250,000
6/1/2029	250,000
6/1/2030	250,000
6/1/2031	250,000
6/1/2032	250,000
6/1/2033	250,000
6/1/2034	250,000
6/1/2035	250,000
6/1/2036	250,000
6/1/2037	250,000
6/1/2038	250,000
6/1/2039	250,000
6/1/2040	250,000
6/1/2041	250,000
6/1/2042	250,000
6/1/2043	350,000
6/1/2044	350,000
6/1/2045	350,000
6/1/2046	350,000
6/1/2047	350,000
6/1/2048	350,000
6/1/2049	350,000
6/1/2050	350,000
6/1/2051	350,000
6/1/2052	350,000
Total	\$8,500,000

SCHEDULE 4
BASELINE CORE REVENUE¹

Fiscal Year	Baseline Core Revenue
13-14	\$146,318,767
14-15	170,322,938
15-16	174,986,445
16-17	180,338,955
17-18	186,108,308
18-19	192,087,079
19-20	198,283,410
20-21	204,344,766
21-22	210,611,428
22-23	217,090,741
23-24	223,790,319
24-25	230,718,058
25-26	237,742,635
26-27	244,861,090
27-28	252,070,377
28-29	259,367,371
29-30	266,748,873
30-31	274,211,621
31-32	281,752,292
32-33	289,367,514
33-34	297,053,866
34-35	304,807,893
35-36	312,626,106
36-37	320,504,991
37-38	328,441,016
38-39	336,430,635
39-40	344,470,297
40-41	352,556,451
41-42	360,685,548
42-43	368,854,054
43-44	377,058,448
44-45	385,295,232
45-46	393,560,931
46-47	401,852,105
47-48	410,165,345
48-49	418,497,285
49-50	426,844,601
50-51	435,369,106
51-52	444,074,692

¹ Projections prepared as of the first quarter of 2014.

SCHEDULE 5
EXPECTED CORE REVENUE²

Fiscal Year	Expected Core Revenue
13-14	\$219,655,852
14-15	230,638,644
15-16	242,170,577
16-17	254,279,106
17-18	266,993,061
18-19	280,342,714
19-20	294,359,850
20-21	309,077,842
21-22	324,531,734
22-23	340,758,321
23-24	357,796,237
24-25	375,686,049
25-26	394,470,351
26-27	414,193,869
27-28	434,903,562
28-29	456,648,740
29-30	479,481,177
30-31	503,455,236
31-32	528,627,998
32-33	555,059,398
33-34	582,812,368
34-35	611,952,986
35-36	642,550,635
36-37	674,678,167
37-38	708,412,076
38-39	743,832,679
39-40	781,024,313
40-41	820,075,529
41-42	861,079,305
42-43	904,133,271
43-44	949,339,934
44-45	996,806,931
45-46	1,046,647,278
46-47	1,098,979,641
47-48	1,153,928,623
48-49	1,211,625,055
49-50	1,272,206,307
50-51	1,335,816,623
51-52	1,402,607,454

² Projections prepared as of the first quarter of 2014.

SCHEDULE 6
EXPECTED CORE REVENUE INCREMENT³

Fiscal Year	Expected Core Revenue Increment
13-14	\$73,337,084
14-15	60,315,706
15-16	67,184,132
16-17	73,940,150
17-18	80,884,753
18-19	88,255,635
19-20	96,076,440
20-21	104,733,076
21-22	113,920,306
22-23	123,667,580
23-24	134,005,918
24-25	144,967,991
25-26	156,727,716
26-27	169,332,779
27-28	182,833,185
28-29	197,281,370
29-30	212,732,304
30-31	229,243,615
31-32	246,875,706
32-33	265,691,884
33-34	285,758,501
34-35	307,145,093
35-36	329,924,529
36-37	354,173,176
37-38	379,971,060
38-39	407,402,045
39-40	436,554,016
40-41	467,519,078
41-42	500,393,757
42-43	535,279,216
43-44	572,281,486
44-45	611,511,699
45-46	653,086,346
46-47	697,127,537
47-48	743,763,278
48-49	793,127,769
49-50	845,361,707
50-51	900,447,517
51-52	958,532,762

³ Projections prepared as of the first quarter of 2014.

SCHEDULE 7
SHORTFALL AMOUNTS⁴

Fiscal Year	Shortfall Amounts
13-14	\$12,679,871
14-15	12,837,892
15-16	12,982,350
16-17	13,138,135
17-18	12,153,178
18-19	12,389,270
19-20	12,465,367
20-21	11,776,507
21-22	11,933,835
22-23	10,305,305
23-24	10,967,926
24-25	10,893,494
25-26	9,529,926
26-27	9,802,415
27-28	9,949,495
28-29	10,099,224
29-30	10,239,149
30-31	10,383,763
31-32	10,538,010
32-33	9,792,585
33-34	9,941,691
34-35	10,102,916
35-36	7,171,754
36-37	7,270,821
37-38	8,562,273
38-39	10,770,330
39-40	10,770,330
40-41	10,770,330
41-42	10,770,330
42-43	10,770,330
43-44	10,770,330
44-45	10,770,330
45-46	10,770,330
46-47	10,770,330
47-48	10,770,330
48-49	10,770,330
49-50	10,770,330
50-51	10,770,330
51-52	10,770,330

⁴ Projections prepared as of the first quarter of 2014.

SCHEDULE 8 SURPLUS PROPERTY

No.	APN	Prop. Address	Site Area (acres)	USE	Low Range	High Range	Estimated Likely Sales Price
2.	046 017 049	Hogan Lake, no situs address	38.3	Vacant - Hogan Parcels	19,150	30,640	24,895
3.	046 017 053	Hogan Lake, no situs address	124.46	Vacant - Hogan Parcels	62,230	124,460	93,345
5.	046 019 011	Hogan Lake, no situs address	46.89	Vacant - Hogan Parcels	23,445	46,890	35,167
6.	046 019 016	Hogan Lake, no situs address	66.0	Vacant - Hogan Parcels	33,000	66,000	49,500
7.	046 019 017	Hogan Lake, no situs address	40.0	Vacant - Hogan Parcels	20,000	40,000	30,000
9.	046 019 050 (new apn) (046 019 037 old apn)	Hogan Lake, no situs address	53.90	Vacant- Hogan Parcels	237,280	296,600	266,940
10.	046 025 055	Hogan Lake, no situs address	86.54	Vacant - Hogan Parcels	43,270	86,540	64,905
11.	046 026 009	Hogan Lake, no situs address	89.22	Vacant - Hogan Parcels	44,610	89,220	66,915
12.	046 026 011	Hogan Lake, no situs address	608.58	Vacant - Hogan Parcels	304,290	608,580	456,435
13.	046 026 019 (current APN) (046 026 005 old apn)	Hogan Lake, no situs address	38.55	Vacant - Hogan Parcels	21,320	42,640	31,980
14.	046 027 002	Hogan Lake, no situs address	125.80	Vacant - Hogan Parcels	62,900	125,800	94,350
15.	050 003 006	Hogan Lake, no situs address	53.5	Vacant - Hogan Parcels	107,200	160,500	133,750

No.	APN	Prop. Address	Site Area (acres)	USE	Low Range	High Range	Estimated Likely Sales Price
16.	050 003 018 (Old APN 046 003 018)	Hogan Lake, no situs address	102.54	Vacant - Hogan Parcels	410,160	512,700	461,430
17. & 18	050 003 022 & 23	Hogan Lake, no situs address	129.68	Vacant - Hogan Parcels	196,010	325,690	260,850
20.	050 004 011	Hogan Lake, no situs address	0.55	Vacant - Hogan Parcels	5,000	5,000	5,000
21	050 008 002	Hogan Lake, no situs address	20.41	Vacant - Hogan Parcels	40,820	61,230	51,025
23.	050 008 031	Hogan Lake, no situs address	7.56	Vacant - Hogan Parcels	15,120	22,680	18,900
25	073-042-015	Hogan Lake, no situs address	147.02	Vacant – Hogan Parcels	735,100	882,120	808,610
75	155-360-08	2370 East Main Street (former Fair Oaks Library)	0.640 acres (9,900 sf building)	Vacant former Fair Oaks Library	445,500	544,500	495,000
80.	169 077 03	2135 South Airport Way	0.33 acres	Vacant Land	50,309	93,431	71,870
81.	169 100 30 & 42	2427 South Airport Way	1.22 acres	Vacant Land	186,001	345,430	265,715

SCHEDULE 9
CORE REVENUE FOR FISCAL YEAR 2012-13

Property Taxes	
Property Taxes	\$ 26,280,000
In-Lieu of Motor Vehicle Fees	17,307,349
Subtotal Property Taxes	<u>43,587,349</u>
Sales Taxes	
75% Point of Sale	28,330,077
25% County ERAF Backfill	9,937,923
Proposition 172	1,270,000
Subtotal Sales Taxes	<u>39,538,000</u>
Utility Users Tax	31,790,000
Franchise Tax	11,595,600
Business License Tax	9,125,000
Hotel/Motel Tax	1,975,000
Document Transfer Tax	456,000
Motor Vehicle License	150,000
Measure A	n/a
Totals	<u><u>\$138,216,949</u></u>

SCHEDULE 10
MEASURE A PROJECTIONS⁵

Fiscal Year	Amount
2013-14	6,803,630
2014-15	27,979,246
2015-16	28,776,731
2016-17	29,812,693
2017-18	30,885,950
2018-19	31,997,844
2019-20	33,149,766
2020-21	34,310,008
2021-22	35,510,859
2022-23	36,753,739
2023-24	38,040,119
2024-25	39,371,524
2025-26	40,721,967
2026-27	42,090,795
2027-28	43,477,338
2028-29	44,880,912
2029-30	46,300,820
2030-31	47,736,353
2031-32	49,186,793
2032-33	50,651,414
2033-34	52,129,481
2034-35	53,620,257
2035-36	55,122,996
2036-37	56,636,954
2037-38	58,161,382
2038-39	59,695,532
2039-40	61,238,657
2040-41	62,790,011
2041-42	64,348,852
2042-43	65,914,443
2043-44	67,486,050
2044-45	69,062,948
2045-46	70,644,417
2046-47	72,229,747
2047-48	73,818,234
2048-49	75,409,188
2049-50	77,001,925
2050-51	78,628,304
2051-52	80,289,033

⁵ Projections prepared as of the first quarter of 2014.

SCHEDULE 11
TRUSTEE'S ADMINISTRATIVE FEES

Intentionally Omitted

EXHIBIT A

FORM OF CERTIFICATE AS TO ESTIMATED
CONTINGENT GENERAL FUND PAYMENT

TO: Assured Guaranty Municipal Corp. (“Assured Guaranty”); Trustee

RE: Estimated Contingent General Fund Payment for Fiscal Year _____, pursuant to the Reimbursement Agreement, dated as of _____, 2015 (the “Reimbursement Agreement”), between Assured Guaranty and the City of Stockton (the “City”)

In accordance with the provisions of Section 2.03(b) of the Reimbursement Agreement, the undersigned hereby certifies as follows:

[Based on the annual budget for Fiscal Year _____, adopted by the City Council on ____, __ and in effect on the date hereof (the “Adopted Budget”), the estimated Actual Core Revenues for Fiscal Year _____ of \$_____ do not exceed the Baseline Core Revenues for Fiscal Year _____ of \$_____, and therefore it is estimated that there is no Contingent General Fund Payments due to Payees for Fiscal Year _____. A copy of the Adopted Budget is attached as Exhibit A hereto.]

OR

[Based on the annual budget for Fiscal Year _____, adopted by the City Council on ____, __ and in effect on the date hereof (the “Adopted Budget”), the estimated Contingent General Fund Payments for Fiscal Year _____, determined by multiplying the (i) Allocable Share; (ii) the average Incremental Revenue Ratio for Fiscal Years ____, ____ and ____; and (iii) the Shortfall Amount, is \$_____, as calculated on Exhibit A attached hereto. A copy of the Adopted Budget is attached as Exhibit B hereto.]

Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Reimbursement Agreement.

Dated: _____, 20__

CITY OF STOCKTON

By: _____
City Manager

EXHIBIT B

FORM OF RECONCILIATION CERTIFICATE

TO: Assured Guaranty Municipal Corp. ("Assured Guaranty"); Trustee

RE: Reconciliation of Contingent General Fund Payment for Fiscal Year ____, pursuant to the Reimbursement Agreement, dated as of ____, 2015 (the "Reimbursement Agreement"), between Assured Guaranty and the City of Stockton (the "City")

In accordance with the provisions of Section 2.03(c) of the Reimbursement Agreement, the undersigned hereby certifies as follows:

1. Based on the annual budget for Fiscal Year ____, adopted by the City Council on ____, __ and in effect on [date of estimated Contingent General Fund Payment] (the "Adopted Budget"), the estimated Contingent General Fund Payments for Fiscal Year ____, determined by multiplying the (i) Allocable Share; (ii) the estimated average Incremental Revenue Ratio for Fiscal Years ____, __ and __; and (iii) the Shortfall Amount, is \$_____, as calculated on Exhibit A attached hereto. A copy of the Adopted Budget is attached as Exhibit B hereto.

2. Based on the audited financial statements for Fiscal Year ____ (the "Audited Financial Statements"), the Contingent General Fund Payments for Fiscal Year ____, determined by multiplying the (i) Allocable Share; (ii) the average Incremental Revenue Ratio for Fiscal Years ____, __ and __; and (iii) the Shortfall Amount, is \$_____, as calculated on Exhibit C attached hereto. A copy of the Audited Financial Statements is attached as Exhibit D hereto.

3. [The next Contingent General Fund Payment due to Payees shall be adjusted to reflect the [overpayment/underpayment] of \$_____, determined by subtracting the [estimated Contingent General Fund Payments set forth in paragraph (1) above/Contingent General Fund Payments set forth in paragraph (2) above] from the [Contingent General Fund Payments set forth in paragraph (2) above/ estimated Contingent General Fund Payments set forth in paragraph (1) above], as calculated on Exhibit A attached hereto.]

OR

3. [[Pursuant to Section 2.03(c) of the Reimbursement Agreement, [the City/Assured Guaranty] shall remit \$[amount over \$250,000] as payment to [Assured Guaranty/the City] for the [underpayment/overpayment] set forth in paragraph 2, within thirty (30) days of the date hereof.]

Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Reimbursement Agreement.

Dated: _____, 20__

CITY OF STOCKTON

By: _____
City Manager

b. 400 EAST MAIN STREET OFFICE LEASE

400 EAST MAIN STREET OFFICE LEASE

BETWEEN

WILLIAM J. HOFFMAN,
As Receiver
(“**Landlord**”)

and

THE CITY OF STOCKTON,
a municipal corporation
(“**Tenant**”)

400 EAST MAIN STREET OFFICE LEASE

**TENANT:
THE CITY OF STOCKTON**

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EXHIBITS:

- A Floor Plan of Premises
- B Real Property Description
- C Rules and Regulations
- D Estoppel Certificate
- E Depiction of Building Standard Signage

STANDARD OFFICE LEASE

This Lease is made as of _____, 201_, between WILLIAM J. HOFFMAN, duly appointed Receiver (“Landlord”), and THE CITY OF STOCKTON, a municipal corporation (“Tenant”), who agree as follows:

LEASE OF PREMISES

Pursuant to that certain Judgment of Possession issued on May 31, 2012 by the Superior Court of the State of California—County of San Joaquin in Case No. 39-2012-00280741-CU-UD-STK (the “**Judgment of Possession**”) and Notice of Delivery of Notice of Possession of Real Property dated June 21, 2012 and delivered in connection with the Judgment of Possession, Main Street Stockton LLC, a Delaware limited liability company (“**Main Street Stockton**”), obtained possession of the Building (as hereinafter defined).

As a result thereof, Main Street Stockton, as landlord, and Tenant, as tenant, entered into that certain 400 East Main Street Office Lease for a portion of the Building (the “**Prior Lease**”), which Prior Lease (i) has expired by its terms, and (ii) is being replaced in its entirety by this Lease.

Pursuant to that certain Order Appointing Receiver and Temporary Restraining Order dated _____, 2014 entered in Case No. _____ in the Superior Court of the State of California for the County of San Joaquin (the “Order Appointing Receiver”). Landlord was appointed receiver for the Building and granted the authority to enter into and perform as landlord under all leases for the Building. As a result thereof, and in accordance therewith, Landlord and Tenant now wish to enter into this Lease.

Pursuant to the terms hereof, Landlord leases to Tenant and Tenant leases from Landlord, upon the provisions and conditions set forth herein, those certain premises (“Premises”) described in the Basic Lease Provisions and designated in Exhibit “A” attached hereto, which Premises are located in that certain building located at 400 East Main Street, Stockton, California, which building includes a two-level subterranean parking garage located directly beneath the Building (the “Parking Garage”) (such building and the Parking Garage, collectively, the “Building”), and situated upon that certain real property as more particularly described on Exhibit “B” (the “Real Property”). The Real Property, the Building, and the Common Facilities (as defined below) are referred to collectively herein as the “Project.”

BASIC LEASE PROVISIONS

The following are the Basic Lease Provisions of this Lease. Other Sections of this Lease explain and define the Basic Lease Provisions in more detail and are to be read in conjunction herewith. In the event of any conflict between the Basic Lease Provisions and the other Sections of this Lease, the other Sections of this Lease shall control.

1. BUILDING ADDRESS: 400 East Main Street, Stockton, California 95202.

2. PREMISES:

- a. The entire fourth floor, a portion of the third floor, a portion of the ground floor and a portion of the seventh floor of the Building
- b. Suites 102, 119, 124, 310, 400, 701 and 760
- c. Rentable area of the portion of the Premises described in Item 2.a. and b. above that is for Tenant's use: approximately 80,320 rentable square feet
- d. Use of the Common Facilities (as hereinafter defined)
- e. Tenant's rights to the Parking Garage (as hereinafter defined)

3. TERM: Eight (8) years and one (1) month, plus any partial calendar month following the Commencement Date if the Commencement Date does not occur on the first day of a calendar month. As used herein "Term" means the term of this Lease as the same may be extended pursuant to the provisions of this Lease.

4. COMMENCEMENT DATE: _____, 2014, which is the Effective Date (as such term is defined in that certain First Amended Plan for the Adjustment of Debts of City of Stockton, California, as modified (August 8, 2014) for Case No. 2012-32118 in the United States Bankruptcy Court, Eastern District of California, Sacramento Division, and reflected in that certain Notice of Effective Date to be filed in connection therewith subsequent to the date hereof).

5. BASIC RENTAL:

<u>Year</u>	<u>Monthly Payments</u>	<u>Gross Annual Rent</u>
1	\$77,329	\$ 927,943
2	\$77,427	\$ 929,128
3	\$77,528	\$ 930,330
4	\$77,629	\$ 931,551
5	\$104,091	\$1,249,098
6	\$104,196	\$1,250,355
7	\$104,303	\$1,251,632
8	\$104,411	\$1,252,927
9	\$124,932	\$1,499,187
10	\$125,043	\$1,500,522
11	\$142,153	\$1,705,842
12	\$142,268	\$1,707,217

6. OPERATING EXPENSES: Included within Basic Monthly Rent.

7. SECURITY DEPOSIT: \$209,314.78

8. ADDRESSES:

Landlord:

William J. Hoffman

Tenant:

THE CITY OF STOCKTON

Trigild
9339 Genesee Avenue
Suite 130
San Diego, CA 92121

425 N. El Dorado Street
Second Floor
Stockton, CA 95202
Attn: City Manager

with a copy to:

ASSURED GUARANTY
31 West 52nd Street
New York, NY 10019
Attn: Terence L. Workman

CBRE | Asset Services
1776 W. March Lane, Suite 170
Stockton, CA 95207
Attn: Rick Goucher

SIDLEY AUSTIN LLP
555 West Fifth Street, Suite 4000
Los Angeles, CA 90013
Attn: Jeffrey E. Bjork

with a copy to:

ORRICK, HERRINGTON &
SUTCLIFFE, LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105
Attn: John Knox

9. PERMITTED USES: General office use, use as permit and service centers for Tenant's customers, operation of an information technology center, siting of the chambers of the Stockton City Council (the "City Council") in Suite 124, and all related uses thereto, subject to existing zoning restrictions and the terms hereof, including, but not limited to, those set forth in Article 7 (the "Permitted Uses").
10. PARKING: As part of Tenant's consideration under this Lease, Tenant shall be entitled to one hundred thirty (130) parking spaces located in the Parking Garage during the Term of this Lease (the "Tenant's Spaces"), of which one hundred (100) of the Tenant's Spaces shall be unreserved parking spaces and thirty (30) of the Tenant's Spaces shall be reserved parking spaces (such Tenant's Spaces, the "Reserved Spaces"). The Reserved Spaces shall be located within that portion of the Parking Garage depicted on Exhibit "E" attached hereto and made a part hereof; provided, however, that Landlord shall have the right to temporarily relocate such Reserved Spaces for purposes of maintaining, repairing, restoring, altering or improving the Parking Garage and maintaining the safety of the Parking Garage and/or the Project. Landlord reserves the right to separately charge Tenant's guests and visitors for parking; provided, however, that Tenant's visitors shall be permitted to use, at no additional charge, any of the Tenant's Spaces that are not being used by Tenant at the time such visitor wishes to park at the Building, as determined by Landlord (or any agent or employee thereof) in its reasonable discretion.
11. TYPE/NATURE OF TENANT'S BUSINESS: Government offices, permit and service centers for Tenant customers, and technology center and the operation of services consistent with or necessary to the operation thereof, including the operation, facilitation and hosting of City Council meetings within the City Council Chambers (as hereinafter defined)

ARTICLE 1

TERM

1.1 Commencement Date. The Term shall commence on _____, 2014, the "Commencement Date".

1.2 Extension Options. Tenant shall have the option (each, an "Extension Option") to extend the term of the Lease for four consecutive one-year terms (each, an "Extension Term") upon prior written notice ("Tenant's Election Notice") to Landlord no later than ninety (90) days prior to the expiration of the then current Term of the Lease; provided, however, that at the time Tenant gives Tenant's Election Notice to Landlord, and for the remainder of the then existing Term of the Lease, there is (i) no event of default by Tenant under the Lease and (ii) Tenant has not entered into a Transfer as to the Premises that are subject to such extension, whether or not consented to by Landlord. During any such Extension Term, the provisions of the Lease, as it may be amended in writing executed by each party to the Lease prior to the date of the commencement of such Extension Term, shall continue in full force and effect, except that Tenant shall accept the Premises in their then "AS-IS" condition, and there shall be no abatement of Rent, nor shall there be credit or allowance given to Tenant for improvements to the Premises solely as the result of Tenant exercising either Extension Term. The Basic Monthly Rent for each Extension Term shall be in the amount set forth in Item 5 of the Basic Lease Provisions. Landlord and Tenant understand and agree that Tenant's delivery of Tenant's Election Notice shall bind Tenant to the applicable Extension Term. In no event shall Tenant have the right to exercise any Extension Option unless it has properly exercised the applicable prior Extension Option.

ARTICLE 2

RENT

2.1 Basic Monthly Rent. Tenant shall pay to Landlord, without prior notice or demand, without offset or deduction, and in addition to all other amounts payable by Tenant hereunder, annual rent, in equal monthly installments, in the amount set forth in Item 5 of the Basic Lease Provisions ("Basic Monthly Rent"), provided that monthly Landlord shall provide an invoice of any and all expenses (other than Basic Monthly Rent) that may be due and payable by Tenant hereunder, including without limitation any interest on past due rent or Late Fees (defined below), if any (the "Rent Expenses"). Notwithstanding the foregoing, in no event shall any failure by Landlord to provide such an invoice excuse Tenant's failure to pay Basic Monthly Rent as and when due.

The Basic Monthly Rent and all other amounts payable hereunder shall be paid to Landlord in advance on the first day of each month during the Term, without deduction, offset or abatement, in lawful money of the United States of America at the office of Landlord in the Building, or to such place as Landlord may designate in writing.

Basic Monthly Rent and any other Rent (as defined in Section 2.5) due under this Lease for any period during the Term, which is for less than one (1) month, shall be a prorated

portion of the monthly amount due, based upon the actual number of days in that particular month.

Landlord shall have the right to accept all Rent and other payments, whether full or partial, and to negotiate checks in payment thereof without any waiver of rights, irrespective of any conditions to the contrary sought to be imposed by Tenant. Rent shall be deemed paid to Landlord when received by Landlord, or its designee, at Landlord's address, or at such other address as Landlord shall have designated.

2.2 Interest on Past Due Rent. Basic Monthly Rent and any other Rent not paid when due shall bear interest from the date due until the date paid at the Federal Reserve Board Discount Rate, as of such due date, plus three percent (3%) per annum ("Interest Rate"). The payment of such interest shall not excuse or cure any default or modify any obligations of Tenant under this Lease. Notwithstanding the foregoing, the Interest Rate shall not accrue on Rent Expenses unless any payment thereof is not received by Landlord within five (5) days of Tenant's receipt of an email therefor pursuant to Section 2.1.

2.3 Late Fee. Tenant acknowledges that the late payment by Tenant to Landlord of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be difficult to ascertain. Such costs may include, without limitation, administrative costs, processing and accounting charges, and late charges which may be imposed on Landlord. Accordingly, if any installment of Rent shall not be received by Landlord within five (5) days after the date that such amount is due and payable, then Tenant shall pay to Landlord, in addition to the interest provided above in Section 2.2, a late fee in the amount of five percent (5%) of the amount of such Rent ("Late Fee"). The parties agree that such Late Fee represents a fair and reasonable estimate of the costs Landlord will incur by reason of the late payment by Tenant. Acceptance of such Late Fee by Landlord shall not constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of its rights or remedies hereunder. Any such Late Fee shall be due and payable by Tenant within five (5) business days after delivery of Landlord's written notice thereof to Tenant and, if not paid when due, shall be added to the next installment of Basic Monthly Rent due and payable hereunder. The parties agree that it would be impracticable and extremely difficult to fix Landlord's actual damages in such event. The interest provided for in Section 2.2 and the Late Fee are separate and cumulative and are in addition to and shall not diminish or represent a substitute for any or all of Landlord's rights or remedies under any other provision of this Lease. If a Late Fee is payable hereunder, whether or not collected, for any three (3) installments of Basic Monthly Rent during any twelve (12) month period, then all further Basic Monthly Rent shall, at Landlord's sole option, automatically become due and payable quarterly in advance, rather than monthly, notwithstanding any provision of this Lease to the contrary. If any interest or late fees shall be due from Tenant hereunder, then upon receipt of any funds from Tenant, Landlord shall credit and apply such funds first to such interest or late fees, and then to any other monetary obligations of Tenant under this Lease, all in Landlord's sole and absolute discretion.

2.4 Security Deposit. Tenant deposited with Main Street Stockton the sum of \$111,668.20 (the "**Prior Security Deposit**") as the security deposit under the terms of the Prior Lease, which Prior Security Deposit has been delivered to Wells Fargo Bank, National Association (the "**Trustee**"). Concurrently with Tenant's execution of this Lease, (i) Landlord shall obtain from Trustee the Prior Security Deposit, which Tenant agrees is hereby delivered to Landlord as a partial Security Deposit under this Lease, and (ii) Tenant shall deliver to Landlord

the additional sum of \$97,646.58 for the remainder of the Security Deposit, which amount represents the difference between the amount of the Prior Security Deposit and the total amount specified in Item 7 of the Basic Lease Provisions (“Security Deposit”). The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all terms covenants and conditions of this Lease by Tenant. Tenant agrees that Landlord may apply the Security Deposit to remedy any failure by Tenant to repair or maintain the Premises, to perform any other obligations hereunder, and for past due Rent and future Rent damages that Landlord may recover under the Civil Code of California and any other Regulations now or hereafter in effect. If Tenant has kept and performed all terms, covenants and conditions of this Lease during the Term, Landlord shall, upon the expiration or termination hereof, promptly return any unapplied portion of the Security Deposit to Tenant, or the last permitted assignee of Tenant’s interest hereunder. Should Landlord use or apply any portion of the Security Deposit pursuant to the foregoing, Tenant shall replenish the Security Deposit to the amount required under the Lease within ten (10) business days after receipt of written notice from Landlord. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on any Security Deposit. Tenant hereby waives any and all rights under and benefits of Section 1950.7 of the Civil Code of California and any similar Regulation (defined below) now or hereafter in effect.

2.5 Rent. As used herein, “Additional Rent” means all amounts required to be paid by Tenant under this Lease other than Basic Monthly Rent, and “Rent” means, collectively, Basic Monthly Rent and Additional Rent. Notwithstanding anything to the contrary contained herein, all Rent to be paid by Tenant to Landlord shall be delivered to Landlord at the notice address for CBRE set forth in Section 8 of the Basic Lease Provisions, until such time as Landlord may notify Tenant, in accordance with the terms of Section 18.13 hereof, that Landlord wishes for Tenant to deliver any and all Rent to another address.

ARTICLE 3

SIGNAGE

3.1 Tenant’s Right to Exterior Building Signs. As long as Tenant continues to lease and occupy the entirety of the Premises during the Term, Tenant shall have the exclusive right (a) to display its name on two (2) separate “eyebrow” signs (one above each of the two (2) separate retail entrances to the Premises) (each, a “Tenant’s Eyebrow Sign”, and, collectively “Tenant’s Eyebrow Signs”) and (b) to place white, vinyl tinting, at a size no greater than three (3) feet in height and three (3) feet in length on each of the two (2) separate retail entrances to the Premises, both of which are located on South Sutter Street, all as more specifically set forth herein (collectively, “Tenant’s Door Signage”, and, together with Tenant’s Eyebrow Signs, collectively, “Tenant’s Signs”). Tenant shall be permitted to install one of Tenant’s Eyebrow Signs (i) above the retail entrance to the Premises located on South Sutter Street, which Tenant’s Eyebrow Sign shall read “City of Stockton Permit Center”, and (ii) above the other retail entrance to the Premises located on South Sutter Street, which Tenant’s Eyebrow Sign shall read “City of Stockton Revenue Center.” Tenant’s name depicted on each Tenant’s Eyebrow Sign shall be constructed using the Building standard raised chrome block lettering, in a size equal to the “eyebrow” sign located at the Building’s north entrance, which is depicted on Exhibit “F” attached hereto and made a part hereof (the “Existing Signage”). In addition to the foregoing, Tenant’s Signs must satisfy each of the following requirements:

- (a) Comply with all applicable governmental laws, statutes, regulations, rules, codes and ordinances;
- (b) Comply with the provisions of this Lease;
- (c) Have been approved in advance by all appropriate governmental agencies;
- (d) Have been approved in advance by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed); and
- (e) Comply with all instruments recorded or unrecorded against the Project.

Tenant shall not have any right to maintain an “eyebrow” sign on any other part of the Building other than as specifically set forth herein.

3.2 Tenant’s Installation of Signs. Installation of Tenant’s Signs shall be in accordance with the procedures and requirements of Article 6 below, except to the extent in conflict with Article 3. Tenant shall, at its sole cost and expense, install Tenant’s Signs. Such costs and expenses include, but are not limited, to the follows:

- (a) Costs of Tenant’s Signs;
- (b) Costs of obtaining permits and approvals;
- (c) Costs of installing, maintaining, repairing and replacing Tenant’s Signs;
- (d) Costs associated with the removal of Tenant’s Signs, repair of any damage caused by such removal, and restoration of the sites of Tenant’s Signs on the Building to the condition in which those portions of the Building existed before the installation of Tenant’s Signs excluding ordinary wear and tear and damage due to casualty.

3.3 Removal, Repair and Restoration. On the sooner of (i) the failure of Tenant to lease the entire Premises, (ii) the failure of Tenant to occupy the entire Premises, (iii) the expiration or sooner termination, in accordance with the terms hereof, of the Lease, or (iv) at any time prior to the occurrence of an event described in clauses (i) through (iii), at Tenant’s election, Tenant shall remove, at its sole cost and expense, each of Tenant’s Signs, repair any damage caused by such removal and restore those parts of the Building on which Tenant’s Signs were located to the condition that existed before the installation of Tenant’s Signs, ordinary wear and tear and damage due to casualty excepted. Such removal, repair and restoration shall be in accordance with the procedures and requirements of Article 6 above, except to the extent in conflict with this Article 3.

3.4 Maintenance of Tenant’s Signs. Tenant, at its sole cost and expense, shall at all times during the Term maintain Tenant’s Signs in working order and first class condition.

3.5 Prohibited Signage and Other Items. Tenant shall not, without the prior written consent of Landlord, place, construct or maintain any sign, advertisement, awning, banner or other decoration on or visible from, or otherwise use, the exterior of the Premises (including, but not limited to, the outer surfaces of the exterior walls and doors of the Premises, the roof of the Building, the Common Facilities, and the public areas of the Project), and in no event shall any sign or other decoration visible from the exterior of the Premises, including, but not limited to,

any of Tenant's Signs, be illuminated. Tenant shall pay the cost of any such sign approved by Landlord together with the costs of installation thereof.

3.6 Building Directory Signage. Landlord will provide standard lettering identifying Tenant for the building directories as Landlord, in its sole discretion, may determine. Landlord shall have the sole right to determine and change from time to time the type of such directory(ies) and such sign and the contents thereof including, but not limited to, size of letters, style, color and placement. Any changes to the directory signage shall be at Tenant's expense.

3.7 Rights Personal to Tenant. Tenant's signage rights set forth in this Article 3, including, but not limited to, Tenant's right to Tenant's Signs, are personal to The City of Stockton, as the original "Tenant" under this Lease, and such rights are not transferrable, and shall not be transferred, to a transferee in connection with any Transfer or to anyone else without Landlord's prior written consent, which may be withheld in Landlord's sole discretion.

ARTICLE 4

SERVICES, FACILITIES AND MAINTENANCE

4.1 Landlord's Provision of Services.

(a) Landlord shall furnish to the Premises heating, ventilation and air conditioning (collectively, "HVAC") (excluding HVAC services supplied in connection with Tenant's HVAC Chillers (as hereinafter defined)), telecommunications service, water for reasonable and normal drinking, lavatory, and emergency sprinkler use and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures for reasonable and normal office and technology use as of the Commencement Date of this Lease. Landlord shall furnish such services to the Premises between the hours of approximately 7:00 a.m. and 6:00 p.m., Mondays through Fridays, except those holidays designated yearly by Landlord. Notwithstanding the foregoing, Landlord shall furnish to the Premises HVAC services, to the extent required for Tenant's HVAC Chillers (collectively, the "Chiller Services"), and electricity twenty-four (24) hours per day, seven (7) days per week, and three hundred sixty-five (365) days per year. All services described in this Section 4.1(a) shall be provided subject to Building-wide shutdown for routine maintenance or due to force majeure (as defined in Section 18.5). Upon Tenant's written request, Landlord shall provide additional HVAC or any of the other utilities or services referred to above (other than Chiller Services and electricity) at Tenant's request to Landlord. Tenant shall pay to Landlord an amount reasonably determined by Landlord from time to time for such additional services (other than Chiller Services and electricity). Tenant shall keep and cause to be kept closed all window coverings when necessary because of the sun's position, and Tenant also shall at all times cooperate fully with Landlord and abide by all the regulations and requirements which Landlord may prescribe for the proper functioning and protection of the HVAC system. Notwithstanding anything to the contrary contained herein, Tenant shall provide any and all telecommunications cabling for the Premises necessary for Tenant to use the Premises in accordance with the Permitted Uses set forth in Section 9 of the Basic Lease Provisions; in no event, shall Landlord be responsible for providing such services to the Premises.

(b) Tenant shall provide customary and routine cleaning and janitorial service, at Tenant's sole cost and expense, and without any Rent abatement, offset, rebate or any credit of any kind against Rent, for all portions of the Premises for which Tenant has exclusive use, which Landlord and Tenant agree includes all portions of the Premises comprising office space, and specifically excluding public restrooms and any elevator landings, located on the first (1st), third (3rd) and seventh (7th) floors and all portions of the Premises, inclusive of office space and restrooms, but excluding elevator landings, located on the fourth (4) floor (collectively, the "Exclusive Premises"), and Landlord shall have no obligation to provide janitorial service for the Exclusive Premises at any time during the Term of this Lease. Notwithstanding anything to the contrary contained herein, the indemnification provisions of Section 9.1 below shall apply in the event Landlord suffers any loss, liability, claim, damage or expense arising out of or resulting from Tenant's provision (or lack thereof) of its own janitorial services as permitted under this clause (b). Landlord shall provide routine cleaning and janitorial service for all portions of the Premises that are not part of the Exclusive Premises; provided, that such portions of the Premises are used exclusively as offices and for the Permitted Uses and are kept reasonably in order by Tenant with reasonable wear and tear excepted. All janitorial services, whether provided by Landlord or Tenant shall be consistent with janitorial services provided at comparable buildings in the Stockton, California area. Notwithstanding the first (1st) sentence of this subsection (b) to the contrary, if a Transfer (as hereinafter defined) is made in accordance with Article VIII hereof, with respect to all or a portion of the Premises, within thirty (30) days after such Transfer, the assuming or subletting party may elect, upon written notice to Landlord, to cause Landlord to provide customary and routine cleaning and janitorial services for so much of the Premises, inclusive of the Exclusive Premises, as has been assumed or sublet by such party in accordance herewith.

(c) Landlord shall replace building standard lighting in the Premises, as required, without charge to Tenant.

4.2 [Intentionally Omitted.]

4.3 Interruption of Standard Services. Landlord shall not be in default hereunder or liable for any damages directly or indirectly resulting from the inadequacy, defect or failure in the supply of any service described in Section 4.1 caused by (i) the installation or repair of any equipment in connection with the furnishing of utilities or services, (ii) acts of God or the elements, labor disturbances of any character, any other accidents or any other conditions beyond the reasonable control of Landlord, or by the making of repairs or improvements to the Premises or the Project, or (iii) the limitation, curtailment, rationing or restriction imposed by any governmental agency or service or utility supplier on use of water or electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises or the Project. Furthermore, Landlord shall be entitled, without any obligation or compensation to Tenant, to cooperate voluntarily in a reasonable manner with the efforts of national, state or local governmental agencies or service or utility suppliers in reducing the consumption of energy or other resources; if Landlord shall so cooperate, Tenant shall also reasonably cooperate therewith. Notwithstanding the foregoing, after the tenth (10th) consecutive day of a failure to supply any of the services described in Section 4.1, to the extent within Landlord's reasonable control, Tenant shall be entitled to an abatement of Basic Monthly Rent beginning from the first day of such failure, until such time as such utilities are restored. If such utilities cannot be restored within forty-five (45) days, to the extent within Landlord's control, Tenant may terminate this Lease by fifteen (15) days prior written notice to Landlord; provided, however, if Tenant does not elect to

terminate this Lease it shall be entitled to abate Basic Monthly Rental until such time as such utilities are restored, commencing on the tenth (10th) consecutive day of such failure to supply services.

4.4 Common Facilities. The term “Common Facilities” as used in this Lease means all areas and facilities within the exterior boundaries of the Project which are provided and designated from time to time by Landlord for the general use and convenience of Tenant and some or all other tenants of the Project and their respective employees, invitees or other visitors. Tenant, its employees and invitees shall have the nonexclusive right to use the Common Facilities along with others entitled to use same, subject to Landlord’s rights and duties as hereinafter set forth and subject to the other provisions of this Lease. Without Tenant’s consent and without liability to Tenant, and provided that Landlord uses reasonable efforts to minimize any resultant interference with Tenant’s use of and access to the Premises, Landlord may do the following:

- (a) Establish and enforce reasonable rules and regulations concerning the maintenance, management, use and operation of the Common Facilities;
- (b) Close off any of the Common Facilities to whatever extent required in the reasonable opinion of Landlord and its counsel to prevent a dedication of any of the Common Facilities or the accrual of any rights by any person or the public to the Common Facilities; provided, that in no event shall Tenant’s access to the Premises be completely or unreasonably restricted;
- (c) Close any of the Common Facilities for maintenance, repair, alteration or improvement purposes;
- (d) Select, appoint and/or contract with any person for the purpose of operating and maintaining the Common Facilities; and
- (e) Change the size, use, shape or nature of any of the Common Facilities.

4.5 Parking. Tenant shall have the non-exclusive right, so long as this Lease remains in full force and effect, and subject to applicable rules and regulations promulgated by Landlord from time to time, to use the number of reserved and unreserved parking spaces specified in the Basic Lease Provisions in the Parking Garage, upon such terms and conditions as may be specified in the Basic Lease Provisions. Landlord shall have certain rights and authority relating to the use and control of the Parking Garage, including, without limitation, the right to rearrange or relocate the parking spaces and improvements in the Parking Garage, to close all or any portion of the Parking Garage for the purpose of maintaining, repairing, restoring, altering or improving same, and to do and perform such other acts in, to and with respect to the Parking Garage at the sole discretion of Landlord; provided that, if Landlord closes all or any portion of the Parking Garage or relocates Tenant’s parking spaces, Landlord will use reasonable efforts to provide to Tenant alternate parking arrangements within a reasonable distance of the Parking Garage; provided, that such alternate parking arrangements must be within the Project. Tenant may not sell, assign or transfer its parking rights under this Lease, except pursuant to a Transfer (as defined in Section 8.1) consented to by Landlord or a Permitted Transfer (as defined in Section 8.3); provided, however, that Tenant may rent any or all of Tenant’s Spaces to any employees, consultants, advisors, vendors and subcontractors of Tenant working in the Building. Tenant and its invitees, visitors and customers shall also have the right to use in common with

other tenants of the Building and their invitees, visitors and customers and the general public any portions of the Parking Garage designated for public use, subject to the rates, rules and regulations, and any other charges, fees and taxes to be collected by Landlord, for such Parking Garage. Landlord reserves the right to establish and alter, from time to time, all such rates, rules and regulations. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty as to the suitability of the Parking Garage or as to the availability of parking spaces in the Parking Garage for the conduct of Tenant's business except as set forth in the Basic Lease Provisions and in this Lease. Tenant hereby acknowledges and agrees that Tenant shall be solely responsible for the enforcement of its right to use the Reserved Spaces within the specified location in the Parking Garage, and Landlord shall not have any obligation or liability to Tenant therefor; provided, however, that Tenant hereby agrees to notify any employees or contractors that may be operating any Building security system of any enforcement action proposed to be taken by Tenant at least one (1) hour prior to Tenant taking such enforcement action and shall provide such employees and/or contractors with a summary of the enforcement action proposed to be taken. Landlord may, but is not required, to reasonably assist Tenant in the enforcement of its right to the Reserved Spaces if Tenant complies with the notice requirements contained in the immediately preceding sentence, requests such assistance and provides Landlord with the information necessary to permit Landlord or any employees or contractors that may be operating any Building security system to provide such assistance.

4.6 Excess Utilities. Tenant shall not, without the prior written consent of Landlord, use in the Premises any apparatus, device, machine or equipment using excess water; nor shall Tenant connect any apparatus or device to sources of water except through existing water pipes in the Premises. If Tenant shall require excess water or any other resource (except for electricity and bandwidth for telecommunications) in excess of that customarily supplied for use of similar premises as general office space, service centers, and technology space, Tenant shall first request the consent of Landlord and obtain, at Tenant's sole cost and expense, any additional consent required from governmental authorities. In the event that (i) Landlord gives its consent or (ii) Landlord determines, in Landlord's sole judgment, that Tenant's use of Premises has resulted in Tenant consuming excess water or any other resource (except for electricity and bandwidth for telecommunications) and, in either case any such additional governmental consent is obtained, then Landlord may cause a separate metering device to be installed in the Premises so as to measure the amount of the resource consumed within the Premises. The cost of any such separate metering device including, but not limited to, the cost of installation, maintenance and repair thereof shall be paid by Tenant. Tenant shall promptly pay the cost of all excess resources consumed within the Premises, together with any additional administrative expense incurred by Landlord in connection therewith. Notwithstanding anything to the contrary contained herein, in no event shall Landlord be required to provide bandwidth services to the Premises, and all such services shall be provided by Tenant (or Tenant shall arrange for the provision of such services), at Tenant's sole cost and expense.

4.7 Payment as Additional Rent. Any sums payable under this Article 4 shall be considered Additional Rent and may be added to any installment of Rent thereafter becoming due, and Landlord shall have the same remedies for a default in payment of such sums as for a default in the payment of any other Rent.

4.8 Landlord to Maintain. Subject to the provisions of Sections 6.3 and 4.9 and Article 12, Landlord shall maintain in reasonably good order and condition the Common Facilities, Parking Garage, the foundation and structural portions of the Building (including,

without limitation, the structural soundness of the roof (structure and membrane), foundations, the exterior walls of the Building, and load bearing walls), and the Building systems providing the services and utilities to be furnished by Landlord pursuant to Section 4.1 above (including, without limitation, the Building HVAC, all wiring, plumbing, other conduits and utility lines and pipes).

4.9 Tenant to Maintain. Notwithstanding anything to the contrary contained herein, Tenant shall be required to maintain and, if necessary or desirable, repair, at its sole cost and expense, with contractors approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed) each of the Tenant's HVAC chillers installed by Tenant (regardless of whether such chillers were installed prior or subsequent to the date hereof), which are used solely for the purpose of cooling all or any part of the technology or communications equipment on the Premises (collectively, the "Tenant's HVAC Chillers"). In connection with Tenant's maintenance or repair of the Tenant's HVAC Chillers, Tenant shall be permitted access to Tenant's HVAC Chillers upon twenty-four (24) hours prior written notice to Landlord, and, notwithstanding the foregoing, Landlord hereby agrees to use commercially reasonable efforts to provide Tenant same-day access to Tenant's HVAC Chillers for the purpose of maintaining or repairing same, if Tenant's request for such access is received by Landlord between the hours of approximately 7:00 a.m. and 6:00 p.m., Monday through Friday, excluding Landlord designated holidays; provided, however, that in the event of an emergency, access will be provided at other times as soon as practicable at Tenant's cost.

4.10 Building Security; Premises Security. Tenant shall (or shall cause a third party to) provide, maintain and operate, at Tenant's sole cost and expense, a security system or service, which shall function as the primary security for the Premises at any time during which a Permitted City Council Meeting (as hereinafter defined) is to take place within the City Council Chambers ("Tenant's Security"). All employees and contractors operating Tenant's Security shall coordinate with Landlord and any employees and contractors operating any Building security system to ensure that Tenant's Security does not interfere with, or unduly burden, the operation of any Building security system. If the security provided for the Building needs to be increased or additional Building security costs are incurred by Landlord as a result of any Permitted City Council Meeting occurring on Premises, or for any other reason in connection with Tenant's use of Suite 124 as the City Council Chambers, then Tenant shall be responsible for, and shall promptly reimburse Landlord for, any such increased costs. Notwithstanding the foregoing, Tenant shall remain responsible for any costs for which Tenant is required to reimburse Landlord under the terms hereof in connection with Landlord's maintenance and provision of any Building security. In addition to the foregoing, Tenant shall be permitted, at its sole discretion, cost and expense, to maintain and operate an additional security system or service within the Premises (including, but not limited to, placing additional security personnel within the Premises), which may, upon Tenant's election, function as the primary security for the Premises (the "Optional Primary Security"). Upon such an election by Tenant, employees and contractors operating such Optional Primary Security for the Premises shall coordinate with Landlord and any employees and contractors operating any Building security system to ensure that (i) such Optional Primary Security does not interfere with, or unduly burden, the operation of any Building security system, and (ii), to the extent such Optional Primary Security (or any portion thereof) is in the form of an electronic security system rather than additional security personnel, Landlord (or Landlord's property manager) has reasonable access to such Optional Primary Security (or applicable portion thereof), to ensure such Optional Primary Security (or

applicable portion thereof) does not unduly burden or interfere with any other tenant's use and occupancy of the Building.

ARTICLE 5

ACCEPTANCE OF PREMISES

Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representations or warranties with respect to the suitability or fitness of the Premises for the conduct of Tenant's business or for any other purpose. The taking of possession or use of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time ready for occupancy and in conformity with the provisions of this Lease in all respects. Nothing contained in this Article shall affect the commencement of the Term or the obligation of Tenant to pay any Rent due under this Lease.

ARTICLE 6

ALTERATIONS AND REPAIRS

6.1 Alterations; Initial Improvements. Subject to Section 6.4, Tenant shall be permitted to make alterations, improvements or additions to the Premises commencing as of the Effective Date for the initial build-out of the Premises (the "Initial Improvements"). Landlord shall have the right to approve all plans and specifications for the proposed Initial Improvements, which approval shall not be unreasonably withheld, conditioned or delayed. If Landlord does not approve of or provide comments to plans and specifications within fourteen (14) business days of Tenant's submission of the same to Landlord, then the plans and specifications shall be deemed approved. For all alterations, improvements and additions other than the Initial Improvements, Tenant shall not, without the prior written consent of Landlord, make any alterations, improvements or additions to the Premises or the Project or any part thereof. All alterations, improvements or additions, made to the Premises shall become Landlord's property and remain upon the Premises at the termination or expiration of the Lease (excepting only Tenant's moveable office furniture, technology equipment (including, without limitation, the Tenant's HVAC Chillers, subject to Section 16.1), trade fixtures and office and professional equipment); provided, however, that Landlord shall have the right to require Tenant to remove such alterations, improvements or additions made by Tenant after the date of this Lease at Tenant's cost upon the termination or expiration of this Lease, and the repair of any damage caused to the Premises, the Building or any other portion of the Project as a result of any such removal shall be paid for by Tenant. All alterations, improvements and additions shall be made in compliance with all applicable Regulations (defined below) and in a good and first-class workmanlike manner using new materials, which shall be at least equal in quality to the original installations. Any contractor selected to make such alterations, additions or improvements must (a) be bondable and licensed in the State of California; (b) be approved in advance, in writing, by Landlord; and (c) provide insurance coverage acceptable to Landlord naming Landlord, Landlord's asset manager, and Landlord's property manager as additional named insureds. Except with respect to the Initial Improvements, at Landlord's option, any alterations, additions or improvements desired by Tenant shall be made by Landlord (or its contractors) for Tenant's account, and Tenant shall pay the cost thereof to Landlord prior to Landlord's contracting for such work; provided, however, that the bid obtained by Landlord shall not exceed the lowest bona fide bid, from a contractor reasonably satisfactory to Landlord, theretofore obtained by

Tenant and communicated in writing to Landlord. Upon completion of any alterations, additions or improvements, Tenant shall furnish to Landlord a set of "as built" plans and specifications therefor, in both electronic (CAD) and print formats, and, within ten (10) days after such completion, Tenant shall cause an appropriate notice of completion to be recorded in the Official Records of San Joaquin County, California. Upon request, Landlord will advise Tenant of Landlord's approved contractor(s). After the date of execution of this Lease, if Tenant makes any alterations or improvements to the Premises, Tenant shall pay a construction administration fee, if any, owed to Landlord's property manager pursuant to the then existing management agreement between Landlord and Landlord's property manager. Notwithstanding the foregoing, Landlord's prior consent shall not be required for any alterations that (i) are reasonably estimated to cost less than Ten Thousand Dollars (\$10,000); (ii) are not visible from outside the Premises; (iii) do not affect the structural portions of the Buildings; and (iv) comply with all Regulations.

6.2 Indemnity. Tenant indemnifies, defends, protects and holds Landlord and the other Landlord Parties (as defined in Section 9.1) harmless from all costs, damages, liens for labor, services and materials relating to work performed by Tenant or its agents, whether prior to or following the Commencement Date, and shall defend and hold Landlord and the other Landlord Parties harmless from all costs, damages, liens and expenses (including attorney's fees and court costs) related thereto.

6.3 Tenant. Except as set forth in Section 4.8 and Article 12 below, Tenant shall, at all times during the Term and, at Tenant's sole cost and expense, keep the Premises and every part thereof in good order, condition and repair, reasonable wear and tear excepted. All repairs performed by Tenant shall be of quality or class at least equal to the original mode of construction of the Building. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932, and Sections 1941 and 1942, of the Civil Code of California and any similar Regulation (defined below) now or hereafter in effect. It is hereby understood and agreed that Landlord has no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, except as specified in Section 4.8 and Article 12 below, and that no representations relating to the condition of the Premises or any portion of the Project, including, but not limited to the Building, have been made by Landlord (or any employee or agent thereof) to Tenant, except as may be expressly set forth in this Lease. If, at any time, Tenant fails to make any repair required to the Premises, then Landlord shall have the right, if it so elects, to make such repair and to immediately charge the costs of the same, together with a five percent (5%) overhead and administrative cost, to Tenant as Additional Rent.

6.4 Cafeteria. Tenant shall be responsible for constructing and paying for all alterations, improvements and additions at the Premises; provided, however, that Landlord shall be responsible for delivering the first floor former cafeteria space identical on the Floor Plan in shell condition at Landlord's expense. Landlord shall apply for a demolition permit from the City of Stockton covering the first floor former cafeteria space (the "Demolition Permit") no later than ten (10) days after the Effective Date. Landlord shall then have sixty (60) days after the date upon which the Demolition Permit is issued to Landlord within which to deliver the first floor former cafeteria space in shell condition, which shall include removing and disposing of all interior finishes and removing the raised floor; provided, however and notwithstanding anything to the contrary contained herein, in no event shall Landlord be required to deliver the first floor former cafeteria space in shell condition prior to March 5, 2015.

6.5 Liens. Tenant shall keep the Project free from any liens arising out of any work performed, material furnished or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond or other security reasonably acceptable to Landlord, Landlord shall have, in addition to all other remedies provided herein and at law or in equity, the right, but no obligation, to cause same to be released by such means as it shall deem proper including, but not limited to, payment (from the Security Deposit or otherwise) of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered Additional Rent and shall be payable to it by Tenant on demand with interest at the Interest Rate (as defined in Section 2.2). Landlord may require, at Landlord's sole option, that Tenant cause to be provided to Landlord, at Tenant's sole cost and expense, a performance and labor and materials payment bond acceptable to Landlord with respect to any improvements, additions or alterations to the Premises. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by applicable Regulation (defined below), or which Landlord shall deem proper, for the protection of Landlord, the Project and any other party having an interest therein from mechanics' and materialmen's liens, and Tenant shall give Landlord at least five (5) business days' prior written notice of commencement of any work on the Premises.

ARTICLE 7

PREMISES

7.1 [Intentionally Omitted].

7.2 Permitted Use. Tenant shall use and occupy the Premises only for the Permitted Uses set forth in the Basic Lease Provisions and in accordance with the terms of this Section 7.2.

(a) Tenant shall be permitted to use all or part of the Premises for general office use, use as permit and service centers for Tenant's customers, or operation of an information technology center. Should Tenant wish to use a portion of the Premises as the location of the City Council chambers, then Tenant must locate the City Council chambers within that portion of the Premises commonly known as Suite 124 (in such capacity, the "City Council Chambers"); provided, that Tenant's right to locate the City Council chambers within Suite 124 is conditioned upon all regularly scheduled City Council meetings, open to the general public, not beginning, or being scheduled to begin, prior to 6:30 P.M. on any given day (such meeting, a "Regularly Scheduled City Council Meeting"), and Tenant delivering to Landlord's property manager written notice of the date and time of each Regularly Scheduled City Council Meeting to be held within the City Council Chambers, which written notice shall be provided to Landlord's property manager no later than the earliest date upon which Tenant is required to provide such notice to the general public under all applicable laws, rules and regulations. The start-time restriction set forth in the immediately preceding sentence shall only apply to Regularly Scheduled City Council Meetings, and, as such, such restriction shall not apply to meetings held in the City Council Chambers (i) that are not Regularly Scheduled City Council Meetings, open to the general public, or (ii) emergency City Council meetings that are called and held pursuant to Section D.4(a) and (b) of the Council Policy ((i) and (ii), together with the Regularly Scheduled City Council Meetings, collectively, the "Permitted Meetings"). Consistent with the foregoing, Tenant's right to use Suite 124 for the City Council Chambers is conditioned upon Tenant delivering to Landlord, prior to any use of Suite 124 therefor, a copy of Policy No.

100-3, Rules For Conduct of City Council Meetings, in the Stockton Council Policy Manual, modified to reflect that all Regularly Scheduled City Council Meetings shall begin (and shall be scheduled to begin) no earlier than 6:30 P.M. on any given day. In no event shall Tenant be permitted to use any other portion of the Premises (other than Suite 124) as the location of the City Council Chambers or, except as set forth in clause (c) below, for any business related thereto.

(b) If Tenant chooses to locate the City Council Chambers within Suite 124 and, in connection therewith, complies with the conditions precedent thereto set forth in clause (a) above, then Landlord and Tenant agree that the general public shall have access to the City Council Chambers via the first (1st) floor Building lobby, and any person (including any member of the general public) that may be attending a Permitted Meeting within the City Council Chambers, or that otherwise visits the Building for purposes of conducting business within Tenant's offices located within the Premises, shall have access to the restrooms located within the Common Facilities on the first floor of the Building lobby.

(c) Notwithstanding the foregoing, if at any time or from time to time, attendance at any Permitted Meeting being held in the City Council Chambers exceeds the maximum capacity legally and comfortably permitted within Suite 124, then Tenant shall use other portions of the Premises located on the first floor of the Building to provide additional capacity for such meeting, such that all overflow seating (or standing only area) required for any such meeting shall be located in such other portions of the Premises, and Tenant's Security and any Building security shall be clearly instructed to direct, and shall direct, all persons attending such meeting that cannot be accommodated within the City Council Chambers, to those other portions of the Premises that Tenant has designated for overflow capacity in accordance with the terms of this clause (c). In no event shall any additional capacity or overflow area be provided or located within any portion of the Building lobby or any other portion of the Building, except for the first floor of the Premises.

(d) If an Event of Default by Tenant occurs under this Section 7.2, then, in addition to all other rights and remedies provided to Landlord under Article 13 hereof, Landlord may terminate Tenant's right to use Suite 124 as the City Council Chambers until such time as Tenant cures such violation (and Landlord agrees to accept such cure) and obtains written confirmation from Landlord that Tenant is, once again, permitted to use Suite 124 as the City Council Chambers in accordance with the terms hereof. Notwithstanding the foregoing, if an Event of Default by Tenant occurs under this Section 7.2 more than two (2) times in any calendar year, then, in addition to all other rights and remedies provided to Landlord under Article 13 hereof, Landlord may terminate Tenant's right to use Suite 124 as the City Council Chambers for the remainder of the Lease Term, in which case, this Section 7.2 shall be of no further force or effect.

7.3 Conduct of Business.

(a) Tenant shall not do or permit anything to be done in or about the Project which will, in any way, obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them, or allow the Premises or the Project to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain, or permit any nuisance or waste in, on, or about the Project.

(b) Tenant shall not use the Premises or permit anything to be done in or about the Premises or the Project which shall: (i) conflict with any law, statute, ordinance, or governmental rule or regulation now in force or that may hereafter be enacted or promulgated (including without limitation the Americans with Disabilities Act, as the same may be amended from time to time), the requirements of the Certificate of Occupancy for the Building or with the requirements of any covenant, condition or restriction affecting the Project (collectively, “Regulations,” and individually, a “Regulation”); or (ii) except as a result of a Permitted Use, increase the rate for any fire insurance in effect for the Building or cause a cancellation of such insurance or otherwise negatively affect said insurance in any manner. Tenant shall, at its sole cost and expense, promptly comply with all Regulations in force or which may hereafter be in force, and with the requirements of any fire insurance underwriters or other similar body affecting the use and occupancy of the Premises; provided, that in no event shall Tenant be required to make any (x) structural improvements or capital expenditures, including, but not limited to, capital improvements, capital repairs, capital equipment, and capital tools, or (y) rental payments or other related expenses incurred in connection with leasing equipment ordinarily considered to be of capital nature to the Premises; provided, however, that the foregoing provision shall be subject in all respects to any and all indemnification obligations of Tenant set forth herein.

7.4 [Intentionally Omitted].

7.5 Load and Equipment Limits. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, as determined by Landlord or Landlord’s structural engineer, but in no event greater than that allowed under the current applicable building code. The cost of any such determination made by Landlord’s structural engineer shall be paid for by Tenant upon demand. Tenant shall not install business machines or mechanical equipment which cause noise or vibration to such a degree as to be objectionable to Landlord or other Building tenants. Notwithstanding the foregoing, Tenant represents and warrants that Tenant has been in possession of the Premises prior to the execution of this Lease, and any and all improvements existing at the Premises, and equipment located at the Premises, is permitted and not in violation of this Lease. Additionally, as of the Commencement Date and for the duration of this Lease, any action taken by Tenant to maintain, supplement, improve or replace such improvements or equipment, as permitted under this Lease, will not be deemed to violate this Section 7.6.

7.6 Notice. Tenant shall give Landlord prompt notice of any damage to or defective condition in any part or appurtenance of the Building’s mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Premises.

7.7 Personal Property Taxes. Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied and assessed against Tenant’s trade fixtures and other personal property installed or located in or on the Premises, and that become payable during the Term (the “Personal Property Taxes”). On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. If any taxes on Tenant’s personal property are levied against Landlord or Landlord’s property, or if the assessed value of the Building and other improvements in which the Premises are located is increased by the inclusion of a value placed on Tenant’s personal property or leasehold improvements, as determined by Landlord, and if Landlord pays the taxes on any of these items or the taxes based on the increased assessment of these items, Tenant, on demand, shall immediately reimburse Landlord

for the sum of the taxes levied against Landlord, or the proportion of the taxes resulting from the increase in Landlord's assessment. Landlord shall have the right to pay (and Tenant shall have the obligation to reimburse Landlord for) any and all Personal Property Taxes regardless of the validity of the levy.

7.8 Real Estate Taxes. To the extent Real Estate Taxes (as hereinafter defined) are levied or assessed against the Project, Landlord shall pay before delinquency all such Real Estate Taxes; provided, however that Landlord shall have the right to undertake an action or proceeding against the applicable collecting authority seeking an abatement of Real Estate Taxes or a reduction in the valuation of the Project (or any portion thereof) and/or contest the applicability of any Real Estate Taxes. In any instance where any such permitted action or proceeding is being undertaken by Landlord, Tenant shall cooperate reasonably with Landlord, and execute any and all documents reasonably required in connection therewith. Landlord shall be entitled to any refund of Real Estate Taxes received by Tenant or Landlord, whether or not such refund was a result of actions or proceedings instituted by Landlord. As used herein the term "Real Estate Taxes" means any form of assessment, levy, charge, tax, or imposition imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, or any other governmental charge, general and special, ordinary and extraordinary, foreseen and unforeseen, which may be assessed against any legal or equitable interest of Landlord in the Project, but specifically excluding any and all Personal Property Taxes.

7.9 Possessory Tax. Notwithstanding anything to the contrary contained herein, Tenant shall pay, before delinquency, all possessory interest or use taxes, assessments, or fees levied or assessed upon the Premises, or any portion thereof.

ARTICLE 8

ASSIGNMENT AND SUBLETTING

8.1 Transfer. Tenant shall not cause or permit any of the following without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed (any of the following, a "Transfer"): (a) assign, mortgage, pledge, encumber or otherwise transfer, voluntarily, by operation of law, or otherwise, any interest in this Lease, the term or estate hereby granted, or any interest hereunder; (b) permit the Premises or any part thereof to be utilized by anyone other than Tenant (whether as concessionaire, franchisee, licensee, permittee or otherwise); or (c) except as hereinafter provided, sublet or offer or advertise for subletting the Premises or any part thereof. Tenant shall not permit any transferee to further assign, sublease, hypothecate, encumber or otherwise transfer any such interest, without obtaining Landlord's prior written consent. In determining whether to grant consent to a Transfer, Landlord may consider various factors including, without limitation, the following: (w) business criteria relating to the proposed transferee's background, experience, reputation, general operating ability and ability to perform Lease obligations, and potential for succeeding in its business, (x) financial criteria relating to the proposed transferee's financial responsibility, credit rating and capitalization, (y) the identity and personal characteristics of the proposed transferee and its invitees and guests, and (z) the nature of the proposed use and business of the proposed transferee and its effect on the tenant mix of the Building. Without limiting the generality of the foregoing, Landlord hereby reserves the right to reasonably condition consent to any Transfer upon Landlord's determination that (i) the proposed transferee is at least as

financially and morally responsible as Tenant then is, or was upon the execution hereof, whichever is greater, and (ii) the proposed transferee shall use the Premises in compliance with all applicable Regulations. Notwithstanding any provision in this Lease to the contrary, but subject to Landlord's agreement not to unreasonably withhold consent as set forth in the first sentence of this Section 8.1, Tenant shall not enter into any proposed Transfer (1) with a prospective tenant that is negotiating directly with Landlord to lease space in the Building, (2) at a time when Landlord is offering space for lease in the Building of similar size and for a similar term as that space being offered by Tenant for sublease or assignment within the Building, or (3) that would result in (A) detract from the first-class character or image of the Building or diminution in the value thereof, (B) the Premises being occupied by more than one (1) tenant, or (C) a breach by Landlord of any then-existing exclusive right in favor of any other tenant of the Building, any loan obligation or agreement, any covenants, conditions and restrictions of record, or any insurance policy. Any Transfer entered into without Landlord's consent, shall be voidable and, at Landlord's election, shall constitute a default under this Lease. All Transfers are subject to Section 11.1.

8.2 Notice and Procedure. If at any time or from time to time during the Term, Tenant desires to enter into a Transfer, then at least thirty (30) days, but not more than one hundred twenty (120) days, prior to the date when Tenant desires the Transfer to be effective (the "Transfer Date"), Tenant shall give Landlord a notice (the "Notice") which shall set forth the name, address and business of the proposed assignee or sublessee, information concerning the character of the proposed assignee or sublessee (including financial statements, business, credit and personal references and history), a detailed description of the space proposed to be assigned or sublet, which must be a single, self-contained unit (the "Space"), any rights of the proposed assignee or sublessee to use Tenant's improvements, the intended Transfer Date, and the fixed rent and/or other consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord may reasonably require. If Landlord reasonably requests reasonable additional detail, the Notice shall not be deemed to have been received until Landlord receives such reasonably requested reasonable additional detail. Landlord shall have the option, exercisable by giving notice to Tenant at any time within thirty (30) days after Landlord's receipt of the Notice (the "Option Period") (a) in the case of an assignment or sublease, to terminate this Lease as to the Space as of the Transfer Date, in which event Tenant shall be relieved of all further obligations hereunder as to the Space; or (b) in the case of a sublease, to sublease the Space from Tenant upon the terms and conditions set forth in the Notice, except that the rent shall be the lower of the per square foot Rent described in Articles 2 and 3 payable under this Lease for the Space, or that part of the rent and other consideration set forth in the Notice which is applicable to the Space. If Landlord exercises its option to sublet the Space, then Tenant shall sublet the Space to Landlord upon the terms and conditions set forth in clause (b) above; provided: (i) Landlord shall at all times under such sublease have the right and option further to sublet the Space without obtaining Tenant's consent or sharing any of the economic consideration received by Landlord; (ii) the provisions of Section 7.2 shall not be applicable thereto; (iii) Landlord and its subtenants shall have the right to use in common with Tenant all lavatories, corridors and lobbies which are within the Premises and the use of which is reasonably required for the use of the Space; (iv) Tenant shall have no right of set-off or abatement or any other right to assert a default hereunder by reason of any default by Landlord under such sublease; and (v) Landlord's liability under such sublease shall not be deemed assumed or taken subject to by any successor to Landlord's interest under this Lease. Should Landlord fail to exercise either option within the Option Period, such failure shall not constitute Landlord's consent to the Transfer. Notwithstanding anything herein to the contrary, the

foregoing Landlord recapture right shall not apply to any proposed sublease of a portion of the Premises for a term of one (1) year or less. If Landlord elects not to exercise either option, then Tenant shall be free to enter into the Transfer subject to the following conditions:

(a) The Transfer shall be on the same terms set forth in the Notice given to Landlord;

(b) No Transfer shall be valid and no assignee or sublessee shall take possession of the Space until Landlord has consented in writing to the Transfer and an executed counterpart of the assignment or sublease has been delivered to Landlord;

(c) In no event shall any assignee or sublessee (with the exception of Landlord should Landlord elect to sublet the Space pursuant to subsection (b) above) have a right to further assign or sublet the Space;

(d) The Transfer shall not result in more than two portions of the Premises being sublet at any one time during the Term by more than two different sublessees;

(e) If the Lease shall be assigned, or the Premises shall be sublet, Landlord may collect Rent directly from any such assignee or sublessee, as the case may be, in the event of default by Tenant; and

(f) Fifty percent (50%) of any sums or other economic consideration received by Tenant as a result of any Transfer, whether denominated rent or otherwise, which exceed, in the aggregate, the total sums which Tenant is obligated to pay Landlord under this Lease (prorated as to any sublease to reflect obligations allocable to that portion of the Premises subject to such sublease) shall be payable to Landlord as Additional Rent under this Lease, without affecting or reducing any other obligation of Tenant hereunder. Amounts payable under this Section by Tenant to Landlord shall be based on figures net of any costs incurred by Tenant in connection with the transaction in question. The provisions of this Section shall apply regardless of whether the Transfer is made in compliance with the provisions of this Lease. Any payments made to Landlord pursuant to this Section shall not cure any default under this Lease arising from any Transfer. Tenant shall not artificially structure any Transfer in order to reduce the amount payable to Landlord under this Section, nor shall Tenant take any other steps for the purpose of circumventing its obligation to pay amounts to Landlord under this Section; in the event that Tenant does same, Tenant shall be in default of this Lease and the amount payable to Landlord under this Section shall be the amount that would have been payable to Landlord had same not occurred plus a late fee on such amount (as described in Section 2.3). Tenant shall deliver to Landlord a statement within thirty (30) days after the end of each calendar year in which any part of the Term occurs specifying as to such calendar year, and within thirty (30) days after the expiration or earlier termination of the Term, specifying with respect to the elapsed portion of the calendar year in which such expiration or termination occurs, each Transfer in effect during the period covered by such statement and the date of its execution and delivery, the number of square feet of the rentable area demised thereby, and the term thereof; and a computation in reasonable detail showing: (i) the amounts (if any) paid and payable by Tenant to Landlord pursuant to this Article 8 with respect to any Transfer for the period covered by such statement, and (ii) the amounts (if any) paid and payable by Tenant to Landlord pursuant to this Article 8 with respect to any payments received from a sublessee or assignee during such period but which relate to an earlier period.

8.3 Permitted Transfer. Notwithstanding anything to the contrary contained herein, Tenant shall have the right, without obtaining Landlord's prior written consent, but subject to the terms hereof, to do any of the following (each, a "Permitted Transfer") (i) transfer to a Permitted Transferee any interest in this Lease, the term or estate hereby granted, or any interest hereunder or (ii) sublet the Premises or any part thereof to a Permitted Transferee. For the purposes hereof, a "Permitted Transferee" means an entity that (a) controls, is controlled by, or is under common control with Tenant, (b) results from the transfer of all or substantially all of Tenant's assets or stock, or (c) results from the merger or consolidation of Tenant with another entity. If Tenant desires to enter into a Permitted Transfer, Tenant shall, as a condition to the effectiveness of such Permitted Transfer hereunder, at least thirty (30) days prior to the date when Tenant desires the Permitted Transfer to be effective, provide Landlord with written notice of such Permitted Transfer, together with detailed evidence of the financial condition of the Permitted Transferee, the proposed form of sublease or assignment and such other information as Landlord, in the exercise of its business judgment, shall request. As used in this Section, "control" means ownership of voting securities sufficient to elect a majority of the board of directors of a corporation, or analogous ownership interests of non-corporate entities.

8.4 Continuing Liability of Tenant. Regardless of Landlord's consent to a Transfer or Tenant entering into a Permitted Transfer, no subletting, assignment or other transfer shall release Tenant's obligation or alter the primary liability of Tenant to pay Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one Transfer shall not be deemed consent to any subsequent Transfer. If any assignee of Tenant or any successor of Tenant defaults in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee or successor. In no event shall Landlord's enforcement of any provision of this Lease against any assignee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. Landlord may consent to subsequent Transfers or amendments or modifications to this Lease with assignees of Tenant, without notifying Tenant, any successor of Tenant, or any guarantor under this Lease, and without obtaining its or their consent thereto, and such action shall not relieve Tenant of its liability under this Lease.

8.5 Bankruptcy Case. Tenant filed a petition for chapter 9 relief on June 28, 2012, which case is pending in the United States Bankruptcy Court for the Eastern District of California (the "Bankruptcy Court") under Case No. 12-32118 (the "Bankruptcy Case"). Tenant hereby represents and warrants that it has received any Bankruptcy Court approval legally required to enter into this Lease and to honor all of its obligations hereunder.

8.6 Subsequent Bankruptcy Case. In the event that the Bankruptcy Case is dismissed, and Tenant subsequently files another petition for chapter 9 relief (initiating the "Subsequent Bankruptcy Case") and an order for relief is entered in the Subsequent Bankruptcy Case, Section 365 of the Bankruptcy Code shall apply to the Lease. In addition to the requirements of Section 365 of the Bankruptcy Code, if Tenant proposes to assume and assign this Lease pursuant to Section 365 to any person or entity who has made or accepted a bona fide offer to accept an assignment of the Lease on terms acceptable to Tenant, then notice of the proposed assignment setting forth (a) the name and address of the proposed assignee, (b) all of the terms and conditions of the offer and proposed assignment, and (c) the adequate assurance to be furnished by the proposed assignee of its future performance under the Lease, shall be given to Landlord by Tenant no later than twenty (20) days after Tenant has made or received such offer, but in no

event later than ten (10) days prior to the date on which Tenant applies to a court of competent jurisdiction for authority and approval to enter into the proposed assignment. Landlord shall have the prior right and option, to be exercised by notice to Tenant given at any time prior to the date on which the court order authorizing such assignment becomes final and non-appealable, to receive an assignment of this Lease upon the same terms and conditions, and for the same consideration, if any, as the proposed assignee, less any brokerage commissions which may otherwise be payable out of the consideration to be paid by the proposed assignee for the assignment of this Lease. If this Lease is assigned in a Subsequent Bankruptcy Case pursuant to the provisions of the Bankruptcy Code, Landlord (i) may require from the assignee a deposit or other security for the performance of its obligations under this Lease in an amount substantially the same as would have been required by Landlord upon the initial leasing to a tenant similar to the assignee; and (ii) shall receive, as Additional Rent, the sums and economic consideration described in this Article 8. Any person or entity to which this Lease is assigned, pursuant to Section 365 of the Bankruptcy Code, shall be deemed, without further act or documentation, to have assumed all of the Tenant's obligations arising under this Lease on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Landlord an instrument confirming such assumption. No provision of this Lease shall be deemed a waiver of Landlord's rights or remedies under the Bankruptcy Code to oppose any assumption and/or assignment of this Lease, to require a timely performance of Tenant's obligations under this Lease, or to regain possession of the Premises if this Lease has neither been assumed nor rejected within sixty (60) days after the date of the order for relief or within such additional time as a court of competent jurisdiction may have fixed. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as Rent, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code.

8.7 Fees to Landlord. Tenant shall pay to Landlord a fee of \$1,000 plus Landlord's costs and expenses (including, but not limited to, reasonable attorneys', accountants', architects', engineers' and consultants' fees in an amount not to exceed \$2,000) incurred in connection with the processing and documentation of any Transfer (whether or not the Transfer is approved by Landlord or actually occurs) or any Permitted Transfer.

ARTICLE 9

LIABILITY AND INDEMNIFICATION

9.1 Tenant's Waiver of Claims and Indemnity. Tenant, to the extent permitted by applicable Regulation, waives all claims for loss, theft or damage to property and for injuries to persons, including death, in, upon or about the Premises or the Project, from any cause whatsoever except loss, damage or injury caused by the gross negligence or willful misconduct of Landlord and, without limiting the generality of the foregoing, whether caused by water leakage of any character from the roof, walls, basement or any other portion of the Premises or the Project, or by gas, fire, oil or electricity, or by any interruption of utilities or services, or by any tenant, occupant or other person, or by any other cause whatsoever in, on or about the Premises or the Project. Notwithstanding any contrary provision in this Lease, neither Landlord, nor its members, officers, agents, managers, contractors, servants, employees or invitees (collectively, with Landlord, the "Landlord Parties") shall in any event be liable for consequential damages hereunder. Tenant indemnifies, defends, protects and holds Landlord and the other Landlord Parties harmless from and against any loss, liability, claim, damage or

expense (including attorneys' fees and court costs) arising out of or resulting from Tenant's use or occupancy of the Premises, the Building, the Common Facilities or any other area within the Project (including, but not limited to, any additional expense that may be incurred by Landlord in connection with Tenant's use of Suite 124 as the City Council Chambers, which expense Landlord would not otherwise have incurred if Suite 124 was used solely for general office purposes between the hours of approximately 7:00 a.m. and 6:00 p.m.), including, but not limited to, if caused by, or resulting from, any act or omission of any agent, employee or third-party contractor of Tenant, whether prior to, or following, the Lease Commencement Date, other than that caused by the gross negligence or willful misconduct of Landlord, its partners, agents, servants or employees. If any action or proceeding is brought against Landlord or any other Landlord Party by reason of any such matter, Tenant shall, upon Landlord's request, defend same at Tenant's expense by counsel selected by Tenant that is reasonably satisfactory to Landlord. The provisions of this Section 9.1 shall survive the expiration or termination of this Lease.

9.2 Negligence of Third Parties. Neither Landlord nor any other Landlord Party shall be liable to Tenant for any damage by or from any act of negligence of any tenant or other occupant of the Project, except as set forth in Section 9.3. Tenant agrees to pay for all damage to the Premises or the Project, as well as all damage to tenants or occupants thereof caused by Tenant's misuse, overuse, overloading or neglect of the Premises or the Project, the apparatus, improvements or appurtenances thereof, or caused by any licensee, contractor, agent, guest, invitee or employee of Tenant.

9.3 Landlord Indemnity. Landlord shall indemnify, protect, defend and hold harmless Tenant and its agents, from and against any and all claims, liabilities, losses, costs, damages, injuries or expenses, including reasonable attorneys' fees, arising out of or relating to gross negligence or willful misconduct of Landlord or Landlord's agents, employees or invitees.

ARTICLE 10

INSURANCE

10.1 Insurance to be Carried by Tenant. Tenant shall during the Term, at its sole cost and expense, obtain and maintain the following types of insurance:

(a) A policy or policies of property insurance in the name of Tenant covering Tenant's leasehold improvements and any property of Tenant located on, or used in connection with, the Premises, including, but not limited to, furniture, additions and fixtures, and providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, theft, terrorism, special extended peril (all risk) and sprinkler leakage, in an amount equal to at least one hundred percent (100%) of the replacement cost thereof from time to time (including, without limitation, cost of debris removal), with an agreed amount endorsement, and providing protection against loss of income and extra expense;

(b) Commercial general liability insurance with a combined single limit of Two Million Dollars (\$2,000,000) per occurrence in the name of Tenant (naming Landlord as an additional insured thereunder, and, if requested by Landlord, naming any manager of any of the Premises or the Project, and any mortgagee, trust deed holder, ground lessor or secured party with an interest in this Lease, or any portion of the Project, as additional insureds thereunder); such policy shall specifically include, without limitation, personal injury, broad form property

damage, and contractual liability coverage, the last of which shall cover the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements in Article 9 above; such policy shall contain cross-liability endorsements and shall provide coverage on an occurrence basis; the amount of such insurance required hereunder shall be subject to adjustment from time to time as reasonably requested by Landlord;

(c) Worker's Compensation insurance coverage as required by applicable Regulation, together with employer's liability insurance coverage;

(d) Business Interruption insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants (in the reasonable judgment of Landlord or its lenders ("Landlord's Lenders") or attributable to prevention of access to the Premises or to the Building as a result of such perils; and

(e) Any other form or forms of insurance as Landlord or Landlord's Lenders may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would protect itself (in the reasonable judgment of Landlord or Landlord's Lenders) , provided that if Tenant elects to insure under a Joint Powers Agreement as permitted by this Section 10.1 such other forms of insurance as may become required pursuant to this Section 10.1(e) shall only be required if provided for under the Joint Powers Agreement.

Each policy evidencing insurance required to be carried by Tenant pursuant to this Article shall contain a provision showing Landlord, Landlord's Lenders and Landlord's property manager, and any other parties in interest as designated by Landlord, as additional named insureds.

Notwithstanding anything in this Article 10 to the contrary, at the inception of this Lease and for the duration of this Lease if so elected by Tenant, Tenant shall be permitted to maintain, in lieu of any insurance required hereunder, self-insurance or other insurance coverage programs including without limitation an insurance pooling arrangement or Joint Powers Agreement; provided, however, that (a) Tenant shall be required to maintain commercial general liability insurance as required under Sections 10.1(b) and 10.2 in the amount of any self-insured retention or deductible provided for under the Joint Powers Agreement; and (b) the right to self-insure shall not be granted to any assignee of Tenant.

10.2 Policy Forms and Delivery. Unless otherwise maintained by Tenant as permitted under Section 10.1, all policies shall be taken out from insurers licensed in California, acceptable to Landlord and in form satisfactory to Landlord. All policies must be issued by insurers with a policy holder rating of "A-VIII" or better and a financial rating of "X" in the most recent version of Best's Key Rating Guide. Without limiting the generality of the foregoing, any deductible amounts under said policies shall be subject to Landlord's approval. Tenant agrees that certificates of such insurance shall be delivered to Landlord as soon as practicable after the placing of the required insurance, but in no event later than thirty (30) days prior to the date Tenant takes possession of the Premises. All policies shall require at least ten (10) days prior written notice to Landlord, and to any other additional insureds thereunder, by the insurer prior to termination, cancellation or material change in such insurance. Tenant shall, at least thirty (30) days prior to the expiration of any of such policies, furnish Landlord with a renewal or binder therefor. Tenant may carry insurance under a so-called "blanket" policy, provided that such policy provides that the amount of insurance required hereunder shall not be prejudiced by

other losses covered thereby, and as otherwise approved by Landlord. All insurance policies carried by Tenant shall be primary with respect to, and non-contributory with, any other insurance available to Landlord. Such policies shall provide that the interests of Landlord and any other additional insureds designated by Landlord shall not be invalidated due to any breach or violation of any warranties, representations or declarations contained in such policies or the applications therefor. Upon failure of Tenant to procure, maintain and place such insurance and pay all premiums and charges therefor, Landlord may, but shall not be obligated to, purchase such insurance, and in such event, Tenant shall pay all premiums and charges therefor to Landlord as Additional Rent within five (5) days after demand.

10.3 Use of Proceeds. In the event of damage or destruction to the leasehold improvements in the Premises covered by insurance required to be taken out by Tenant pursuant to this Article, Tenant shall use the proceeds of such insurance for the purposes of repairing or restoring such leasehold improvements. In the event of damage or destruction of the Building entitling Landlord or Tenant to terminate this Lease pursuant to Article 12 hereof, if the Premises have also been damaged, Tenant will pay to Landlord that portion of its insurance proceeds relating to the leasehold improvements in the Premises that were paid for by Landlord.

10.4 Landlord's Insurance. During the Term, Landlord shall keep and maintain property insurance for the Project in such amounts, and with such coverages, and Landlord may keep and maintain such other insurance (including, but not limited to, earthquake insurance), as Landlord may reasonably determine or as any of Landlord's Lenders may require. Tenant acknowledges that it shall not be a named insured in such policies and that it has no right to receive any proceeds from any such insurance policies carried by Landlord. Notwithstanding any contrary provision herein, Landlord shall not be required to carry insurance covering the property described in Subsection 10.1(a) above or covering flood or earthquake.

10.5 Waiver of Subrogation; Indemnities. Landlord and Tenant waive their respective right of recovery against the other and their respective managers, officers, directors, partners, agents and employees to the extent damage or liability is insured against under a policy or policies of insurance required to be carried hereunder, whether or not such damage or liability may be attributable to the negligence or act of either party or its respective agents, invitees, contractors, servants or employees. Such waiver by each party shall be effective for the benefit of the other party notwithstanding any failure by the waiving party to carry the insurance required by the provisions of this Lease. Each insurance policy required to be carried by either Landlord or Tenant shall include such a waiver of the insurer's rights of subrogation. Where liability or damage to the Premises is insured against under both the policy or policies of insurance carried by Landlord and the policy or policies of insurance carried by Tenant, to the extent that insurance proceeds are available from the policy or policies of insurance carried by the party bearing the responsibility to indemnify with respect to such liability or damage, such waiver shall not limit, restrict or alter any indemnity made by Landlord or Tenant hereunder and the insurance proceeds available from the policy or policies of insurance carried by the party bearing responsibility to indemnify with respect to such liability or damage shall be applied to the liability or the repair of such damage prior to the application of the insurance proceeds available from the policy or policies of insurance carried by the other party.

10.6 Premium Increases. Tenant shall pay any increases in insurance premiums relating to property in the Project (whether such insurance is maintained by Landlord or Tenant)

to the extent that any such increase is specified by the insurance carrier as being caused by Tenant's acts or omissions or use or occupancy of the Premises.

10.7 Landlord's Insurance.

(a) Liability Insurance. During the Term of this Lease, Landlord shall, at Landlord's sole cost and expense obtain and keep in full force and effect comprehensive general liability insurance insuring Landlord against any and all liability arising out of its control of the Project. Said insurance shall be in an aggregate coverage amount equal to Two Million Dollars (\$2,000,000), with excess general liability insurance coverage of Twenty Five Million Dollars (\$25,000,000). Any insurance policies hereunder may be "blanket policies."

(b) Property Insurance. During the Term of this Lease, Landlord shall obtain and keep in force during the Term a policy or policies of insurance covering loss or damage to the Building and the Project exclusive of the cost of excavations, foundations and footings, in the amount of Forty-Three Million Dollars (\$43,000,000), or such lesser amount deemed sufficient by Landlord to protect its interest in the Project, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass (subject to the perils of the basic policy), sprinkler leakage, earthquake caused sprinkler leakage, and such other perils as Landlord deems advisable or may be required by a lender having a lien on the Building.

ARTICLE 11

TRANSFER OF LANDLORD'S INTEREST

11.1 Transfer Rights. In the event of a transfer of all or any portion of Landlord's interest in this Lease or the Project, other than a transfer for security purposes only, Landlord shall, upon consummation of such transfer, be released from any liability relating to obligations or covenants thereafter to be performed or observed under this Lease, and, in such event, Tenant agrees to look solely to Landlord's successor in interest with respect to any such liability. Landlord may transfer or credit any security deposit or prepaid Rent to Landlord's successor in interest, and upon such transfer or credit Landlord shall be discharged from any further liability therefor, provided that Landlord's successor-in-interest expressly acknowledges the rights of Tenant, as tenant, under this Lease.

11.2 Tenant Cooperation. If Landlord transfers the Project to a governmental or non-profit entity that is able to utilize tax-exempt financing to purchase the Project, then Tenant covenants and agrees to reasonably cooperate, at no cost or expense to Tenant, with Landlord and the prospective purchaser in order to facilitate the issuance of tax exempt debt. Any right of the Tenant to transfer or sublease all or any portion of the Premises pursuant to Article 8 is subject to this covenant, and if the Tenant has entered into a sublease that, in the reasonable discretion of a prospective purchaser, precludes the use of tax exempt financing, then Tenant shall use commercially reasonable efforts, at no cost or expense to Tenant, to terminate or amend any such sublease arrangement to help facilitate the issuance of such tax exempt debt.

ARTICLE 12

DAMAGE OR DESTRUCTION

12.1 Repair or Termination.

(a) If the Premises are damaged by fire or other casualty of the type insured by Landlord, then the damage shall be repaired by Landlord, provided such repairs can reasonably be made within one hundred twenty (120) days after the commencement of repairs without the payment of overtime or other premiums and that the insurance proceeds are sufficient to pay the costs of such repairs. Landlord shall give written notice to Tenant within thirty (30) days after the occurrence of the damage if Landlord concludes the damage can be so repaired. Until such repairs are completed, Basic Monthly Rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business (but there shall be no abatement of Rent by reason of any portion of the Premises being unusable for a period of fifteen (15) days or less). If the damage is due to the negligence or willful misconduct of Tenant or its employees, then there shall be no abatement of Rent. Except for such rental abatement, Tenant shall have no claim against Landlord with respect to any such damage or repairs. If Landlord is required or elects to restore the Premises, then Landlord shall not be required to restore alterations made by Tenant, Tenant's improvements, trade fixtures or personal property, including but not limited to any paneling, decorations, railings, floor coverings, alterations, additions or fixtures installed on the Premises by or at the expense of Tenant, such items being the sole responsibility of Tenant to restore, and any damage caused by the negligence or willful misconduct of Tenant or any of its agents, contractors, employees, invitees or guests shall be promptly repaired by Tenant, at its sole cost and expense, to the reasonable satisfaction of Landlord.

(b) Landlord shall not be liable for any failure to make any such repairs if such failure is caused by accidents, strikes, lockouts or other conditions beyond the reasonable control of Landlord.

(c) If such repairs cannot reasonably be made within such one hundred twenty (120) days with or without the payment of overtime or other premiums, or if such repairs will cost more than the available insurance proceeds, then Landlord may, at its option, make such repairs within a reasonable time, and, in such event, this Lease shall continue in effect and the Basic Monthly Rent shall be abated in the manner provided above. Landlord's election to make such repairs must be evidenced by written notice to Tenant advising Tenant within forty five (45) days after the occurrence of the damage whether or not Landlord will make such repairs. If Landlord does not so elect to make such repairs then Landlord may, by written notice to Tenant given within sixty (60) days after the occurrence of the damage, terminate this Lease as of the date of the occurrence of such damage and Landlord shall refund to Tenant any Rent previously paid for any period of time subsequent to such termination.

(d) With respect to any damage and repairs, Tenant waives the provisions of Section 1932(2) and 1933(4) of the Civil Code of California or any successor statute thereto or similar statute hereinafter enacted.

(e) All proceeds of any insurance maintained by Tenant or Landlord upon the Premises (including insurance on Tenant improvements) shall be used to pay for the repairs to

the property covered by said insurance, to the extent that repairs are made pursuant to this Article.

(f) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises or any portion of the Building when the damage occurs during the last eighteen (18) months of the Term.

12.2 Loss of Enjoyment. No damages, compensation or claim shall be payable by Landlord to Tenant for any inconvenience, loss of business or annoyance of Tenant arising from any repair or restoration of any portion of the Premises or the Project, including, but not limited to, the Building or the Common Facilities, performed by Landlord or its agents. Landlord shall use good faith efforts to effect such repair or restoration promptly and in such manner as not unreasonably to interfere with Tenant's use and occupancy of the Premises.

12.3 Automatic Termination. A total destruction of the Building shall automatically terminate this Lease as of the date of such total destruction.

ARTICLE 13

DEFAULTS AND REMEDIES

13.1 Events of Default. The occurrence of any of the following shall constitute a default and breach of this Lease by Tenant:

(a) Any failure by Tenant to pay any Rent, as and when due, where such failure continues for three (3) days after written notice thereof by Landlord to Tenant;

(b) The abandonment of the Premises, or any significant portion thereof, by Tenant;

(c) The appointment of a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within forty-five (45) days; the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within forty-five (45) days;

(d) Any failure by Tenant to observe or perform any of its obligations under that certain Real Property Option Agreement and Joint Escrow Instructions of even date herewith entered into by and between Four Hundred Main Street LLC and Tenant;

(e) If any mechanics' lien is filed or recorded against the Project or the Premises, and such lien results from the actions or omissions of Tenant or any subtenant (or any contractor, consultant, agent, employee, or invitee of Tenant or any subtenant), and Tenant fails either to (i) cause any such mechanics' lien to be released within ten (10) business days after the date the same comes to the attention of Tenant or to (ii) post a bond or other security agreement in the amount of such mechanics' lien, in the event Tenant elects, in its sole discretion, to dispute same;

(f) At Landlord's sole option, Tenant's failure to observe or perform according to the provisions of Article 10 (excluding any provision regarding payment of Rent,

which shall be governed by Subsection (a) above), Article 15, Section 18.11, or Section 7.2 hereof within (10) days after demand from Landlord; and

(g) Any failure by Tenant to observe and perform any other provision of this Lease (other than the provisions described in (a) through (f) of this Section 13.1) or the Rules and Regulations attached hereto as Exhibit "C", where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that in the event that any such cure cannot reasonably be completed within such thirty (30) day period, and provided further that Tenant has commenced and is diligently pursuing such cure, Tenant shall have an additional period of thirty (30) days to complete such cure.

The notices referred to in Subsections (a) and (g) above, shall be in lieu of, and not in addition to, any notice required under Section 1161, et seq. of the California Code of Civil Procedure or any successor statute thereto or similar statute hereinafter enacted

13.2 Landlord's Remedies.

(a) In the event of any default by Tenant, as defined herein, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to (but shall not be obligated to) terminate this Lease and all rights of Tenant hereunder by giving Tenant written notice of such election to terminate; provided, that Tenant has been afforded all applicable notice and cure periods permitted under this Lease. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant all of the following, to the extent permitted by applicable Regulations:

(i) The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds that portion of rental loss which Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss which Tenant proves reasonably could be avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, unamortized brokerage commissions, tenant improvement expenses and advertising expenses incurred by Landlord (in each case regarding both this Lease and any new lease with any new tenant regarding the Premises), any expenses of remodeling the Premises and the cost of restoring said Premises to the condition required under this Lease; plus

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Regulations.

For purposes of Subsection 13.2(a), the "time of award" means the date upon which the judgment in any action brought by Landlord against Tenant by reason of such default is entered or such earlier date as the court may determine. As used in (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the maximum interest rate allowed by

applicable Regulation. As used in (iii) above, the “worth at the time of award” shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank at San Francisco at the time of award, plus one (1) percentage point. Tenant agrees that such charges shall be recoverable by Landlord under California Code of Civil Procedure Section 1174(b) or any similar, successor or related Regulation. Further, Tenant hereby waives the provisions of California Code of Civil Procedure Section 1174(c) and California Civil Code Section 1951.7 or any other similar, successor or related Regulation providing for Tenant’s right to satisfy any judgment in order to prevent a forfeiture of this Lease or requiring Landlord to deliver written notice to Tenant of any reletting of the Premises.

Notwithstanding anything to the contrary contained herein, including, but not limited to, anything contained in clause (ii) or (iii) above, Landlord hereby acknowledges that Tenant is a municipality, and, as a result thereof, certain Landlord remedies set forth in this Section 13.2(a) may not be enforceable under applicable Regulations, including, but not limited to, under Article XVI, Section 18(a) of the California Constitution. Notwithstanding the foregoing, however, Tenant hereby acknowledges and agrees that, in accordance with the terms hereof, Landlord shall be entitled to receive all remedies under this Lease to the fullest extent permitted by applicable Regulations. This Section 13.2(a) is subject to the express condition that at no time shall Tenant be required to pay to Landlord any amount under the terms hereof that could subject Landlord to either civil or criminal liability as a result of such amount being in excess of the amount permitted by applicable Regulations. If by the terms of this Section 13.2(a), Tenant is at any time required or obligated to make a payment to Landlord in excess of the amount permitted by applicable Regulations, then such remedies expressly permitted hereunder shall be deemed amended to the extent required by applicable Regulations.

(b) In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to reenter the Premises to remove all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and such property shall be released only upon Tenant’s payment of such charges, together with all sums due and owing under this Lease. If Tenant does not reclaim such property within the period permitted by applicable Regulation, Landlord may sell such property in accordance with applicable Regulation and apply the proceeds of such sale to any sums due and owing hereunder, or retain said property, granting Tenant credit against sums due and owing hereunder for the reasonable value of such property.

(c) In the event of the abandonment of the Premises by Tenant or in the event of any default by Tenant, if Landlord does not elect to terminate this Lease as provided in this Section and, until Landlord does elect to terminate this Lease, this Lease shall continue in full force and effect, and Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease. Specifically, Landlord has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee’s breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations).

(d) Landlord shall not, by any reentry or other act, be deemed to have accepted any surrender by Tenant of the Premises or Tenant’s interest therein, or be deemed to have terminated this Lease or Tenant’s right to possession of the Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease.

(e) Landlord may suspend or discontinue all or any of the services specified in Article 4 during the continuance of any default of the Lease; and no such suspension or discontinuance will be deemed or construed to be an eviction, constructive or actual, or an ejection of Tenant.

(f) If Landlord reenters the Premises, Tenant shall have no claims for damages that may be caused by Landlord's reentering or removing and storing the property of Tenant, and indemnifies, defends, protects and holds Landlord harmless from all losses, costs, expenses (including attorney's fees and court costs) or damages occasioned by Landlord. No such entry shall be considered or deemed to be a forcible entry by Landlord.

(g) All rights, options, and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by applicable Regulations, whether or not stated in this Lease. The exercise of any one or more of such rights or remedies shall not impair Landlord's right to exercise any other right or remedy including, without limitation, any and all rights and remedies of Landlord under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related Regulation.

(h) Nothing in this Section 13.2, and no termination pursuant to any other provision of this Lease, shall be deemed to affect Landlord's right to indemnification for liability or liabilities arising prior to the termination of this Lease under the indemnification clause or clauses contained in this Lease.

(i) Tenant hereby irrevocably authorizes and directs any sublessee, upon receipt of a written notice from Landlord stating that Tenant is in default hereunder, to pay to Landlord directly the rent and income due and to become due under such sublease. Tenant agrees that such sublessee shall have the right to rely upon any such statement and request by Landlord, and that such sublessee shall pay rent and income to Landlord without any obligation or right to inquire as to whether such default exists and notwithstanding any notice or claim from Tenant to the contrary. Tenant shall have no right or claim against such sublessee or Landlord for any such rent or income so paid by such sublessee to Landlord. Landlord shall not, by reason of any direct collection of rent or income from a sublessee, be deemed liable to such sublessee for any failure of Tenant to perform and comply with any of Tenant's obligations under such sublease.

(j) To the extent permitted by applicable Regulation, Tenant hereby waives all provisions of, or protection under, any Regulations of the State of California or other applicable jurisdiction to the extent same are inconsistent and in conflict with specific terms and provisions hereof.

13.3 Landlord's Event of Default.

(a) Unless a shorter period of time is specified by which Landlord is required to perform an obligation under this Lease, Landlord shall not be deemed to be in default under this Lease unless and until it has failed to perform any of its obligations hereunder within thirty (30) days after written notice by Tenant to Landlord specifying the manner in which Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are reasonably required for its performance,

then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecute the same to completion. In the event of a default by Landlord hereunder, the extent of Landlord's liability shall be strictly limited to and shall not extend beyond Landlord's interest in the Building.

(b) If Landlord fails to cure a default within the time period described in this Lease, and if such default renders all or any part of the Premises untenable or unusable for Tenant's ordinary business, Tenant shall have the option to cure the default, in addition to any other remedies permitted by applicable Regulations. Should Tenant elect to cure the default, all reasonable costs associated with such cure, including reasonable attorneys' fees (if any), shall be reimbursed by Landlord to Tenant following receipt of Tenant's invoice for said costs. If Landlord's default hereunder prevents Tenant's use of the Premises in accordance with the Permitted Uses set forth in Section 10 of the Basic Lease Provisions, there shall be an abatement of Basic Monthly Rent for the period of such non-use.

(c) Notwithstanding anything to the contrary provided in this Lease, and subject to the terms of the Order Appointing Receiver, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Landlord, that (a) there shall be absolutely no personal liability on the part of Landlord or any other Landlord Party (as hereinafter defined) to Tenant with respect to any of the terms, covenants and conditions of this Lease, (b) Tenant waives all claims, demands and causes of action (collectively, the "Claims") against Landlord and the other Landlord Parties in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, other than Claims against Landlord based on Landlord's gross negligence or willful misconduct, and (c) Tenant shall look solely to the Premises, and any other portion of the Property, as such terms is defined in the Order Appointing Receiver, for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, or any other matter in connection with this Lease or the Premises, such exculpation of liability to be absolute and without any exception whatsoever.

ARTICLE 14

EMINENT DOMAIN

If (i) twenty five percent (25%) or more of the rentable space in the Building or Parking Garage, or (ii) after restoration, such portion of the Premises as in Tenant's reasonable judgment makes the balance of the Premises untenable or otherwise unsuitable for Tenant's use and requirements, shall be lawfully taken or condemned or conveyed under threat of such taking or condemnation, for any public or quasi-public use or purpose (such taking, condemnation or conveyance being referred to herein as a "Taking"), then either party hereto may immediately terminate this Lease by serving written notice upon the other party hereto within thirty (30) days thereafter. If twenty five percent (25%) or more of the Project excluding the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof, Landlord may so terminate this Lease by serving written notice upon the other party hereto within thirty (30) days thereafter. Tenant shall not be required to assign to Landlord any portion of an award/settlement made by reason of such Taking to Tenant. If a material part of the Building is condemned or taken or if a substantial alteration or reconstruction of the Building shall, in Landlord's opinion, be necessary or desirable as a result of such Taking, Landlord may terminate

this Lease by written notice to Tenant within thirty (30) days after the date of the Taking. If a part of the Premises shall be so taken, appropriated or conveyed and neither party hereto shall elect to so terminate this Lease, (a) Basic Monthly Rent payable hereunder shall be abated in the proportion that the rentable area of the portion of the Premises so taken, appropriated or conveyed bears to the rentable area of the entire Premises, and (b) if the Premises shall have been damaged as a consequence of such partial taking, appropriation or conveyance, Landlord shall, to the extent of any severance damages received by Landlord, restore the Premises continuing under this Lease; however, Landlord shall not be required to repair or restore any damage to the property of Tenant or to make any repairs to or restoration of any alterations, additions, fixtures or improvements installed on the Premises by or at the expense of Tenant, and Tenant shall pay any amount in excess of such severance damages required to complete such repairs or restoration. Notwithstanding anything to the contrary contained in this Section, if the temporary use or occupancy of any part of the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof during the Term, this Lease shall be and remain unaffected by such taking, appropriation or conveyance and Tenant shall continue to pay in full all Rent payable hereunder by Tenant during the Term; in the event of any such temporary taking, appropriation or conveyance, Tenant shall be entitled to receive a separate award (not reducing Landlord's award) as compensation for loss of the use or occupancy of the Premises during the Term. To the extent that it is inconsistent with the above, each party waives the provisions of California Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate the Lease in the event of a partial taking of the Premises.

ARTICLE 15

SUBORDINATION

Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease is subject and subordinate to all declarations of restrictions, ground leases, deeds of trust or other security interests of any kind now or hereafter encumbering or affecting the Project or any portion thereof; subject, however, to the qualification that so long as Tenant is not in default under this Lease, its peaceful use and occupancy of the Premises under this Lease shall not be impaired, restricted or terminated by any such mortgagee, beneficiary, secured party or ground lessor whose interest arises after the date hereof. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such ground leases, deeds of trust or other security interests to this Lease. In the event of foreclosure or exercise of any power of sale under any deed of trust superior to this Lease, Tenant, upon demand, shall attorn to the purchaser at any foreclosure sale or sale pursuant to the exercise of any power of sale, in which event this Lease shall not terminate and Tenant shall automatically be and become the tenant of the purchaser; provided, however, no landlord or purchaser at any foreclosure sale or sale pursuant to the exercise of any power of sale, or any successor thereto shall be liable for any act or omission of any prior landlord (including Landlord) or be subject to any offsets, counterclaims, or defenses which Tenant might have against any prior landlord (including Landlord), or be bound by any Rent which Tenant might have paid in advance to any prior landlord (including Landlord) for a period in excess of one month or by any Security Deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord (including Landlord), or be bound by an agreement or modification of this Lease made after Tenant has written notice of the interest of such party, without the prior written consent of such party, or be obligated to repair the Premises in the event of total or substantial damage beyond that which can reasonably be accomplished from the net proceeds of

insurance made available to such landlord. Tenant covenants and agrees to execute and deliver, not less than ten (10) business days after demand by Landlord or any lienholder or successor in interest, and in a commercially reasonable form requested thereby, any commercially reasonable additional documents evidencing the priority or subordination of this Lease and the attornment of Tenant with respect to any such ground leases, deeds of trust or other security interests; provided, that such entities agree to the non-disturbance of Tenant's rights as tenant under this Lease if Tenant is not in default hereunder. Tenant hereby irrevocably appoints Landlord as attorney-in-fact of Tenant to execute, deliver and record any such documents in the name and on behalf of Tenant if Tenant fails to do same pursuant to the foregoing. Upon request by Tenant, Landlord shall exercise commercially reasonable efforts to obtain execution by Landlord's Lenders of a Subordination, Non-Disturbance and Attornment Agreement. Moreover, if, in connection with the obtainment of financing for the Project or any portion thereof, a prospective lender requests reasonable modifications hereto as a condition to the furnishing of such financing, Tenant shall not unreasonably withhold or delay its consent thereto, provided such modifications do not increase the obligations of Tenant hereunder or adversely affect Tenant's rights hereunder.

ARTICLE 16

SURRENDER OF PREMISES; REMOVAL OF PROPERTY

16.1 Tenant's Removal of Property. Upon the expiration or termination of the Term of this Lease, Tenant shall quit and surrender possession of the Premises, and all repairs, changes, alterations, additions and improvements thereto, to Landlord in as good order, condition and repair as the same are now or hereafter may be improved by Landlord or Tenant, reasonable wear and tear and repairs which are Landlord's obligation excepted, and in a reasonable state of cleanliness. In such event, Tenant shall, without expense to Landlord, remove from the Premises all debris, rubbish, furniture, equipment, business and trade fixtures, free-standing cabinet work, moveable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises and all similar articles of any other persons claiming under Tenant, including, but not limited to, any and all telecommunications or other cabling equipment, but excluding the two 8" pipes running from the Premises to the Building roof. Unless otherwise requested to do so by Landlord, however, Tenant shall not remove any additions or improvements to the Premises, such as carpet, interior partition walls and doors, "built-ins", shelves, built-in fixtures or other similar items, it being understood and agreed that such items are and shall remain the property of Landlord. Tenant shall also repair, at its expense, all damage to the Premises resulting from such removal; provided, however, that Landlord also may elect, in its sole discretion, and at Tenant's sole cost and expense, to repair all or any amount of damage anywhere in or on the Project caused by such removal of any property, reasonable wear and tear accepted. Notwithstanding the foregoing, if Tenant elects to remove its HVAC Chillers located on the roof of the Building, Landlord shall obtain from Landlord's property manager a third party estimate for the repair of the damage likely to be caused by such removal (the "Damage Repair"), and the amount of such estimate shall be deposited in immediately available funds (the "Deposit") with Landlord or its property manager before such HVAC Chillers may be removed by Tenant. Within three Business Days following the completion of the Damage Repair to the reasonable satisfaction of Landlord, and delivery of an unconditional lien release to Landlord (if the Damage Repair is undertaken by non-Tenant contractors), Landlord shall return the Deposit to Tenant. Tenant shall, upon the expiration or sooner termination of the Term hereof, deliver to Landlord all keys to all doors in, upon and

about the Premises including, but not limited to, all keys to any vault or safe to remain on the Premises.

16.2 Abandoned Property. Whenever Landlord shall reenter the Premises as provided in this Lease, any property of Tenant not removed by Tenant upon the expiration of the Term of this Lease or within ten (10) business days after a termination by reason of Tenant's default, as provided in this Lease, shall be considered abandoned, and Landlord may remove any or all such items and dispose of same in any manner or store the same in a public warehouse or elsewhere for the account and at the expense and risk of Tenant.

ARTICLE 17

HAZARDOUS MATERIALS; EXCESSIVE BURDEN; WASTE

Tenant shall not cause or permit any nuisance in or about the Premises or the Project, nor shall Tenant cause or permit any Hazardous Materials (as hereinafter defined) to be brought to the Premises or the Project or used, handled, stored, released or disposed of in, under or about the Premises, Building or any other portion of the Project except for ordinary and general office and technology supplies typically used in the ordinary course of business within office buildings and technology centers and in full compliance with all applicable Regulations. Tenant shall not conduct business or other activity in or about the Premises of such a nature as to place an unreasonable or excessive burden upon the Common Facilities. Tenant shall not commit or suffer the commission of any waste in or about the Premises or the Project. As used in this Lease, the term "Hazardous Materials" means and includes any hazardous or toxic materials, substances or wastes as now or hereafter designated under any Regulation, including, without limitation, asbestos, petroleum, petroleum hydrocarbons and petroleum based products, urea formaldehyde and other chlorofluorocarbons. Tenant indemnifies, defends, protects and holds Landlord and the other Landlord Parties harmless from all costs, damages, liens and expenses (including attorney's fees and court costs) related to Tenant's breach of any provision of this Article 17.

ARTICLE 18

MISCELLANEOUS

18.1 Landlord's Inspection and Maintenance. Tenant shall permit Landlord and its agents at all reasonable times to enter the Premises for the purpose of inspecting the same and/or for the purpose of protecting the interest therein of Landlord, and to take all required materials and equipment into the Premises and perform all required work therein; provided, that Landlord uses commercially reasonable efforts to avoid interfering with Tenant's business operations. Notwithstanding the foregoing sentence, except in the case of an emergency, Landlord must provide twenty-four (24) hours prior written notice to Tenant of its intent to enter the Premises and must permit a representative of Tenant to be present at all times if Tenant so desires; provided, however, that, if no Tenant representative is available within seventy-two (72) hours of Landlord's prior written notice, Landlord shall nonetheless be entitled to proceed.

18.2 Exhibition of Premises. Tenant shall permit Landlord and its agents to enter and pass through the Premises at all reasonable hours to:

- (a) Post notices of nonresponsibility; and

(b) Exhibit the Premises to holders of encumbrances and to prospective purchasers, mortgagees or lessees of the Building.

Notwithstanding the foregoing, at all times Landlord shall use commercially reasonable efforts not to (i) interfere with Tenant's business operations at the Premises, or (ii) upon thirty (30) days prior written notice to Landlord, enter (except in the case of an emergency) into specifically identified locations within the Premises, such as storage areas, filing cabinets, or other storage locations, which locations contain confidential information that Tenant is not permitted by applicable law to allow unauthorized persons access to, such locations to be identified in writing by Tenant in its reasonable discretion in accordance with the terms hereof; provided, however, that Landlord shall, at all times during the Term of this Lease, have all access to the Premises as may be necessary or reasonably desirable to Landlord to permit Landlord to fulfill its obligations under this Lease. If during the last month of the Term, Tenant shall have removed substantially all of Tenant's property and personnel from the Premises, Landlord may enter the Premises and repair, alter and redecorate the same, without abatement of Rent and without liability to Tenant, and such acts shall have no effect on this Lease.

18.3 Rights Reserved by Landlord. Landlord reserves the following rights, exercisable without liability to Tenant for (a) damage or injury to property, person or business, (b) causing an actual or constructive eviction from the Premises, or (c) disturbing Tenant's use or possession of the Premises:

(a) To name the Project and to change the name or street address of the Project;

(b) To install and maintain all signs on the exterior and interior of the Project;

(c) To have pass keys to the Premises and all doors within the Premises, excluding Tenant's vaults and safes and any rooms housing servers and any rooms containing sensitive and confidential materials (collectively, the "Confidential Areas"), as determined by Tenant in its reasonable discretion, and Landlord shall have the right to use any and all means which Landlord may deem necessary or proper to open said doors in an emergency in order to obtain entry to any portion of the Premises, and any entry to the Premises or portions thereof obtained by Landlord by any of such means or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof;

(d) To enter the Premises for the purpose of making inspections, repairs, alterations, additions or improvements to the Premises or the Project and to take all steps as may be necessary or desirable for the safety, protection, maintenance or preservation of the Premises or the Project or Landlord's interest therein, or as may be necessary or desirable for the operation or improvement of the Project or in order to comply with applicable Regulations; and

(e) To change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets or other public parts of the Building, provided that such changes do not unreasonably interfere with the suitability of the Premises for Tenant's use.

Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises,

and any other loss occasioned thereby, except to the extent caused by Landlord's gross negligence or willful misconduct. Notwithstanding anything to the contrary contained in this Section 18.3, except in the case of an emergency, Landlord will not have, and will not be granted, access to any of the Confidential Areas without (i) obtaining Tenant's prior written consent to such access and (ii) permitting a representative of Tenant to be present at all times during such access.

18.4 Quiet Enjoyment. Tenant, upon paying the Rent and performing all of its obligations under this Lease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Lease and to any mortgage, lease, or other agreement to which this Lease may be subordinate.

18.5 Force Majeure. Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefor, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage. Nothing in this Section, however, shall excuse or delay Tenant's obligation to pay Rent or other charges under this Lease.

18.6 Counterparts. This Lease may be executed in multiple counterparts, all of which shall constitute one and the same Lease.

18.7 No Option. The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or option for Tenant to lease, or otherwise create any interest of Tenant in the Premises or any other premises within the Project. Execution of this Lease by Tenant and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has, in fact, signed and delivered this Lease to Tenant.

18.8 Further Assurances. The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.

18.9 Mortgagee Protection. Tenant agrees to send by (i) United States certified or registered mail, return receipt requested, postage prepaid, or (ii) any nationally recognized courier service (such as FedEx), for next-day delivery, to be confirmed in writing by such courier or other method prescribed by Landlord, to any first deed of trust beneficiary of Landlord whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. Notwithstanding the provisions of Section 13.3, if Landlord fails to cure such default within the time provided for in this Lease, such beneficiary shall have an additional thirty (30) days to cure such default; provided that if such default cannot reasonably be cured within that thirty (30) day period, then such beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.

18.10 Attorneys' Fees. If either party incurs any expense, including reasonable attorney's fees, in connection with any action instituted by either party by reason of any dispute under this Lease or any default or alleged default of the other party, the party prevailing in such action shall be entitled to recover its reasonable expenses from the other party. The term

“prevailing party” means the party obtaining substantially the relief sought, whether by compromise, settlement or judgment.

18.11 Tenant’s Certificates. Within ten (10) days after any written request which either party may make from time to time, such requested party (the “Requested Party”) shall execute and deliver to the other party (the “Requesting Party”) a certificate (the “Certificate”) substantially in the form attached hereto as Exhibit “D” and hereby made a part hereof. Any failure by the Requested Party to so execute and deliver the Certificate shall, at the Requesting Party’s election, constitute a certification by the Requested Party that the statements which may be included in the Certificate (as same may have been so amended or supplemented) are true and correct, except as the Requesting Party shall otherwise indicate. Landlord and Tenant intend that the Certificate may be relied upon by either party’s Lenders, and any prospective lender, purchaser, subtenant or assignee.

18.12 Holding Over.

(a) If Tenant, with Landlord’s written consent, remains in possession of all or any portion of the Premises after the expiration or sooner termination of the Term, such holding over shall be deemed to constitute a tenancy from month to month only, upon such terms and conditions hereof as existed at the expiration or termination of the Term; provided, however, during such holding over, Basic Monthly Rent shall be the Basic Monthly Rent in effect immediately prior to such expiration or termination or such other amount mutually agreed upon between Tenant and Landlord, and any and all options and rights of first refusal or other preferential rights of Tenant shall be deemed to have lapsed and to be of no further force or effect. Landlord may terminate such tenancy from month to month by giving Tenant at least thirty (30) days written notice thereof at any time. Acceptance by Landlord of any Rent after such expiration or termination shall not be deemed to constitute Landlord’s consent to such holding over.

(b) If Tenant, without Landlord’s express, written consent, remains in possession of all or any portion of the Premises after the expiration or sooner termination of the Term, then, in addition to all other rights and remedies available to Landlord under other provisions of this Lease or at law or in equity, Tenant shall be treated as a Tenant at sufferance only, upon the terms and conditions set forth in this Lease so far as applicable, but at a Basic Monthly Rent equal to the greater of (i) one hundred fifty percent (150%) of the Basic Monthly Rent applicable to the Premises immediately prior to the date of such expiration or earlier termination; or (ii) one hundred and fifty percent (150%) of the prevailing market rate for buildings of similar quality and use in the same geographic area as the Premises (as reasonably determined by Landlord) for the Premises in effect on the date of such expiration or earlier termination. Acceptance by Landlord of any Rent after such expiration or termination shall not constitute a consent to a hold over hereunder or result in an extension of this Lease. Any and all options and rights of first refusal or other preferential rights of Tenant shall be deemed to have lapsed and to be of no further force or effect. Tenant shall pay an entire month’s Rent, with Basic Monthly Rent calculated in accordance with this Section 18.12.

(c) If, for any reason, Tenant fails to surrender the Premises on the expiration or earlier termination of this Lease (including upon the expiration of any subsequent month-to-month tenancy consented to by Landlord pursuant to Section 18.12(a) above), then, in addition to, and by no means in lieu of, the other provisions of this Section 18.12, all other rights and remedies granted to Landlord under the provisions of this Lease, Tenant shall indemnify, protect,

defend (by counsel approved in writing by Landlord) and hold Landlord harmless from and against any and all claims, judgments, suits, causes of action, damages, losses, liabilities and expenses (including attorneys' fees, court costs and any and all consequential damages awarded as a result thereof) resulting from such failure to surrender, including, without limitation, any claim made by any succeeding tenant based thereon, and Tenant hereby acknowledges and agrees that if Tenant holds over without Landlord's consent, Tenant shall be liable to Landlord for any net loss, liability or expense, that Landlord may suffer as a result, including lost rent (net of expenses). Landlord shall, in addition, continue to have all remedies for holdover as may be available to Landlord under other provisions of this Lease or at law or in equity. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

18.13 Notices. All notices, which Landlord or Tenant may be required or may desire to serve on the other shall be in writing and shall be served by personal delivery, by mailing the same by registered or certified mail, return receipt requested, postage prepaid, or sent by a nationally recognized courier service (such as Fed Ex) for next-day delivery, to be confirmed in writing by such courier, addressed as set forth in the Basic Lease Provisions or addressed to such other address or addresses as either Landlord or Tenant may from time to time designate to the other in writing in accordance with this Article. Notices, demands and other communications given in the foregoing manner shall be deemed given when actually received or refused by the party to whom sent, unless mailed, in which event same shall be deemed given on the day of actual delivery as shown by the addressee's registered or certified mail receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever first occurs. Notwithstanding anything to the contrary contained herein, but by no means limiting the foregoing, until such time as Landlord may otherwise notify Tenant in writing in accordance with the terms hereof, all communications to be delivered by Tenant to Landlord shall be delivered to Landlord at both of Landlord's addresses for notices set forth in Section 8 of the Basic Lease Provisions, and no notice shall be deemed received by Landlord until such notice has been received by Landlord at both such addresses.

18.14 Rules and Regulations. Tenant agrees to abide by and comply with the Rules and Regulations delivered to Tenant by Landlord from time to time. Landlord shall not be liable to Tenant for any violation of such Rules and Regulations by any other tenant. In the event of any inconsistencies between this Lease and the Rules and Regulations, the language of this Lease shall prevail. Landlord shall have the right, from time to time, to amend and modify the Rules and Regulations. Landlord shall have no liability for its failure to enforce the Rules and Regulations against any other lessee in the Building.

18.15 Governing Laws. This Lease shall be governed by and construed in accordance with the laws of the State of California.

18.16 Headings and Titles. The marginal titles to the Articles of this Lease are inserted for convenience of reference only and shall have no effect upon the construction or interpretation of any part hereof.

18.17 Heirs and Assigns. Subject to the limitations on assignment, subletting and transfers, this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

18.18 Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease.

18.19 Severability. If any condition or provision of this Lease shall be held invalid or unenforceable to any extent under any applicable Regulations or by any court of competent jurisdiction, then the remainder of this Lease shall not be affected thereby, and each condition and provision of this Lease shall be valid and enforceable to the fullest extent permitted by applicable Regulation.

18.20 Authority. Each individual executing this Lease on behalf of a party hereto represents and warrants that she or he is duly authorized to execute and deliver this Lease on behalf of such party and that this Lease is binding upon such party in accordance with its terms.

18.21 Rentable Square Feet. All references to “rentable square feet” in this Lease refer to rentable square feet measured in accordance with ANSI/BOMA Z65.3 2009.

18.22 No Light, Air or View Easement. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Project (whether or not by Landlord) shall not in any way affect this Lease or impose any liability on Landlord and shall not entitle Tenant to any reduction of Rent.

18.23 Entire Agreement. This Lease, along with any Exhibits affixed hereto, constitutes the entire and exclusive agreement between Landlord and Tenant relative to the Premises. This Lease may not be changed, modified, abandoned or discharged, in whole or in part, nor any of its provisions waived, except by a written instrument which is executed by both parties hereto.

18.24 Recording. Neither this Lease, nor any memorandum hereof shall be recorded without Landlord’s prior written consent.

18.25 Joint and Several Liability. If Tenant is comprised of more than one person or entity, then the obligations hereunder imposed upon such persons and entities shall be joint and several.

18.26 Confidentiality. Tenant acknowledges and agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord. Disclosure of the terms hereof may adversely affect the ability of Landlord to negotiate other leases and impair Landlord’s relationship with other tenants. Accordingly, Tenant agrees, except as may be required by any laws of the State of California applicable to Tenant or leases made and to be performed in the State of California, that it, and its partners, members, officers, directors, employees, agents and attorneys, shall not intentionally and voluntarily disclose the terms and conditions of this Lease to any newspaper or other publication or any other tenant or apparent prospective tenant of the Project or any real estate agent (other than the broker(s) identified in the Basic Lease Provisions), either directly or indirectly, without the prior written consent of Landlord; provided, however, Tenant may disclose the terms to prospective subtenants or assignees under this Lease, to any other public entity or public official to which Tenant is required to disclose the terms of this Lease as a result of Tenant being a public entity, and to its attorneys and accountants, in each case, on a “need-to-know” basis, provided all of the same are instructed as to the confidentiality hereof.

18.27 No Representations or Warranties. Neither Landlord nor Landlord’s agents or attorneys have made any representations or warranties with respect to the Premises, the Building, the Real Property, the Common Facilities or this Lease, except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise.

18.28 Exculpation. In no event shall any Landlord Party be liable for the performance of Landlord's obligations under this Lease. Tenant shall look solely to Landlord to enforce Landlord's obligations hereunder and shall not seek any damages against any Landlord Party. The liability of Landlord for Landlord's obligations under this Lease shall not exceed and shall be limited to Landlord's interest in the Building, and Tenant shall not look to any other property or assets of Landlord or any other Landlord Party in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations.

18.29 Consents. Tenant hereby waives any monetary claim against Landlord which it may have based upon any assertion that Landlord has unreasonably withheld or unreasonably delayed any requested consent, and Tenant agrees that its sole remedy shall be an action or proceeding to enforce any such provision or for specific performance, injunction or declaratory judgment. In the event of such a determination, the requested consent shall be deemed to have been granted; however, Landlord shall have no liability to Tenant for its refusal to give such consent. The sole remedy for Landlord's unreasonably withholding or delaying of consent shall be as provided in this Section.

18.30 Waiver. The failure of Landlord to exercise its rights in connection with any breach or violation of any term, covenant, or condition herein contained, shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptances of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. Waiver by Landlord of any term, covenant or condition contained in this Lease may only be made by a written document signed by Landlord.

18.31 No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate any and all existing subleases or subtenancies, or operate as an assignment to Landlord of any or all of such subleases or subtenancies. No act or omission of Landlord or any representative thereof shall be deemed to constitute acceptance of any surrender, and no surrender shall be deemed to have occurred, unless in a writing executed by Landlord and approved in writing by any of Landlord's Lenders, should such approval be required under the terms of any loan agreement, mortgage or deed of trust, as the case may be.

18.32 Form of Payment; Business Days. Rent and all other sums payable under this Lease must be paid in lawful money of the United States of America. As used in this Lease, "business day" means any day excluding (a) Saturday, (b) Sunday, (c) any day which is a legal holiday under the laws of the State of California, and (d) any day on which banking institutions located in such state are generally not open for the conduct of regular business.

18.33 Cumulative Remedies. None of Landlord's rights or remedies hereunder shall be deemed to be exclusive, but shall, wherever possible, be cumulative with all other rights and remedies hereunder and at law and in equity.

18.34 Mutual Covenants. Each provision of this Lease performable by Tenant shall be deemed to be both a covenant of Tenant and a condition to Landlord's performance hereunder.

18.35 Relationship. Nothing contained in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto, other than the relationship of landlord and tenant.

18.36 Modification. This Lease may not be modified except by a written document executed by the parties hereto.

18.37 Representations and Warranties. Neither Landlord nor any broker, agent or representative thereof has made any warranty or representation with respect to the tenant mix of the Building, the identity of prospective or other tenants of the Building, or otherwise except as explicitly set forth herein.

18.38 Construction. The language in all parts of this Lease shall be in all cases construed simply according to its fair meaning, and not strictly for or against Landlord or Tenant. The principal of construction against draftsmen shall have no application in the interpretation of this Lease. Any reference to any Section herein shall be deemed to include all subsections thereof unless otherwise specified or reasonably required from the context. Any reference to “days” or “months” herein shall refer to calendar days or months, respectively, unless specifically provided to the contrary. The terms “herein”, “hereunder” and “hereof” as used in this Lease mean “in this Lease”, “under this Lease” and “of this Lease”, respectively, except as otherwise specifically set forth in this Lease.

18.39 Exhibits. Any and all exhibits and addenda referred to in this Lease are incorporated herein by reference as though fully set forth herein.

18.40 Other Agreements. Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract or Regulation by which Tenant is bound. Tenant agrees to indemnify Landlord against any loss, cost, damage or liability including, without limitation, reasonable attorneys’ fees arising out of Tenant’s breach of this warranty and representation.

18.41 Discrimination. Tenant covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of sex, marital status, age, race, color, religion, creed, national origin or ancestry, in the leasing, subleasing, renting, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased, nor shall Tenant itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the Premises.

[SIGNATURES CONTINUE ON NEXT PAGE]

“LANDLORD”

William J. Hoffman,
as Receiver

By: _____
Name:
Title:

“TENANT”

THE CITY OF STOCKTON,
a municipal corporation

By: _____
Name:
Title:

EXHIBIT "A"

Floor Plan of Premises

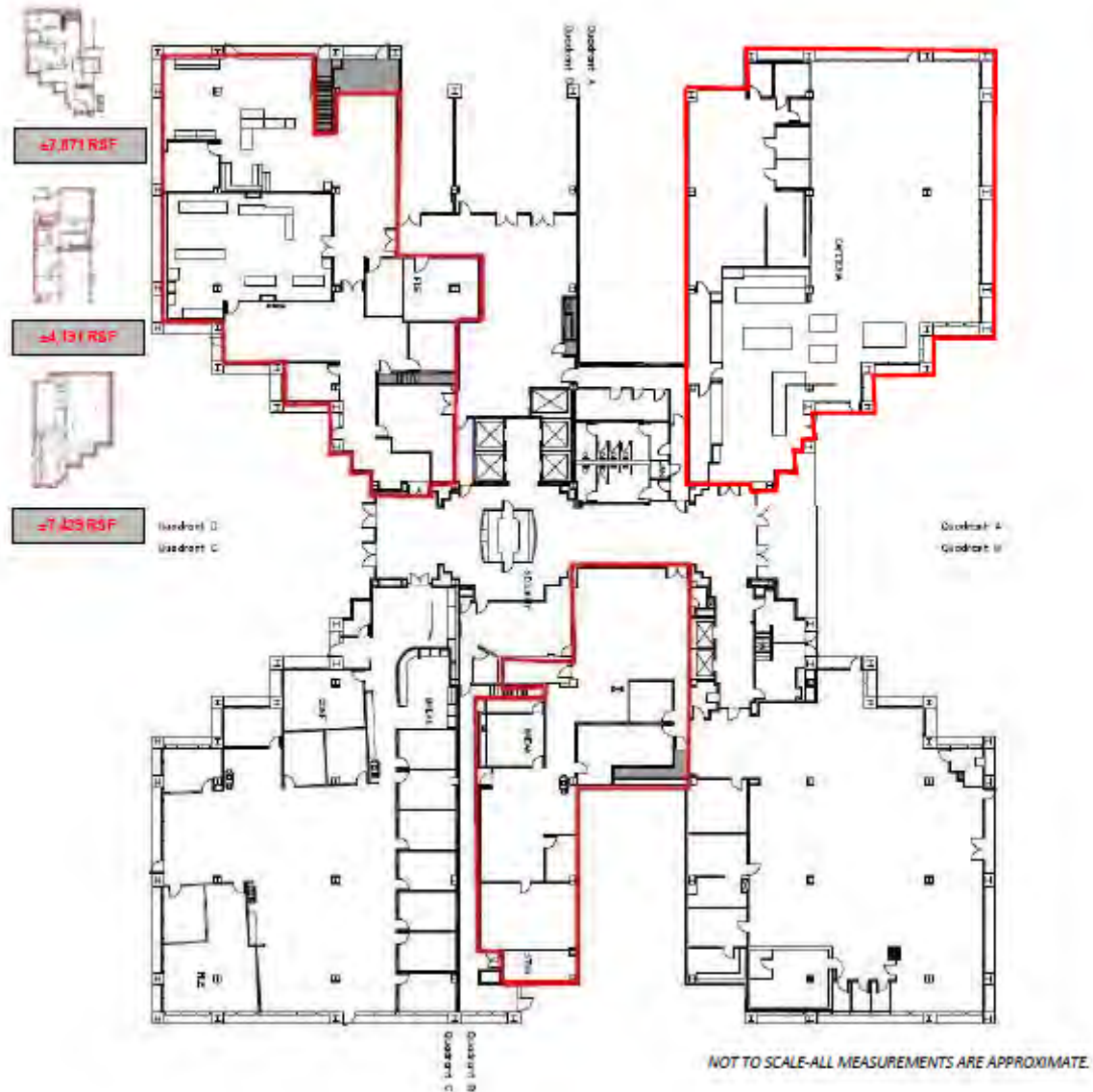
[attached]

Exhibit "A"

FOR PROPERTY AT

400 E. Main Street, Stockton, CA - Ground Floor

Total Detached Area: ±15,431 RSF



This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

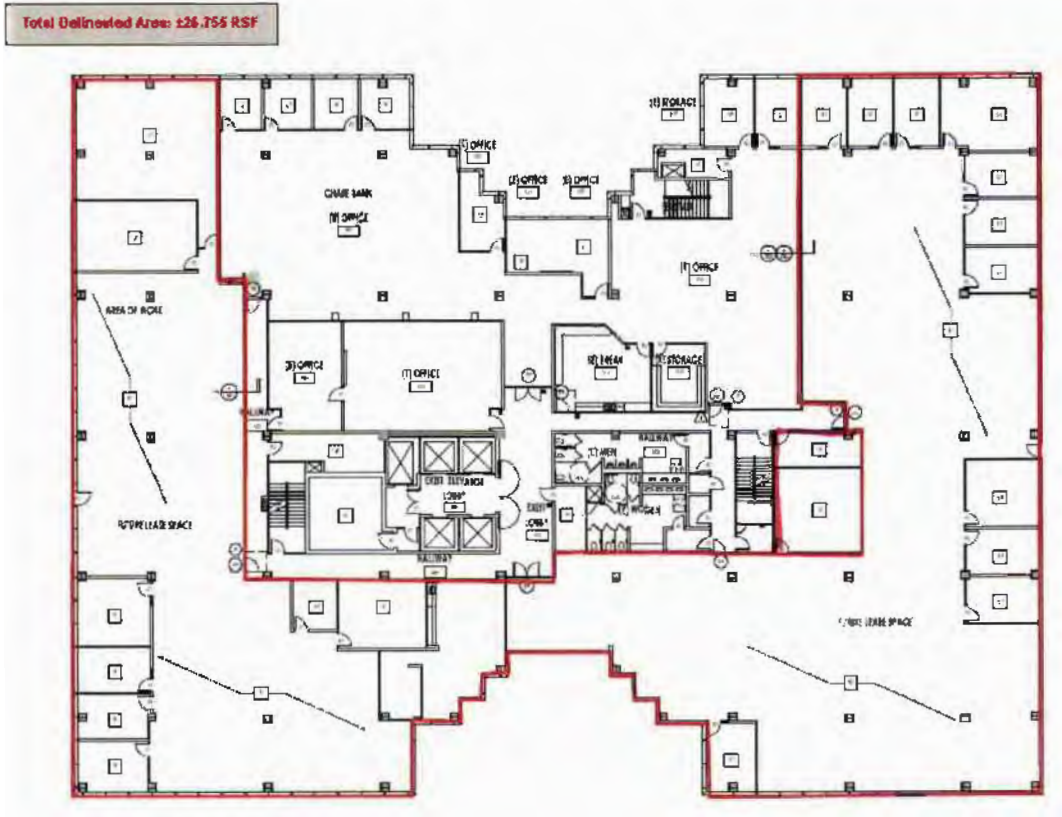
EXHIBIT "A"

1 of 3

Exhibit "A"

Exhibit "A"

FOR PROPERTY AT 400 E. Main Street, Stockton, CA - Third Floor



Floor	RSF
First	19,491
Third	25,755
Fourth	25,730
Seventh	9,344
Total	80,320

EXHIBIT "A"

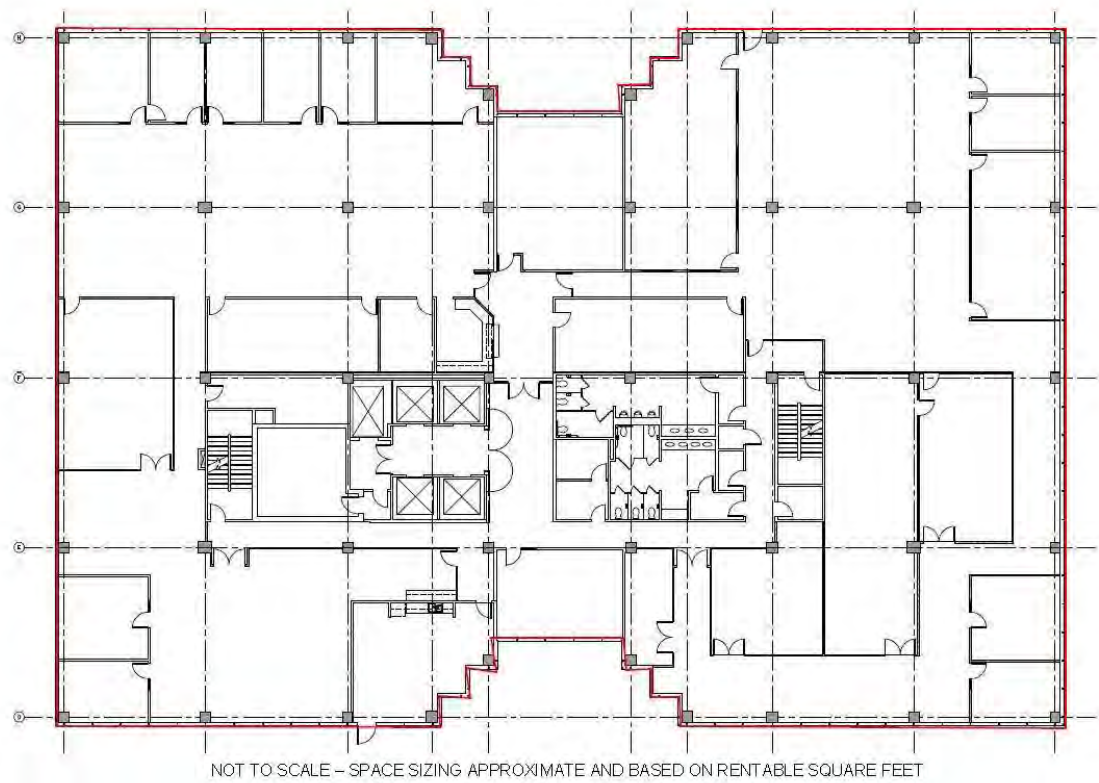
2 of 3

This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

Exhibit "A"

FOR PROPERTY AT 400 E. Main Street, Stockton, CA - Fourth Floor

Total Delineated Area: 125,730 RSF

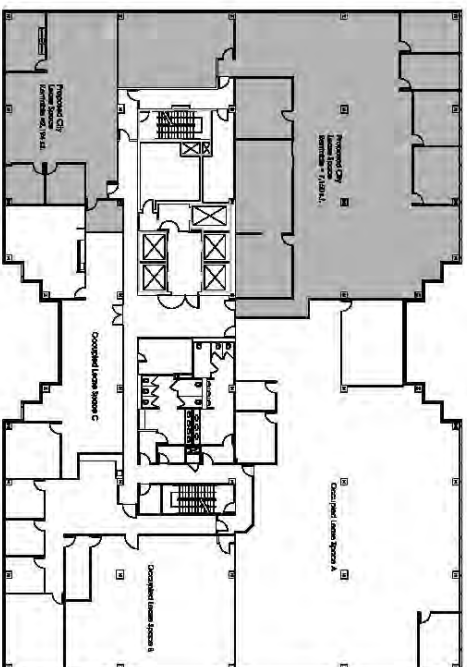


Floor	RSF
First	19,491
Third	25,755
Fourth	25,730
Seventh	9,344
Total	80,320

EXHIBIT "A"

This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

Floor	RSF
First	19,491
Third	25,755
Fourth	25,730
Seventh	9,344
Total	80,320



400 East Main Street

FLOOR PLAN WITH BOMA CALC'S
7TH FLOOR
8,414



1"=20'-0"



Exhibit "A"

EXHIBIT “B”

Real Property Description

DESCRIPTION OF THE SITE

All that certain real property situated in the City of Stockton, San Joaquin County, State of California, described as follows:

PARCEL ONE:

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

PARCEL TWO:

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said lot 15; 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning. All dimensions are U.S. Standard measure.

PARCEL THREE:

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

PARCEL FOUR:

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

PARCEL FIVE:

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the Said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Lita Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof. (All measurements are U.S. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece of parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said city.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al, to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning. All dimensions are United States Standards Measure.

PARCEL SEVENTEEN:

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning. All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

PARCEL EIGHTEEN:

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al, to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly, 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

PARCEL NINETEEN:

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land:

Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a nonexclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the subterranean easement, as granted American Savings and Loan Association, a California corporation, recorded July 13, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00

seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning. All distances in the four described parcels are U.S. Standard Measurements.

EXHIBIT "C"

RULES AND REGULATIONS

ALL REFERENCES IN THESE RULES AND REGULATIONS SHALL REFER TO LANDLORD AND TENANT UNDER THIS LEASE.

1. Sidewalks, halls, passageways, exits, entrances, elevators, escalators and stairways shall not be obstructed by Tenant or used by Tenant for any purpose other than for ingress to and egress. The halls, passageways, exits, entrances, elevators, escalators and stairways may, at times, be made available for the use of the general public in connection with Tenant's use of the Premises; however, Landlord shall retain the right to control and prevent access thereto by all persons whose presence, in the reasonable judgment of Landlord, shall be prejudicial to the safety, character, reputation or interests of the Building and its tenants and occupants, subject to applicable Regulations. Neither Tenant nor any of Tenant's employees shall go upon the roof of the Building, without the prior consent of Landlord or its designate, unless such access is needed for repairs or maintenance otherwise permitted under the Lease.

2. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with any window of the Premises (other than Landlord's standard window covering) without Landlord's prior consent. All electric ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent, of a quality, type, design and bulb color approved by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without Landlord's prior consent. Notwithstanding the foregoing, any and all lighting fixtures and window dressings that exist at the Premises as of the Commencement Date shall be deemed consented to and approved by Landlord.

3. No signs, pictures, placard, advertisement, notice, lettering, direction or handbill shall be exhibited, distributed, painted, installed, displayed, inscribed, placed or affixed by Tenant on any part of the exterior of the Premises or the interior of the Premises which is visible from the exterior of the Premises, the Building or the Project without the prior consent of Landlord. In the event of the violation of the foregoing by Tenant, Landlord may remove same without any liability, and may charge the expense incurred in such removal to Tenant. Interior signs on doors shall be inscribed, painted or affixed for Tenant by the Landlord at Tenant's expense, and shall be of a size, color and style acceptable to Landlord. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's building standard sign on the corridor door, applied and installed by Landlord.

4. The Building directory will be provided exclusively for the display of the name and location of tenants of the Building (including Tenant) and Landlord reserves the right to exclude any other names therefrom. In the event Landlord consents to an assignment or sublease, such consent shall also be deemed approval to indicate such assignee or subtenant on the Building directory.

5. Tenant shall not drill into, or in any way deface any part of the Premises; provided, that art and other decorations common to first class office buildings and technology centers may be affixed to the interior walls of the Premises by Tenant, subject to all other terms of the Lease. No boring, cutting or stringing of wires or laying of linoleum or other similar floor coverings shall be permitted, except with the prior consent of Landlord.

6. No bicycles, vehicles, birds or animals of any kind shall be brought into or kept in or about the Premises or the Building, and no cooking shall be done or permitted by Tenant on the Premises, except that the preparation of coffee, tea, hot chocolate and similar items for Tenant and Tenant's employees shall be permitted; provided, however, that the power required shall not exceed that amount which can be provided by a 30 amp circuit. Tenant shall not cause or permit the continued occurrence of any unusual or objectionable odors to be produced or to permeate the Premises or the Building.

7. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises for general office purposes. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a public stenographer or typist or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office unless expressly permitted in Tenant's Lease, or as a barber or manicure shop, or as an employment bureau, or as a travel agency. Tenant shall not sell or permit the sale of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise in or on the Premises. Tenant shall not engage or pay any employees in the Premises except those actually working for Tenant in the Premises nor shall Tenant advertise for laborers giving an address at the Premises. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.

8. Tenant shall not make or permit to be made, any unseemly noises which disturb other occupants of the Building, whether by the use of any musical instrument, radio, television, phonograph, screening room, loud, unusual or disruptive noise, or in any other way.

9. Tenant shall not use, keep or permit to be used any foul or noxious gas or substance in, on or about the Premises. If Tenant is permitted to use the Premises as a dental office, however, then Tenant may use and keep oxygen, nitrous oxide, propane, butane, ethanol, methanol, isopropyl alcohol, acrylic monomers and acetone.

10. Neither Tenant nor any of Tenant's employees shall, at any time, bring or keep within the Premises or the Building any flammable, combustible or explosive fluids, chemical substances, or materials, except as may be expressly permitted in Article 17 hereof. Electric spaceheaters shall not be used at any time by Tenant.

11. No new or additional locks or bolts of any kind shall be placed upon any of the doors by Tenant, nor shall any changes be made in existing locks or the mechanism thereof without immediately providing Landlord with keys and other access information. Notwithstanding the foregoing, if any areas of the Premises are separately secured and contain information Tenant is legally required to keep confidential, Tenant shall not be required to provide keys to Landlord, provided that Landlord has the access rights thereto provided in Section 18.1. Tenant must, upon the termination of its tenancy, give, return, and restore to Landlord all keys of stores, offices, vaults, and toilet rooms, either furnished to, or otherwise procured by Tenant, and in the event at any time of any loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

12. Furniture, freight, pictures, equipment, safes, bulky matter or supplies of any description shall be moved in or out of the Building only, after Landlord (or its designate) has been furnished with prior notice and given its approval and only during such hours and in such manner as may be prescribed by Landlord from time to time. The scheduling and manner of

Tenant's move-ins and move-outs shall be subject to the discretion and approval of Landlord, and said move-ins and move-outs shall only take place after 6:00 P.M. on weekdays, on weekends, or such other times as Landlord may designate. In the event Tenant's movers damage the elevator or any other part of the Project, Tenant shall immediately pay to Landlord the amount required to repair said damage. The moving of safes or other fixtures or bulky or heavy matter of any kind must be done under the supervision of Landlord (or its designate), and the person employed by Tenant for such work must be acceptable to Landlord, but such persons shall not be deemed to be agents or servants of Landlord (or its designate), and Tenant shall be responsible for all acts of such persons. Landlord reserves the right to inspect all safes, freight or other bulky or heavy articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky or heavy articles which violate any of these Rules or Regulations or the Lease of which these Rules and Regulations are a part. Landlord reserves the right to determine the location and position of all safes, freight, furniture or bulky or heavy matter brought onto the Premises, which must be placed upon supports approved by Landlord to distribute the weight.

13. No furniture shall be placed in front of the Building or in any lobby or corridor, without Landlord's prior written consent. Landlord shall have the right to remove all non-permitted furniture, without notice to Tenant, and at the expense of Tenant.

14. Landlord shall have the right to prohibit any advertising by Tenant which, in Landlord's opinion, tends to impair the reputation of the Building or the Project or the desirability thereof as an office building project and, upon written notice from Landlord, Tenant shall immediately refrain from or discontinue such advertising, unless such advertising is required by the Regulations.

15. Landlord reserves the right to exclude from the Building between the hours of 6:30 P.M. and 6:30 A.M., Monday through Friday, and at all hours on Saturday, Sunday, state and federal holidays, all persons who are not authorized by Tenant. Tenant shall be responsible for all persons for whom it causes to be present in the Building and shall be liable to Landlord for all acts of such persons. In the case of invasion, riot, public excitement, act of God, or other circumstance rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access of all persons (including Tenant) to the Building during the continuance of the same by such actions as Landlord may deem appropriate, including the closing and locking of doors, to the extent permitted under applicable Regulations.

16. Any persons employed by Tenant to do any work in or about the Premises shall, while in the Building and outside of the Premises, be subject to and under the control and discretion of Landlord's designate (i.e., the superintendent or manager of the Building) but shall not be deemed to be an agent or servant of said superintendent or the Landlord, and Tenant shall be responsible for all acts of such persons.

17. Tenant shall cooperate in keeping closed all doors opening onto public corridors, except when in use for ingress and egress. Tenant shall cooperate in keeping closed all doors leading to equipment and utility rooms. Tenant shall see that its doors are closed and securely locked before leaving the Project. Notwithstanding the foregoing, the location of all office equipment of any electrical nature that is within the Premises as of the Commencement Date shall be deemed to be approved by Landlord.

18. Canvassing, soliciting and peddling in the Building are prohibited and Tenant shall cooperate to prevent the same.

19. All office equipment of any electrical nature shall be placed by Tenant in the Premises in settings and locations approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

20. No air conditioning unit or other similar apparatus shall be installed or used by Tenant without Landlord's prior consent. Tenant shall cooperate with Landlord in obtaining maximum effectiveness of the HVAC system by closing blinds when the sun's rays fall directly on windows. Tenant shall not obstruct, alter, or in any way impair the efficient operation of the HVAC system.

21. Tenant shall faithfully observe and comply with the terms of any and all covenants, conditions and restrictions recorded against the Project (i) prior to the Commencement Date and (ii) subsequent to the Commencement Date; provided, that such compliance shall only be required of Tenant (a) after such time as Tenant has been provided with written notice and a copy of such covenants, conditions and restrictions and (b) if compliance does not interfere with Tenant's Permitted Uses and is not required by applicable Regulations.

22. Restrooms and other water fixtures shall not be used for any purpose other than that which the same are intended, and any damage resulting to the same from misuse on the part of Tenant or Tenant's employees shall be paid for by Tenant. Tenant shall be responsible for causing all water faucets, water apparatus and utilities, including, but not limited to all electricity, gas and air, to be shut off before Tenant or Tenant's employees leave the Premises each day and Tenant shall be liable for any waste or damage sustained by other tenants or occupants of the Building or Landlord as a result of Tenant's failure to perform said duty.

23. In the event that Building or the Premises is or later becomes equipped with an electronic access control device, Tenant shall pay to Landlord the actual cost of each identification key or card issued to Tenant as a deposit against the return of the identification key or card to Landlord.

24. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitor or another employee or any other person. Except as otherwise provided in the Lease or any Exhibit thereto, janitor service shall include ordinary dusting and cleaning by the janitor or any assigned to such work and shall not include shampooing of carpets or rugs or moving of furniture or other special services. Janitor service will not be furnished on nights when rooms are occupied after 10:00 p.m. Window cleaning shall be done only by Landlord.

25. Tenant shall not permit any of its principals, employees, agents, contractors or invitees to smoke at any time in the Building.

26. Except as otherwise provided in the Lease, all parking ramps and areas plus other public areas forming a part of the Project shall be under the sole and absolute control of Landlord with the exclusive right to regulate and control these areas; provided, that such regulation and control shall not limit any of Tenant's rights expressly granted under this Lease beyond any

limitation that may otherwise be set forth herein. Tenant agrees to conform to any additional rules and regulations that may be established by Landlord for these areas from time to time.

27. Employees of Landlord or Landlord's agents shall not be obligated to perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

28. In the event of any conflict between these Rules and Regulations and the Lease, the Lease shall prevail.

EXHIBIT “D”
ESTOPPEL CERTIFICATE

[SEE ATTACHED]

ESTOPPEL CERTIFICATE

The undersigned [**Insert Requested Party Information (the “**Requested Party**”)**], hereby certifies to [**Insert Requesting Party Information (the **Requesting Party**”)**], that:

1. The City of Stockton, a municipal corporation (“**Tenant**”), is the lessee of certain space in that certain office building located at 400 East Main Street, Stockton, California 95202 (the “**Building**”), containing approximately _____ rentable square feet on the first, third, fourth and seventh floors thereof (the “**Premises**”), under a lease dated _____, 201__ (the “**Lease**”) entered into between Tenant and _____, as Receiver (“**Landlord**”).

2. The Lease is presently in full force and effect. [**The Requested Party**] has performed and complied with all obligations of the Requested Party through the date hereof, and there exists no default by the [**Requested Party**] except _____.

3. The Lease, in the form of **Exhibit A** attached hereto, constitutes the entire agreement between Landlord and Tenant and there has been no amendment, modification or supplement, written or oral, to the Lease except as included in **Exhibit A**. Tenant does not have any options to purchase the Premises.

4. Tenant is in full and complete possession and occupancy of the Premises, has accepted the Premises, including any work to date of Landlord performed thereon pursuant to the terms and provisions of the Lease, and Tenant is paying rent under the Lease. Landlord has performed all of its obligations under the Lease for the current term with respect to tenant improvements.

5. The term of the Lease commenced on June 1, 2014 and will end on _____, with two options to extend the Lease for successive periods of two years each. The monthly rental is currently \$_____ per rentable square foot per month.

6. The monthly rental for fiscal year _____ - _____ (July 1 – June 30) is _____ Dollars (\$_____) and is due on the ____ day of each month. All additional rent and any other charges payable under the Lease have been paid for the current periods. No rent has been paid more the thirty (30) days in advance. Tenant is not in arrears of any monthly base rent or additional rent.

7. As of the date of this certificate, [**the Requesting Party**] is not in default under the Lease.

8. The amount of the security deposit paid under the terms of the Lease is Two Hundred Nine Thousand Three Hundred Fourteen and 78/100 Dollars (\$209,314.78).

9. The Tenant has not entered into any sublease, assignment, pledge, mortgage, transfer or otherwise conveyed all or any portion of its interest in the Lease or the Premises except as follows: _____.

10. Landlord has not made any loans or advanced funds to Tenant.

11. All guarantors of the Lease are identified as:

N/A

12. Attached is a true and correct copy of the Lease together with all amendments, modifications or renewals.

13. All exhibits attached hereto are by this reference incorporated fully herein. The terms “this certificate” shall be considered to include all such exhibits. The undersigned makes this statement for Landlord’s benefit and protection with the understanding that Landlord and its lender, if any, intend to rely upon this statement. This certificate may be relied upon by Landlord, Landlord’s lender and their respective successors and assigns, and this certificate shall be binding upon Tenant, any guarantor of Tenant and each of their respective successors and assigns.

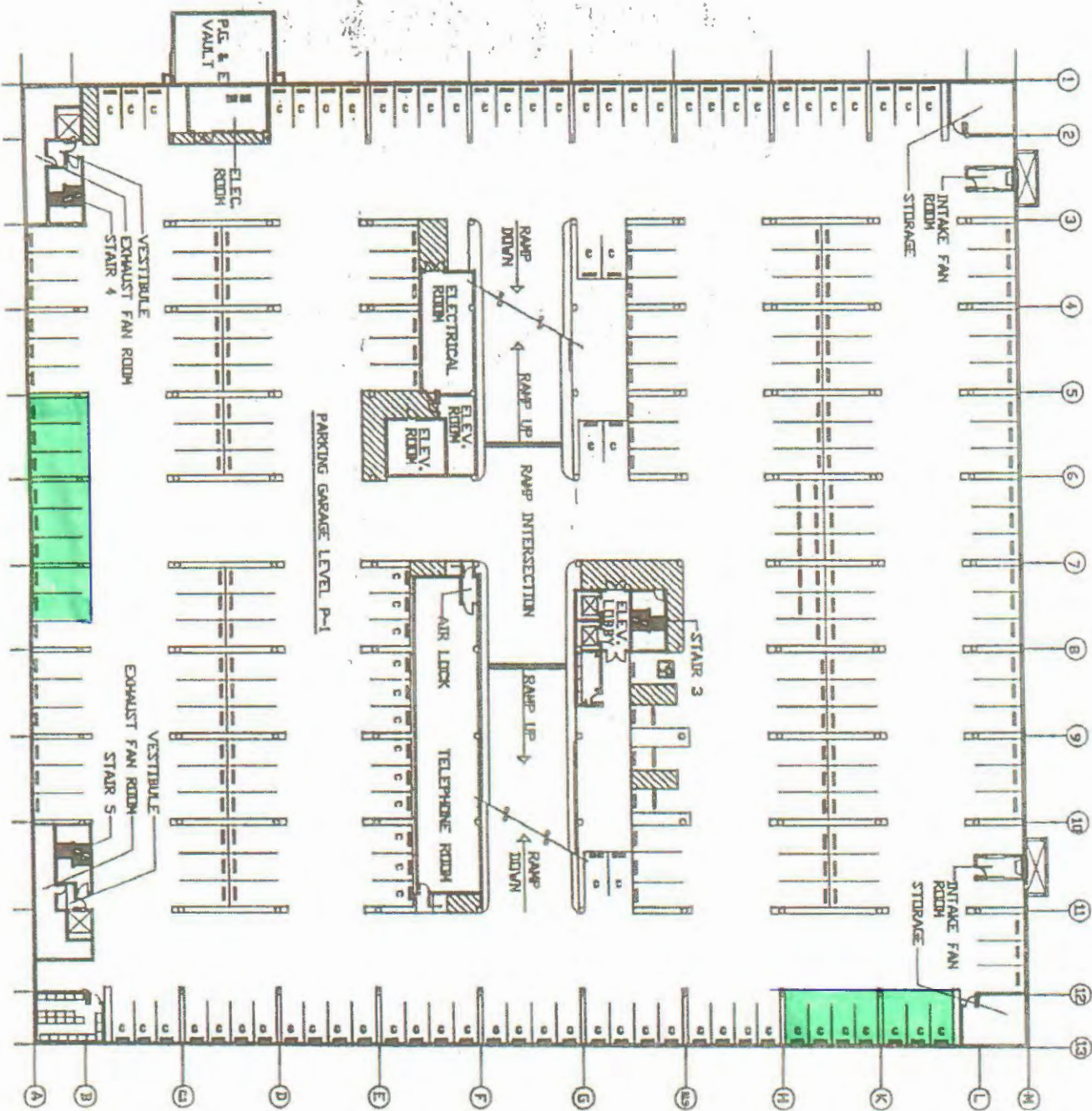
[Signatures continue on next page]

EXECUTED: _____, 20__

[[Requesting Party**]]:**

By: _____
Name:
Title:

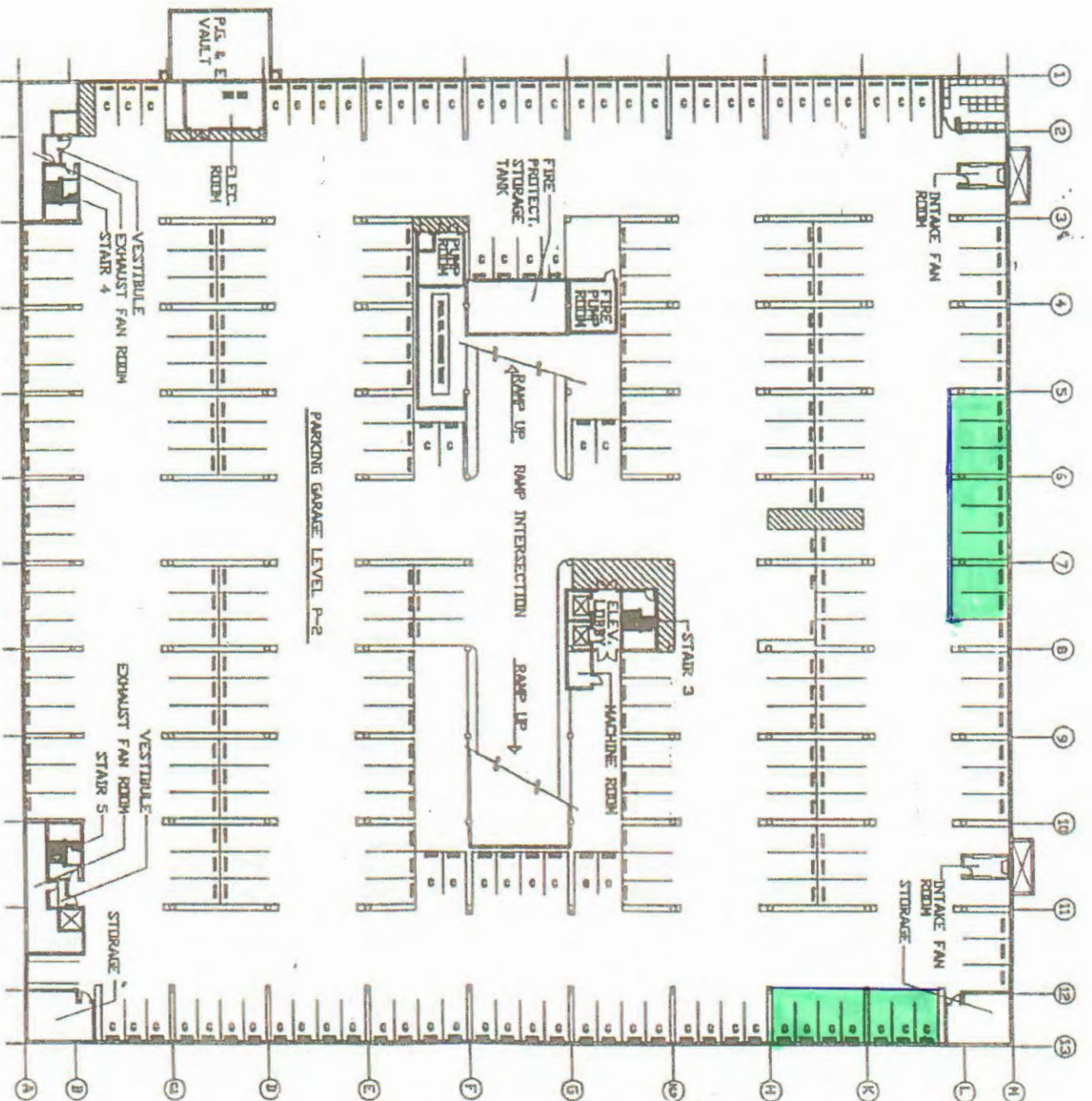
EXHIBIT “E”
LOCATION OF RESERVED SPACES
[SEE ATTACHED]



UPPER PARKING LEVEL P-1 PLAN

SCALE: 1"=30'-0"





LOWER PARKING LEVEL P-2 PLAN
SCALE: 1"=30'-0"



EXHIBIT “F”

DEPICTION OF BUILDING STANDARD SIGNAGE

[SEE ATTACHED]

Exhibit F

Signage will be the building standard raised chrome block lettering in a size to match existing building signage at the north entrance to the Building reading “Four Hundred”. Photo included below.



c. REAL PROPERTY OPTION AGREEMENT AND JOINT ESCROW
INSTRUCTIONS

REAL PROPERTY OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

Between

THE CITY OF STOCKTON,
a municipal corporation

as Optionor

and

FOUR HUNDRED MAIN STREET LLC,
a Delaware Limited Liability Company

as Optionee

400 East Main Street
City of Stockton, California

Dated as of _____, 20__

EXHIBITS AND SCHEDULES

EXHIBIT A	LEGAL DESCRIPTION
EXHIBIT B	FORM OF OPTION EXERCISE NOTICE
EXHIBIT C	PRELIMINARY TITLE REPORT
EXHIBIT D	JOINT STIPULATION RE: APPOINTMENT OF RECEIVER
EXHIBIT E	<i>Intentionally Omitted</i>
EXHIBIT F	QUITCLAIM DEED
EXHIBIT G	BILL OF SALE
EXHIBIT H	ASSIGNMENT OF LEASES

REAL PROPERTY OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS REAL PROPERTY OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS (“**Agreement**”) is made as of _____, 20__ (“**Effective Date**”) by and between THE CITY OF STOCKTON, a municipal corporation (“**Optionor**”) and FOUR HUNDRED MAIN STREET LLC, a Delaware limited liability company (“**Optionee**”).

WHEREAS, the Stockton Public Financing Authority (the “**Authority**”), an affiliate of Optionor, issued the \$36,500,000 Variable Rate Demand Lease Revenue Bonds 2007 Series A (Building Acquisition Financing Project) and the \$4,270,000 Taxable Variable Rate Demand Lease Revenue Bonds 2007 Series B (Building Acquisition Financing Project) (collectively, the “**Bonds**”);

WHEREAS, Wells Fargo Bank, National Association (the “**Trustee**”), serves as indenture trustee for the Bonds under that certain Indenture of Trust dated as of November 1, 2007 (the “**Indenture of Trust**”);

WHEREAS, Assured Guaranty Corp. (“**Assured**”), an affiliate of Optionee, issued two financial guaranty insurance policies and a reserve fund insurance policy in connection with the Bonds (the “**Insurance Policies**”);

WHEREAS, the Indenture of Trust delegates and assigns the enforcement of rights and remedies to Assured in the event of a default on the Bonds;

WHEREAS, Assured is now the sole owner of the Bonds;

WHEREAS, the Property (as hereinafter defined) is (i) owned by Optionor and leased to Authority pursuant to a Site and Facility Lease dated as of November 1, 2007 (the “**Site and Facility Lease**”); and (b) re-leased to Optionor pursuant to a Lease Agreement dated as of November 1, 2007 (the “**Lease Agreement**”);

WHEREAS, Authority pledged its interest in the Lease Agreement to the Trustee as collateral for the Bonds and the Trustee was assigned the Authority’s rights under the Lease Agreement;

WHEREAS, on or about April 26, 2012, Optionor defaulted under the Lease Agreement by failing to make a required payment under such Lease Agreement, allowing the Trustee, as directed by Assured, to exercise the Authority’s rights under the Lease Agreement in connection with the Property;

WHEREAS, Optionor filed a Chapter 9 bankruptcy case that is now pending in the United States Bankruptcy Court for the Eastern District of California (the “**Bankruptcy Court**”), Chapter 9 Case Number 2012-32118 (the “**Chapter 9 Case**”);

WHEREAS, pursuant to that certain Judgment of Possession, issued on May 31, 2012 by the Superior Court of the State of California for the County of San Joaquin in Case No. 39-2012-00280741-CU-UD-STK, and the Notice of Delivery of Notice of Possession of Real

Property, dated June 21, 2012 and delivered in connection with the Judgment of Possession, Main Street Stockton LLC, a Delaware limited liability company (“**Main Street Stockton**”), as the designee of the Trustee, obtained possession of that certain building commonly known as 400 East Main Street, Stockton, California 95202 (the “**Building**”) located on the Land (as hereinafter defined);

WHEREAS, subsequent to Main Street Stockton obtaining possession of the Building, Main Street Stockton, as landlord, and Optionor, as tenant, entered into that certain 400 East Main Street Office Lease for certain premises located on the Land (the “**Prior Lease**”), which Prior Lease (i) has expired by its terms pursuant to that certain Second Amendment to Office Lease, dated October 31, 2014, and (ii) shall be replaced by that certain 400 East Main Street Office Lease dated on or about the date hereof between the Receiver (as hereinafter defined) and Optionor (the “**New Lease**”).

WHEREAS, to resolve the Chapter 9 Case, in part, (i) Optionor has agreed to convey the Property to Optionee, in accordance with the terms herewith, in exchange for Assured’s agreement to cancel the Bonds, as set forth in this Agreement; and (ii) Optionor and Optionee have agreed to seek from the Superior Court of the State of California for the County of San Joaquin (the “**Receivership Court**”) the appointment of William Hoffman, President of Trigild, as receiver for the Property (the “**Receiver**”), to manage the Property, collect revenues derived from the operation of the Property and distribute net operating revenues either to Assured or Optionee and to convey the Property to Optionee, if and when Optionee exercises the “Option” granted herein;

WHEREAS, the Bankruptcy Court has, pursuant to the order confirming the City’s plan of adjustment (the “**Plan of Adjustment**”), approved this Agreement, which is binding on the Optionor and Optionee.

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE 1. GRANT OF OPTION; TERM; EXERCISE OF OPTION.

1.1. Grant of Option. Optionor hereby grants to Optionee, only for the duration of the Option Term (as defined below), the option (“**Option**”) to purchase the following described property (“**Property**”) on the terms and conditions set forth in this Agreement:

1.1.1. Land. That certain real property located in the City of Stockton, County of San Joaquin, State of California, commonly known as 400 East Main Street and more particularly described in Exhibit “A”, together with all right, title and interest of Optionor in and to all privileges, rights, easements, rights of way, and appurtenances belonging to the real property, including without limitation, all minerals, oil, gas and other hydrocarbon substances on and under the real property (collectively, the “**Land**”);

1.1.2. Improvements. All of Optionor’s right, title and interest in and to all buildings, structures, systems, facilities, fixtures, parking structures, fences and parking areas located on the Land and any and all machinery, equipment, apparatus and appliances used in connection with the operation or occupancy of the Land (such as facilities used to provide utility services or other amenities on the Land) and other improvements located upon the Land (collectively, the “**Improvements**” and, together with the Land, the “**Real Property**”); provided,

however, that in no event shall the term “Improvements” include (i) the chillers purchased by Optionor and located on the rooftop of the Building; provided, such chillers remain on the rooftop of the Building for so long as Optionor occupies any portion thereof, (ii) any data servers used by Optionor in connection with its lease of certain premises in the Building, or (iii) any furniture located in that portion of the premises leased by Optionor in accordance with the New Lease, commonly known as Suites 310 and 400;

1.1.3. Personal Property. All of Optionor’s right, title and interest in and to all tangible and intangible personal property used in connection with the operation, use, maintenance, or occupancy of the Property (collectively, the “**Personal Property**”);

1.1.4. Third Parties. All rights Optionor has or may have against third parties, (including but not limited to, insuring and indemnifying entities) relating in any way to the use, ownership, maintenance or operation of the Property; and

1.1.5. Entitlements. To the extent assignable, all of Optionor’s right, title and interest in and to all (i) governmental permits, licenses, applications, subdivision maps, entitlements, certificates, rights under development agreements and school fee mitigation agreements, if any, building permit and development allocations, if any, and development rights relating to the Real Property, (ii) utility and other permits relating to the Real Property, (iii) fee credits applicable to the Real Property, license tax credits, and previously paid expenses, fees and deposits (except for utility deposits paid by Optionor) applicable to the Real Property, and (iv) warranties and guaranties relating to the Real Property (collectively, the “**Entitlements**”).

1.2. Option Term. “**Option Term**” shall mean the period of time that begins on the Effective Date and ends at 5:00 p.m. Pacific Standard Time eight (8) years thereafter, plus any partial calendar month following the Effective Date (the “**Expiration Date**”); provided, however, that, in the event (i) the term of the New Lease is extended pursuant to the terms thereof, the Option Term shall also be extended for each two (2) year extension term exercised under the New Lease, such that the term of the New Lease and the Option Term shall be coterminous, or (ii) the term of the New Lease is terminated for any reason prior to the Expiration Date, as may be extended, then the Option Term shall also terminate and Optionee shall then be required to acquire the Property as otherwise set forth herein; provided, further, that, notwithstanding anything herein to the contrary, Optionor shall (i) within two (2) business days after entry of an order confirming the Plan of Adjustment, execute (along with Optionee) and file with the Receivership Court the Joint Stipulation re: Appointment of Receiver substantially in the form attached hereto as Exhibit “D” and (ii) use its commercially reasonable efforts to obtain the appointment of the Receiver. If, despite such efforts, a receiver is not appointed by the Receivership Court on or before the Effective Date, the Option shall be deemed automatically and immediately exercised by the Optionee as of the Effective Date, and Optionor and Optionee shall take all steps required to consummate the purchase and sale of the Property as required under Article 8 not later than the tenth day following the Effective Date, including without limitation Optionor delivering the Quitclaim Deed, Bill of Sale, and Assignment of Leases to Escrow Holder not later than the third day following the Effective Date .

1.3. Manner of Exercise. Optionee shall exercise the Option, if at all, by delivering written notice to Optionor in the form attached hereto as Exhibit “B” (“**Option Exercise Notice**”), at a time that is prior to the expiration of the Option Term. If the Option is not

exercised as permitted by this Agreement prior to the expiration of the Option Term, then Optionee shall be required to obtain title to the Property within ten (10) business from the Expiration Date and upon the terms and conditions of this Agreement, as if Optionee had otherwise exercised its Option and proceed to Closing hereunder.

1.4. Option Consideration. As consideration for Optionor's granting of the Option to Optionee (the "**Option Consideration**"), but subject to Assured's rights under this Option Agreement and those rights reflected in that certain Order Appointing Receiver and Temporary Restraining Order, issued by the Superior Court of the State of California – County of San Joaquin (the "**Receivership Order**"), Assured has agreed to compromise the treatment of the Bonds under the Plan of Adjustment and to direct the Depository Trust Company to tender the Bonds to the Trustee for cancellation, which Option Consideration shall be deemed earned by Optionor as of the Effective Date, regardless of if or when Optionee exercises the Option, and, in connection therewith, Optionor hereby agrees to cause the Authority to take all actions as may be necessary or reasonably desirable to discharge the Indenture of Trust and re-convey all of Authority's interest in the Property under the Site and Facility Lease back to Optionor, including, but not limited to, by executing a document reflecting such full reconveyance, to be filed in the real estate records of San Joaquin County, California.

ARTICLE 2. PURCHASE PRICE.

The consideration for the Property shall be Assured's acceptance of, and performance of its obligations under, the Plan of Adjustment and such other good and valuable non-cash consideration and de minimus cash consideration (not to exceed \$1,000) as may be legally sufficient, and while no material cash consideration shall be paid by Optionee to Optionor for the Property, the purchase price (the "**Purchase Price**") for the Property for accounting and tax purposes shall be Assured's valuation of the Property, as determined by Assured in its sole discretion prior to the Closing Date, subject to the credits, prorations and other adjustments provided for in this Agreement, which shall in no event be less than the Option Consideration.

ARTICLE 3. DUE DILIGENCE.

3.1. Due Diligence Period. Prior to the Effective Date, Optionee conducted its due diligence of the Property (the "**Due Diligence Period**").

3.1.1. Direction to Conduct Due Diligence. Optionee acknowledges that it was urged and invited to conduct a Due Diligence Investigation (as defined below) of the Property to the extent necessary for Optionee to make a fully informed decision with respect to Optionee's purchase and acquisition of the Property, regardless of when exercised.

3.1.2. Access to Information and the Property. Optionee had the right to conduct an investigation of the Property during the Due Diligence Period. This investigation ("**Due Diligence Investigation**") included, without limitation and at Optionee's sole cost and expense, the following: a physical inspection of the Real Property, including, without limitation, soil, geological, environmental, structural, mechanical, engineering and other assessments and tests; review of all governmental requirements and matters affecting the Property, including, without limitation, all zoning and other land use restrictions, environmental and building permit

and occupancy matters; review of the condition of title to the Property and review of such other matters pertaining to an investment in the Property as Optionee deems advisable.

3.2. Provision of Due Diligence Documents. Notwithstanding Optionee's completion of its Due Diligence Investigation and in no way extending the Due Diligence Period, within fifteen (15) business days after the Effective Date, Optionor shall deliver to Optionee, copies of all of the documents described in the remaining subsections of this Section 3.2 concerning the Property which Optionor is able to locate through a reasonable search of Optionor's records and files (collectively, the "**Due Diligence Documents**"), and which are not confidential (as required pursuant to any confidentiality agreement that was then in effect entered into prior to the date hereof with a third party) or privileged in nature.

3.2.1. Survey and Plans. Copies of any and all surveys, site plans, maps, photographs, subdivision and parcel maps, and any and all as-built and/or original construction plans and specifications for any Improvements (collectively, the "**Plans**");

3.2.2. Soils Reports. Any soils reports concerning the Land.

3.2.3. Engineers' Reports. Including Environmental Site Assessments. Any structural, mechanical, environmental or geological reports concerning the Real Property, including, without limitation, environmental site assessments.

3.2.4. Notices. Copies of any notices received by Optionor from (i) any federal, state, county or municipal government, or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (iii) any court, administrative tribunal or public utility (collectively, (i)-(iii), an "**Agency**"), together with any correspondence to or from any Agency.

3.2.5. Agreements with Agencies. Except to the extent available in the public record, copies of any agreements with any Agencies that affect the Real Property or to Optionor's knowledge, any property contiguous thereto; for purposes of this Agreement, the words "public record" shall mean (i) the files and materials prepared and distributed by the City of Stockton, the City Council or City planning staff, including hearings records or any other tangible record or writing of any sub-agency or committee of the City, and (ii) any exception or document recorded in the Official Records for the County of San Joaquin.

3.2.6. Litigation. Except to the extent they are privileged in any nature, copies of all documents relating to any and all actions, suits, proceedings, judgments, orders, decrees or governmental investigations pending with respect to the Property or Optionor's ownership of the Property, other than those relating to the Chapter 9 Case.

3.2.7. Contracts. Copies of all service, maintenance and property management agreements relating to the Land and Improvements (other than those entered into by or on behalf of Optionee or Receiver).

3.2.8. Insurance. Copies of binders for any current liability insurance policies covering the Land and history of claims (other than those for insurance maintained by Optionee or Receiver).

3.2.9. Entitlements. Except to the extent of availability to the general public or as may be a part of the public record, copies of Entitlement records or permits, including without limitation, environmental impact reports, specific plans, community facilities district documents, conditions, covenants and restrictions, planned unit development documents, conditional use permits, development agreements, local design guidelines, neighbor association agreements, zoning maps, marketing studies, Agency reliance letters, utilities documents, “will serve” letters, subdivision improvement agreements, stormwater permits, appraisals, correspondence, meeting minutes and written summaries regarding any of the above.

3.3. Title Review.

3.3.1. Items to be Reviewed. Once Optionee exercises its Option, Optionee shall have the right to obtain and review the following items relating to title to the Real Property (“**Title Review**”):

3.3.1.1. Title Policy. An update to that certain policy of title insurance (the “**Title Policy**”) covering the Real Property and attached hereto as Exhibit “C” as issued and committed to by **First American Insurance Company** (the “**Title Company**”), together with a legible copy of each document, map and survey referred to therein (collectively, the “**Review Supplements**”); and

3.3.1.2. Survey. An ALTA survey of the Property (the “**Survey**”) prepared by a surveyor of Optionee’s election and a Surveyor’s Certificate obtained by Optionee, at Optionee’s option and expense.

3.3.2. Monetary Liens. At or prior to Closing, Optionor shall remove, at Optionor’s expense, the following items as liens on the Property, (collectively, “**Monetary Liens**”): all monetary liens shown on any Review Supplement that are recorded against the Property as the result of Optionor’s direct action or direction, with Optionor being fully responsible for any fees or penalties incurred in connection with the payment or satisfaction thereof; provided, however, in no event shall Optionor be responsible for any other Monetary Liens, including, without limitations, monetary liens recorded against the Property as the result of any tenants’ action or inaction or that of any third party.

3.3.3. Required Removal. In the event that Optionor is required to remove an exception under Section 3.3.2, but then fails to do so, it shall constitute a default under this Agreement by Optionor. Notwithstanding any other provision of this Agreement, any exception to any Review Supplement shall be a “**Condition of Title**” hereunder.

ARTICLE 4. CONDITIONS PRECEDENT.

4.1. Optionee’s Conditions. Optionor shall timely fulfill each and all of the conditions set forth in this Section 4.1 on or before the Closing Date, or such earlier date as is set forth below. Each condition may be waived in whole or in part by Optionee by written notice to Optionor. A failure to fulfill any of such conditions by Optionor shall constitute a default by Optionor hereunder, except for failure of Section 4.1.1, which in no event shall constitute a default of Optionor hereunder.

4.1.1. Updated Title Policy. Optionor shall use commercially reasonable efforts to assist Optionee in obtaining an irrevocable commitment from the Title Company to issue an ALTA Extended Coverage Owner's Policy of Title Insurance ("**Updated Title Policy**") to Optionee at Closing, showing fee title to the Property vested in Optionee and subject only to: (i) all matters disclosed on the Title Policy or any Review Supplement and exceptions that are not required to be removed pursuant to Section 3.3.2; and (ii) the standard printed exceptions in the above-specified form of title insurance policy (collectively, "**Conditions of Title**"); provided, however, that Optionee shall be responsible to deliver timely an updated survey to the Title Company to allow the issuance of an ALTA Extended Coverage Owner's Policy.

4.1.2. Performance of Covenants. Optionor shall have performed and complied in all material respects with all of the terms of this Agreement to be performed and complied with by Optionor prior to or at the Closing.

4.1.3. Representations and Warranties. The representations and warranties of Optionor set forth in Article 5 shall be true and accurate on the Closing Date, as if made on such date.

4.1.4. California Certification. Receiver, on behalf of Optionor, shall have furnished the certification required pursuant to the California Revenue and Taxation Code ("**CR&T Code**"), in the form required by the CR&T Code. The certifications referred to in this subsection are referred to herein as the "**Non-Foreign Certifications**".

4.2. Optionor's Conditions. If Optionee duly exercises the Option pursuant to the terms of this Agreement, Optionor's obligations to sell the Property under this Agreement are expressly subject to the timely fulfillment of the conditions set forth in this Section 4.2 on or before the Closing Date, or such earlier date as is set forth below. Each condition may be waived in whole or part by Receiver, on behalf of Optionor, by written notice to Optionee. A failure to fulfill any of such conditions by Optionee shall constitute a default by Optionee hereunder.

4.2.1. Covenants. Optionee shall have performed and complied in all material respects with all of the terms of this Agreement to be performed and complied with by Optionee prior to or at the Closing.

4.2.2. Representations and Warranties. The representations of Optionee set forth in Article 6 shall be true and accurate in all material respects on the Closing Date, as if made on such date.

ARTICLE 5. OPTIONOR'S REPRESENTATIONS AND WARRANTIES; OPTIONOR'S DISCLOSURES.

Optionor hereby makes the following representations and warranties to Optionee, as of the Effective Date, and as of the Closing Date, with the understanding that each such representation and warranty is material and is being relied upon by Optionee. Whenever the words "Optionor's knowledge" are used in this Agreement, they shall mean the actual knowledge of the City Manager, the City Attorney and the Economic Development Director (or, in lieu of the Economic Development Director, the other Optionor employee principally responsible for Optionor-occupied real property assets) of the City of Stockton.

5.1. Optionor's Authority. The execution, delivery and performance of this Agreement by Optionor have been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of Optionor, any person or entity to whom Optionor owes a fiduciary duty or any other third party in order to consummate the transactions contemplated herein.

5.2. Foreign Person. Optionor is not a "foreign person" within the meaning of Section 1445(f) of the Internal Revenue Code.

5.3. No Conflict. Neither the execution nor delivery of this Agreement by Optionor, nor performance of any of its obligations hereunder, nor consummation of the transactions contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Optionor was organized, or any agreement to which Optionor is a party or is bound, or any order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over Optionor.

5.4. Accuracy. The copies of Due Diligence Documents provided from Optionor to Optionee are accurate in all material respects.

5.5. Binding Effect of Documents. This Agreement and the other documents to be executed by Optionor hereunder, upon execution and delivery thereof by Optionor (or by Receiver, on Optionor's behalf), will have been duly entered into by Optionor, and will constitute legal, valid and binding obligations of Optionor, enforceable against Optionor in accordance with their terms.

ARTICLE 6. OPTIONEE'S REPRESENTATIONS AND WARRANTIES.

Optionee makes and gives the following representations and warranties to and for the benefit of Optionor, with the understanding that each such representation and warranty is material and is being relied upon by Optionor:

6.1. Optionee's Authority. The execution, delivery and performance of this Agreement by Optionee have been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of Optionee in order to consummate the transactions contemplated herein.

6.2. No Conflict. Neither the execution nor delivery of this Agreement by Optionee, nor performance of any of its obligations hereunder, nor consummation of the transactions contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Optionee was organized, or any agreement to which Optionee is a party or is bound, or any order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over Optionee.

ARTICLE 7. HAZARDOUS MATERIALS; RELEASE; INDEMNIFICATION.

7.1. Hazardous Materials Definitions. For purposes of this Agreement:

7.1.1. “**Environmental Law(s)**” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq., the Clean Water Act, 33 U.S.C. Sections 1251 et seq., The Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. H&S Code Sections 25249.5-25249.13), the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. H&S Code Sections 25300 et seq.), and the California Water Code Sections 1300, et seq., as said laws have been supplemented or amended to date, the regulations promulgated pursuant to said laws and any other federal, state or local law, statute, rule, regulation or ordinance which regulates or proscribes the use, storage, disposal, presence, cleanup, transportation or Release or threatened Release into the environment of Hazardous Material.

7.1.2. “**Hazardous Material**” means any substance which (i) is designated, defined, classified or subject to regulation as a hazardous or toxic substance, hazardous or toxic material, hazardous or toxic waste, pollutant or contaminant under any Environmental Law, as currently in effect or as hereafter amended or enacted, (ii) is or contains a petroleum hydrocarbon, including crude oil or any fraction thereof and all petroleum products, (iii) is or contains PCBs, (iv) is or contains lead, (v) is or contains asbestos, (vi) is or contains a flammable explosive, (vii) is or contains an infectious material or (viii) is or contains a radioactive material.

7.1.3. “**Release**” means any spilling, leaking, pumping, pouring, emitting, discharging, injecting, dumping or other active disposal into the environment of any Hazardous Material (including the abandonment or discarding of barrels, containers, and other receptacles containing any Hazardous Material).

7.2. Hazardous Material Representations. Optionee hereby acknowledges and accepts that Optionor makes no representation or warranty regarding Hazardous Materials or the Property and that Optionor shall not be bound by or required under this Agreement to make any such disclosures with response to Environmental Laws or any Release, except as required by Environmental Law.

ARTICLE 8. CLOSING.

8.1. Time. Provided Optionee has duly exercised the Option and all conditions set forth in Article 4 have been either satisfied or waived, the parties shall close this transaction (the “**Closing**”) on the date (“**Closing Date**”) that is fifteen (15) days after the date of delivery of the Option Exercise Notice by Optionee to Optionor or as required under Section 1.3 hereof.

8.2. Escrow. Concurrently with Optionee’s execution and delivery of this Agreement to Optionor, Optionee shall deliver a copy of this Agreement to Chicago Title Company, 24300 Town Center Drive, Suite 320, Valencia, California 91355 (Attn: Maggie Watson) as escrow holder (“**Escrow Holder**”), to establish an escrow (“**Escrow**”) for the transaction contemplated herein. This Article 8, together with such additional instructions as Escrow Holder shall reasonably request and the parties shall agree to, shall constitute the escrow instructions to Escrow Holder. If there is any inconsistency between this Agreement and the Escrow Holder’s additional escrow instructions, this Agreement shall control unless the intent to amend this

Agreement is clearly stated in said additional instructions. Escrow Holder shall execute and deliver a counterpart of this Agreement to each of Optionee and Optionor.

8.3. Optionor's Deposit of Documents and Funds Into Escrow. If Optionee duly exercises the Option, then Receiver shall deposit into Escrow on or before Closing Date the following documents:

8.3.1. All of Escrow Holder's fees, the Updated Title Policy Premium (both CLTA and ALTA portion), including any endorsements to such Updated Title Policy, plus or minus prorations as provided in Section 8.6, all as shown on the estimated closing statement prepared by Escrow Holder pursuant to Section 8.6 below, in the form approved by Receiver and Optionee (such deposit shall be made by means of an electronic transfer of immediately available Federal funds to Escrow Holder not later than one (1) business day prior to the scheduled Closing Date);

8.3.2. A duly executed and acknowledged deed, in the form of Exhibit "F", conveying the Real Property to Optionee ("**Quitclaim Deed**"), executed by Receiver;

8.3.3. A duly executed and acknowledged bill of sale, in the form of Exhibit "G", conveying the Personal Property to Optionee, executed by Receiver ("**Bill of Sale**");

8.3.4. A duly executed and acknowledged assignment of leases in the form of Exhibit "H", assigning the leases to Optionee, executed by Receiver ("**Assignment of Leases**").

8.3.5. Receiver's written authorization for Escrow Holder to pay, on behalf of Optionor out of sale proceeds to which Optionor is otherwise entitled, the premium for the CLTA portion of the Updated Title Policy, all recording fees, all transfer taxes and fees, one-half (½) of Escrow Holder's fees, plus or minus prorations as provided in Section 8.6, all as shown on the estimated closing statement prepared by Escrow Holder pursuant to Section 8.6 below, in the form approved by Receiver and Optionee;

8.3.6. Optionor's Non-Foreign Certifications, executed by Optionor or Receiver; and

8.3.7. Such additional documents, including written escrow instructions consistent with this Agreement, as may be reasonably necessary for the conveyance of the Property to Optionee and the performance of Optionor's obligations under this Agreement.

8.4. Optionee's Deposit of Documents and Funds. If Optionee duly exercises the Option, Optionee shall deposit into escrow prior to the Closing (unless an earlier delivery date is expressly provided for herein):

8.4.1. A duly executed and acknowledged Assignment of Leases executed by Optionee;

8.4.2. Prorations as provided in Section 8.6, all as shown on the estimated closing statement prepared by Escrow Holder pursuant to Section 8.6 below, in the form approved by Receiver and Optionee (such deposit shall be made by means of an electronic

transfer of immediately available Federal funds to Escrow Holder not later than one (1) business day prior to the scheduled Closing Date); and

8.4.3. Such additional documents, including written escrow instructions consistent with this Agreement, as may be reasonably necessary for the conveyance of the Property to Optionee and the performance of Optionee's obligations under this Agreement.

8.5. Closing. If Optionee has duly exercised the Option, then at such time as Escrow Holder has received all documents and funds identified in Sections 8.3 and 8.4, and the Title Company is irrevocably committed to issue the Updated Title Policy then, and only then, Escrow Holder shall:

8.5.1. Record the Quitclaim Deed and Assignment of Leases;

8.5.2. Cause the Title Company to issue the Updated Title Policy to Optionee;

8.5.3. Deliver to Optionee: (i) conformed copies (showing all recording information thereon) of the Quitclaim Deed and Assignment of Leases; (ii) the Bill of Sale; and (iii) the Non-Foreign Certifications; and

8.5.4. Deliver to Optionor and Receiver a conformed copy (showing all recording information thereon) of the Quitclaim Deed and Assignment of Leases.

Escrow Holder also shall prepare and sign closing statements showing all receipts and disbursements and shall deliver copies to Optionee, Receiver and Optionor along with the other closing documents and items and, if applicable, shall file with the Internal Revenue Service (with copies to Optionee and Optionor) the reporting statement required under Section 6045(e) of the Internal Revenue Code.

8.6. Prorations/Expenses. Optionor and Optionee agree that all expenses relating to the Property, including, without limitation, expenses related to property taxes, maintenance, utilities and insurance shall be the responsibility of Optionee from and after the Closing Date (with the Receiver, acting on behalf of the Optionor, responsible for all such expenses relating to the Property prior to the Closing Date) and therefore, if Optionee duly exercises the Option, all expenses of the Property shall be prorated as of 11:59 p.m. on the day immediately preceding the Closing Date, based upon the exact number of days contained in the calendar month in which the Closing Date occurs. Not less than five (5) business days prior to the Closing, Escrow Holder shall submit to Receiver (on behalf of Optionor) and Optionee for approval by each of them a tentative closing statement showing the categories and amounts of all prorations proposed and all closing costs and expenses. The parties shall reasonably agree on a final approved closing statement and deliver the same to Escrow Holder not later than one (1) business day prior to the scheduled Closing Date. If following the Closing either party discovers an error in the closing statement, it shall notify the other party and the parties shall promptly make any monetary adjustment reasonably required to correct the closing statement error. Nothing in this section shall be interpreted to impose any obligation on Optionee for Receiver's premiums for any insurance relating to the Property carried by Receiver. In no event shall this Section 8.6 limit Optionee's obligations under Section 11.1.

8.6.1. Property Taxes. Notwithstanding anything to the contrary herein, commencing on the Closing Date, all real and personal property ad valorem taxes and special assessments, if any, whether payable in installments or not, including without limitation, all supplemental taxes attributable to the period prior to the Closing Date (collectively, “**Taxes**”), shall be paid for solely by Optionee, with no right to a credit or reimbursement therefore and, to the extent applicable, shall be prorated to the Closing Date, based on the latest available tax bill. If a supplemental tax bill is issued following the Closing Date that relates to any period of time prior to the Closing Date, Optionor shall be responsible for the portion of the supplemental tax bill that is allocable to the period of time covered by the bill that is prior to the Closing Date, and Optionee shall be responsible for the portion, if any, of the supplemental tax bill that is allocable to the period of time covered by the bill that is on or after the Closing Date.

8.6.2. Utilities. Notwithstanding anything to the contrary herein, commencing on the Closing Date, all gas, water, electricity, heat, fuel, sewer and other utilities and the operating expenses relating to the Property shall be paid for solely by Optionee, with no right to a credit or reimbursement therefore and, to the extent applicable, shall be prorated outside of Escrow as of the Closing Date.

8.7. Possession. If Optionee duly exercises the Option, Optionor shall deliver possession of the Property to Optionee on the Closing Date, subject to the Conditions of Title, to the extent Optionee is not already in possession thereof.

ARTICLE 9. DAMAGE, DESTRUCTION AND CONDEMNATION.

Optionor shall promptly notify Optionee in writing of any damage to the Property and of any taking or threatened taking that affects all or any material portion of the Property. Optionee and Optionor acknowledge and agreed that in no event shall any damage or condemnation of the Property result in the termination of this Agreement and, further, that in all events required under this Agreement, Optionee shall be required to acquire the Property. If Optionee is obligated to close following any damage or condemnation, Optionee shall receive an assignment of any property damage insurance or condemnation proceeds to which Optionor may be entitled.

ARTICLE 10. DEFAULT; REMEDIES; AND RELEASE.

10.1. Optionor's Default. “**Optionor's Default**” shall mean a material default by Optionor in the performance of its obligations under this Agreement that has not been cured within five (5) business days after Optionor's receipt of written notice from Optionee specifying in reasonable detail the nature of the alleged default by Optionor; provided, however, that if the default by its nature cannot reasonably be cured within said five (5) business day period, an Optionor's Default shall not be deemed to have occurred if Optionor commences to cure the default within said five (5) business day period and diligently proceeds to complete such cure within thirty (30) days thereafter.

10.2. Optionee's Default. “**Optionee's Default**” shall mean a material default by Optionee in the performance of its obligations under this Agreement that has not been cured within five (5) business days after Optionee's receipt of written notice from Optionor specifying in reasonable detail the nature of the alleged default by Optionee; provided however, that if the default by its nature cannot reasonably be cured within said five (5) business day period, a

Optionee's Default shall not be deemed to have occurred if Optionee commences to cure the default within said five (5) business day period and diligently proceeds to complete such cure within thirty (30) days thereafter.

10.3. Remedies.

10.3.1. Upon the occurrence of an Optionor's Default, Optionee shall be entitled to pursue all rights and remedies available under this Agreement, at law and/or in equity (subject to Section 10.4 below), including, but not limited to, specific performance.

10.3.2. Upon the occurrence of an Optionee's Default, Optionor shall be entitled to pursue all rights and remedies available under this Agreement, at law and/or in equity (subject to Section 10.4 below), including but not limited to specific performance; provided, however, that Optionor shall not have the right to seek or recover consequential, speculative or punitive damages.

10.3.3. No termination of the Escrow by Optionee or Optionor following a breach by the other party shall be deemed to waive such breach or any remedy otherwise available hereunder to the non-breaching party.

10.4. Judicial Reference; Waiver of Jury Trial. Any dispute, claim, controversy or action between the parties arising directly or indirectly out of or in any way relating to this Agreement or the Property (collectively, "**Dispute**") shall be resolved by a general judicial reference and a statement of decision issued thereon pursuant to California Code of Civil Procedure § 638, and/or other successor or applicable statute, court rule or provision of law, in accordance with the provisions set forth below:

10.4.1. The parties expressly waive any right to a trial by jury for any Dispute to the full extent permitted by law. Such Dispute shall be tried by a judicial referee as judge pro tem under an order of general judicial reference to try and determine all issues of fact and law, whether legal or equitable, and to issue a statement of decision thereon, to be chosen by the parties and shall be a retired state or federal judge or justice residing in the Los Angeles, California area. If the parties are unable to agree to a Referee within ten days after the Los Angeles Superior Court has ordered the appointment of a referee, then the retired judge or justice who shall act as the referee shall be appointed by the Los Angeles County Superior Court in accordance with California Code of Civil Procedure § 640, and/or other successor or applicable statute, court rule, or provision of law, with each of the parties entitled to only one disqualification pursuant to California Code of Civil Procedure § 170.6, which right to disqualification must be exercised, if at all, at the hearing on the petition to obtain the judicial reference order and/or to have the referee appointed. The action shall be conducted and the issues determined in compliance with all judicial rules and all statutory and decisional law of the State of California as if the matter were formally litigated in the Superior Court and not by way of judicial reference.

10.4.2. The cost of the reference shall initially be borne pro rata by the parties, but the prevailing party shall be entitled to obtain reimbursement for its pro rata share of the reference cost, and shall be awarded its attorneys' and experts' fees and all other costs and expenses of litigation pursuant to Section 12.9 below.

10.4.3. The referee shall conduct and decide all pretrial, trial and post trial procedures which may arise as if the matter were formally litigated in the Superior Court, and shall issue a written statement of decision. The judgment entered upon the decision of the referee shall be subject to all post trial procedures and to appeal in the same manner as an appeal from any order or judgment in a civil action. All rules of evidence as set forth in the California Evidence Code, all rules of discovery as set forth in the California Code of Civil Procedure, other applicable California and federal statutory and decisional law, and all rules of court shall be applicable to any proceeding before the referee.

10.4.3.1. This judicial reference agreement may be specifically enforced by the filing of a complaint or petition or motion seeking specific enforcement as may be directed by applicable statute and/or rule of court.

10.4.3.2. The parties agree and consent to the exclusive jurisdiction and venue of the Los Angeles County Superior Court, and specifically recognize and acknowledge the waiver of their right to remove any action to federal court on the basis of diversity jurisdiction or on any other basis.

10.4.3.3. The parties may apply to the Los Angeles County Superior Court for injunctive or other prejudgment relief prior to the appointment of the referee, and such application and related proceedings prior to the appointment of the referee shall not be a waiver of the enforceability and application of this judicial reference agreement to such Dispute or any other Dispute.

OPTIONEE AND OPTIONOR EACH HEREBY EXPRESSLY, IRREVOCABLY, FULLY AND FOREVER RELEASES, WAIVES AND RELINQUISHES ANY AND ALL RIGHT TO TRIAL BY JURY AND ALL RIGHT TO RECEIVE PUNITIVE, EXEMPLARY AND CONSEQUENTIAL DAMAGES FROM THE OTHER (OR ANY PAST, PRESENT OR FUTURE BOARD MEMBER, TRUSTEE, DIRECTOR, OFFICER, EMPLOYEE, AGENT, REPRESENTATIVE, OR ADVISOR OF THE OTHER) IN ANY CLAIM, DEMAND, ACTION, SUIT, PROCEEDING OR CAUSE OF ACTION IN WHICH OPTIONEE AND OPTIONOR ARE PARTIES, WHICH IN ANY WAY (DIRECTLY OR INDIRECTLY) ARISES OUT OF, RESULTS FROM OR RELATES TO ANY OF THE FOLLOWING, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER BASED ON CONTRACT OR TORT OR ANY OTHER LEGAL BASIS: THIS AGREEMENT; THE PROPERTY; ANY PAST, PRESENT OR FUTURE ACT, OMISSION, CONDUCT OR ACTIVITY WITH RESPECT TO THIS AGREEMENT OR ANY PAST OR PRESENT (BUT NOT FUTURE) ACT, OMISSION OR CONDUCT WITH RESPECT TO THE PROPERTY; ANY TRANSACTION, EVENT OR OCCURRENCE CONTEMPLATED BY THIS AGREEMENT; THE PERFORMANCE OF ANY OBLIGATION OR THE EXERCISE OF ANY RIGHT UNDER THIS AGREEMENT; OR THE ENFORCEMENT OF THIS AGREEMENT. OPTIONEE AND OPTIONOR EACH AGREES THAT THIS AGREEMENT CONSTITUTES WRITTEN CONSENT THAT TRIAL BY JURY SHALL BE WAIVED IN ANY SUCH CLAIM, DEMAND, ACTION, SUIT, PROCEEDING OR OTHER CAUSE OF ACTION PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 631 AND AGREES THAT OPTIONEE AND OPTIONOR EACH SHALL HAVE THE RIGHT AT ANY TIME TO FILE THIS AGREEMENT WITH THE CLERK OR JUDGE OF ANY COURT IN WHICH ANY SUCH CLAIM, DEMAND, ACTION, SUIT,

PROCEEDING OR OTHER CAUSE OF ACTION MAY BE PENDING AS STATUTORY WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 631.

Optionor Initials: _____

Optionee Initials: _____

10.5. Release. Subject to the representations and warranties of Optionor contained in Section 5 hereof, Optionee on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges, Optionor, Optionor's affiliates, Optionor's investment advisor, the partners, trustees, beneficiaries, shareholders, members, managers, directors, officers, employees and agents and representatives of each of them, and their respective heirs, successors, personal representatives and assigns (collectively, the "**Optionor Related Parties**"), from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, court costs and attorneys' fees and disbursements), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with or related to the Property, this Agreement and/or the transactions contemplated hereunder, including, without limitation (i) the physical condition of the Property including, without limitation, all structural and seismic elements, all mechanical, electrical, plumbing, sewage, heating, ventilating, air conditioning and other systems, the environmental condition of the Property and the presence of Hazardous Materials on, under or about the Property, (ii) any law or regulation applicable to the Property, including, without limitation, any Environmental Law and any other federal, state or local law, (iii) the Due Diligence Documents, (iv) any Conditions of Title Matter or (v) any other matter, save and except for any paid to Optionee from proceeds of insurance carried by Optionor, or otherwise, or related to or arising out of, Optionor's gross negligence, willful misconduct or fraud.

Further, Optionee hereby agrees, represents and warrants that Optionee realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses and other claims and liabilities which are presently unknown, unanticipated and unsuspected, and Optionee further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Optionee nevertheless hereby intends to release, discharge and acquit Optionor and the Optionor Related Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses and other claims and liabilities.

Optionor has given Optionee material concessions regarding this transaction in exchange for Optionee agreeing to the provisions of this Section. Optionee has initialed this Section to further indicate its awareness and acceptance of each and every provision hereof; provided, however that failure of Optionee to initial this Section 10.5 below shall not invalidate this Section nor any other provision of this Agreement.

OPTIONOR

OPTIONEE

ARTICLE 11. HOLDING PERIOD OBLIGATIONS.

11.1. Optionee Indemnity. Notwithstanding anything in this Agreement to the contrary, Optionee shall indemnify, defend and hold harmless Optionor and Optionor Related Parties from and against any and all claims, liabilities, losses, costs, damages, injuries or expenses, including reasonable attorneys' fees directly related to or arising out of Optionor's ownership of the Property first arising between the Effective Date until the Closing Date (the "**Holding Period**"), save and except for any amounts paid to Optionor from proceeds of insurance carried by Optionee, or otherwise, or related to or arising out of Optionor's gross negligence, willful misconduct, fraud or breach of this Agreement. The foregoing indemnity shall survive beyond the Closing, or, if the sale is not consummated, beyond the termination of this Agreement.

11.2. Optionee Gross Revenue Rights. During the Holding Period, either Optionee or Assured shall be entitled to any and all Gross Revenue (as defined below) from the Property, all to be delivered directly by Receiver either to Optionee or Assured, consistent with that certain Receivership Order. As used herein, "**Gross Revenue**" means all revenues of every kind resulting from the ownership, occupancy or operation of the Property and all of its facilities (including without limitation parking facilities) from guests, visitors, tenants, licensees, concessionaires, and other persons occupying space or rendering services in, at, on or from the Property.

ARTICLE 12. GENERAL.

12.1. Notices. All notices, demands, approvals, and other communications provided for in this Agreement shall be in writing and shall be effective (i) when personally delivered to the recipient at the recipient's address set forth below; (ii) upon receipt by recipient or first attempted delivery by United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed to the recipient as set forth below; (iii) one (1) business day after deposit with a recognized overnight courier or delivery service, addressed to the recipient as set forth below; or (iv) confirmation of receipt of facsimile transmission. If the date on which any notice to be given hereunder falls on a Saturday, Sunday or legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday.

The addresses for notice are:

Optionor:	The City of Stockton 425 N. El Dorado Street Second Floor Stockton, CA 95202 Attn: City Manager FAX: _____
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with a copy to: Orrick, Herrington & Sutcliffe, LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105
Attn: John Knox
FAX: (415) 773-5759

Optionee: Four Hundred Main Street LLC

Attn: _____
FAX: _____

with a copy to: Assured Guaranty
31 West 52nd Street
New York, NY 10019
Attn: Terence L. Workman
FAX: (212) 857-0302

and a copy to: Sidley Austin LLP
555 West Fifth Street, Suite 4000
Los Angeles, CA 90013
Attn: Jeffrey E. Bjork, Esq.
FAX: (213) 896-6600

Either party may change its address by written notice to the other given in the manner set forth above.

12.2. Entire Agreement. This Agreement and the Schedules and Exhibits hereto contain the entire agreement and understanding between Optionee and Optionor concerning the subject matter of this Agreement and supersede all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, made by Optionee or Optionor concerning the Property or the other matters which are the subject of this Agreement. This Agreement has been drafted through a joint effort of the parties and, therefore, shall not be construed in favor of or against either of the parties, and shall be construed as a whole in accordance with its fair meaning, and without regard to California Civil Code Section 1654 or similar statutes.

12.3. Amendments and Waivers. No addition to or modification of this Agreement shall be effective unless set forth in writing and signed by the party against whom the addition or modification is sought to be enforced. The party benefited by any condition or obligation may waive the same, but such waiver shall not be enforceable by another party unless made in writing and signed by the waiving party.

12.4. Invalidity of Provision. If any provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision

under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

12.5. Exhibits; References. Unless otherwise indicated, (i) all Article, Section, Schedule and Exhibit references are to the articles, sections, schedules and exhibits of this Agreement, and (ii) all references to days are to calendar days. All the Schedules and Exhibits attached hereto are incorporated herein by this reference. Whenever under the terms of this Agreement the time for performance of a covenant or condition falls upon a Saturday, Sunday or California state holiday (including, without limitation, the Closing Date), such time for performance shall be extended to the next business day. The headings used in this Agreement are provided for convenience only and this Agreement shall be interpreted without reference to any headings. The masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the others whenever the context so indicates or requires.

12.6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed in California, without reference to choice of law doctrines. Optionee and Optionor each acknowledge and agree that subject to Section 10.4 above, the Superior Court of the State of California in and for the County of Los Angeles and the associated federal and appellate courts shall have exclusive jurisdiction to hear and decide any dispute, controversy or litigation regarding the enforceability or validity of the terms of this Agreement.

12.7. Confidentiality and Publicity. Prior to the Closing, the parties shall at all times keep this transaction and any documents received from each other confidential, except to the extent necessary to (i) comply with applicable law and regulations, or (ii) carry out the obligations or investigations set forth in this Agreement; provided, however, that Optionor and Optionee each shall have the right to disclose such items to their respective legal and financial advisors and consultants, and to prospective investors, partners, brokers, lenders and purchasers so long as, in each such case, the disclosing party advises each recipient of any such item of the foregoing duty of confidentiality and the recipient agrees to be bound thereby. Any such disclosure to third parties shall indicate that the information is confidential and should be so treated by the third party. No press release or other public disclosure may be made by either party or any of its agents concerning this transaction without the prior written consent of the other party.

12.8. Time of Essence. Time is of the essence of this Agreement and the performance of the parties' respective obligations under this Agreement, and is a material term of this Agreement.

12.9. Attorneys' Fees. Optionee and Optionor each shall bear their respective attorneys' fees and costs in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated by this Agreement. In the event of any legal or equitable proceeding (including, but not limited to, proceedings under Section 10.4 above) arising out of this Agreement, the prevailing party in such proceeding shall be entitled to recover its reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and costs of defense paid or incurred in good faith, and upon appeal.

12.10. Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; provided, however, that Optionee shall have the right to assign all or any portion of its interest in this Agreement without Optionor's consent. Following any such assignment, Optionee shall be fully released from all of its obligations under this Agreement.

12.11. Further Assurances. Each party to this Agreement shall, at no material cost or expense to the other party, execute, acknowledge and deliver any further deeds, assignments, conveyances and other assurances, documents and instruments of transfer reasonably requested by the other party and shall take any other action consistent with the terms of this Agreement that may reasonably be requested by the other party for the purpose of transferring and conveying to Optionee, or reducing to Optionee's possession, any or all of the Property or otherwise carrying out the terms of this Agreement, including, without limitation, the prorations contemplated herein.

12.12. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any party hereto or give any third person any right of subrogation or action over against any party to this Agreement.

12.13. Remedies Cumulative. Except as expressly set forth herein, the remedies set forth in this Agreement are cumulative and not exclusive to any other legal or equitable remedy available to a party.

12.14. Commissions, Indemnity. Each party hereby indemnifies and agrees to protect, defend and hold harmless the other party from and against all liability, cost, damage or expense (including without limitation attorneys' fees and costs incurred in connection therewith) on account of any brokerage commission or finder's fee which the indemnifying party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying party. This Section 12.14 is intended to be solely for the benefit of the parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a party to this Agreement.

12.15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

12.16. Survival of Covenants, Representations and Warranties.

12.16.1. Optionee. Each covenant, representation and warranty of Optionee contained in this Agreement shall survive the Closing and the delivery and recordation of the Quitclaim Deed for a period of six (6) months; any action or proceeding against Optionee based upon a breach of any covenant, representation or warranty of Optionee contained in this Agreement or otherwise concerning the Property shall be filed and served upon Optionee, if at all, not later than the date that is six (6) months after the Closing.

12.16.2. Optionor. Each covenant, representation and warranty of Optionor contained in this Agreement shall survive the Closing and the delivery and recordation of the Quitclaim Deed for a period of six (6) months; any action or proceeding against Optionor based upon a breach of any covenant, representation or warranty of Optionor contained in this Agreement or otherwise concerning the Property shall be filed and served upon Optionor, if at all, not later than the date that is six (6) months after the Closing.

[signatures follow on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement, and it is effective, as of the Effective Date.

OPTIONOR:

THE CITY OF STOCKTON,
a municipal corporation

By: _____
Name: _____
Title: _____

OPTIONEE:

FOUR HUNDRED MAIN STREET LLC
a Delaware Limited Liability Company

By: _____
Name: _____
Title: _____

ACCEPTANCE BY ESCROW HOLDER

Escrow Holder acknowledges receipt of the foregoing Agreement and accepts the instructions contained therein.

Dated: _____, 20__

Chicago Title Insurance Company

By: _____

Name: _____

Title: _____

EXHIBIT A
LEGAL DESCRIPTION

All that certain real property situated in the City of Stockton, San Joaquin County, State of California, described as follows:

PARCEL ONE:

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

PARCEL TWO:

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said Lot 15, 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning. All dimensions are U.S. Standard measure.

PARCEL THREE:

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

PARCEL FOUR:

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

PARCEL FIVE:

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 Inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11); in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and

Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Lita Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof. (All measurements are U.S. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece of parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning. All dimensions are United States Standards Measure.

PARCEL SEVENTEEN:

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning. All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

PARCEL EIGHTEEN:

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly, 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

PARCEL NINETEEN:

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land:

Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a nonexclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the subterranean easement, as granted American Savings and Loan Association, a California

corporation, recorded July 3, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00 seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning. All distances in the four described parcels are U.S. Standard Measurements.

EXHIBIT B
FORM OF OPTION EXERCISE NOTICE

_____, 20__

City of Stockton

Attn: _____

Re: Option to Purchase 400 East Main Street, Stockton, California

Dear _____:

All capitalized terms used in this letter shall have the meanings assigned in that certain Real Property Option Agreement and Joint Escrow Instructions dated as of _____, 20__ by and between the City of Stockton, a municipal corporation, as Optionor, and _____, a _____, as Optionee, unless otherwise expressly provided herein.

This letter shall constitute notice to Optionor that Optionee has elected to exercise its Option to purchase the Property.

OPTIONEE:

_____,
a _____

By: _____
Name: _____
Title: _____

cc: Chicago Title Company (Escrow Department)

EXHIBIT C
PRELIMINARY TITLE REPORT

Policy of Title Insurance



ISSUED BY

First American Title Insurance Company

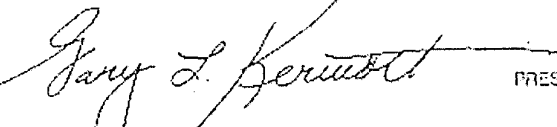
SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land; and in addition, as to an insured lender only;
5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage; said mortgage being shown in Schedule B in the order of its priority;
7. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule B, or the failure of the assignment shown in Schedule B to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, First American Title Insurance Company has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

First American Title Insurance Company

BY  PRESIDENT

ATTEST  SECRETARY



First American Title

SCHEDULE A

Total Fee for Title Search, Examination
and Title Insurance: \$17,461.01

Amount of Insurance: \$40,606,920.00

Policy Number: 8701-247327

Date of Policy: December 18, 2007 at 7:54 am

1. Name of insured:

WELLS FARGO BANK, NATIONAL ASSOCIATION, AS TRUSTEE

2. The estate or interest in the land which is covered by this policy is: A Leasehold Estate created in that certain "SITE AND FACILITY LEASE" dated November 1, 2007 executed by and between City of Stockton, as lessor and Stockton Public Financing Authority, as lessee recorded December 18, 2007 as recorders instrument no. 2007-211363.

3. Title to the estate or interest in the land is vested in:

Stockton Public Financing Authority, A joint exercise of powers organized and existing under and by virtue of the laws of the State of California

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART ONE

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notice of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

SCHEDULE B
(Continued)

PART TWO

1. General and special taxes and assessments for the fiscal year 2007-2008.
First Installment: \$249,141.18, paid
Penalty: \$0.00
Second Installment: \$249,141.18, payable
Penalty: \$0.00
Tax Rate Area: 003-000
A. P. No.: 149-150-24
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. The lien of special tax for the following community facilities district, which tax is collected with the county taxes.
District: Stockton Central Parking
4. The lien of special tax for the following community facilities district, which tax is collected with the county taxes.
District: Downtown Stockton Alliance 97-02
5. The lien of special tax for the following community facilities district, which tax is collected with the county taxes.
District: Downtown Stockton Management District 2002-02
6. Taxes and assessments for the San Joaquin Area Flood Control Agency District, which are collected with the county taxes.
7. Taxes and assessments, if any, of the Sacramento-San Joaquin Drainage District.
8. The terms and provisions contained in the document entitled "'Agreement for Grant of Easement" recorded July 13, 1987 as Instrument No. 87066275 of Official Records.

NOTE: "Memorandum of Construction Commencement and Termination of Right of Reverter", was recorded May 11, 1988 as Instrument No. 88039982 of Official Records.

Affects: A portion of said land

9. Assessment Diagram of Downtown Stockton Management District No. 2007-01 as disclosed by Map recorded in Book 5 of Maps of Assessments and Community Facilities Districts, page 177.
10. Any and all leases.
11. Any failure to comply with the terms, provisions and conditions of the lease referred to in Schedule A.
12. An unrecorded lease dated November 1, 2007, executed by Stockton Public Financing Authority as lessor and City of Stockton as lessee, as disclosed by a Memorandum of Lease Agreement recorded December 18, 2007 as instrument no. 2007-211364 of Official Records.

The Lessor's interest under the lease has been assigned to Wells Fargo Bank, National Association by assignment recorded December 18, 2007 as instrument no. 2007-211365 of Official Records.

Lessor: Stockton Public Financing Authority

SCHEDULE C

The land referred to in this policy is described as follows:

Real property in the City of Stockton, County of San Joaquin, State of California , described as follows:

PARCEL ONE:

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

PARCEL TWO:

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said lot 15; 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning.

All dimensions are U.S. Standard measure.

PARCEL THREE:

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

PARCEL FOUR:

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

PARCEL FIVE:

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the Said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Uta Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof.

(All measurements are u.s. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece of parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said city.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center

of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al, to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning.
All dimensions are United States Standards Measure.

PARCEL SEVENTEEN:

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning.

All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

PARCEL EIGHTEEN:

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al, to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly. 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to

said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

PARCEL NINETEEN:

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land: Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a non-exclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the subterranean easement, as granted American Savings and Loan Association, a California corporation, recorded July 13, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton

All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds

East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00 seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning.

All distances in the four described parcels are u.s. Standard Measurements.

APN: 149-150-24

ENDORSEMENT

Attached to Policy No. 8701-247327

Issued By

First American Title Insurance Company

Said policy is hereby amended in the following particulars:

- A. Paragraph 1 of the Conditions and Stipulations is hereby amended by adding a subparagraph (g) as follows:

- (g) "leasehold estate": The right of possession for the terms or terms described in Schedule A hereof subject to any provisions contained in the Lease which limit such right of possession.

- B. Paragraph 13 of the Conditions and Stipulations is hereby renumbered as paragraph 15.

- C. The Conditions and Stipulations are amended by adding paragraphs 13 and 14 as follows:

13. Valuation of Estate or Interest Insured

If, in computing loss or damage incurred by the insured, it becomes necessary to determine the value of the estate or interest insured by this policy, such value shall consist of the then present worth of the excess, if any, of the fair market rental value of such estate or interest, undiminished by any matters for which claim is made, for that part of the term stated in Schedule A herein then remaining plus any renewal or extended term for which a valid option to renew or extend is contained in the Lease, over the value of the rent and other consideration required to be paid under the Lease for the same period.

14. Miscellaneous Items of Loss

In the event the insured is evicted from possession of all or part of the land by reason of any matters insured against by this policy, the following, if applicable, shall be included in computing loss or damage incurred by the insured, but not to the extent that the same are included in the valuation of the estate or interest insured by this policy.

- (a) The reasonable cost of removing and relocating any personal property which the insured has the right to remove and relocate, situated on the land at the time of eviction, the cost of transportation of such personal property for the initial twenty-five miles incurred in connection with such relocation, and the reasonable cost of repairing such personal property damaged by reason of said removal and relocation. The costs referred to above shall not exceed in the aggregate the value of the personal property prior to its removal and relocation.

"Personal property", above referred to, shall mean chattels and property which because of its character and manner of affixation to the land, can be severed therefrom without causing appreciable damage to the property severed or to the land to which such property is affixed.

- (b) Rent or damages for use and occupancy of the land prior to such eviction which the insured as owner of the leasehold estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.

- (c) The amount of rent which, by the terms of the Lease, the insured must continue to pay to the lessor after eviction for the land, or part thereof, from which the insured has been evicted.
- (d) The fair market value, at the time of such eviction, of the estate or interest of the insured in any sublease of all or part of the land existing at the date of such eviction.
- (e) Damages which the insured may be obligated to pay to any sublease on account of the breach of any sublease of all or part of the land caused by such eviction.

The total liability of the Company under said policy and any endorsements therein shall not exceed, in the aggregate, the face amount of said policy and costs which the Company is obligated under the Conditions and Stipulations thereof to pay.

This endorsement is made a part of said policy and is subject to the Schedules, Conditions and Stipulations therein, except as modified by the provisions hereof.

December 18, 2007

F.A. Form16
(F.A. Effective 4/20/81)
ALTA Leasehold Owners Policy (1970 Form)

ENDORSEMENT

Attached to Policy No.

Issued By

First American Title

Paragraph 1 of the Conditions and Stipulations of this policy is hereby amended by deleting therefrom subparagraph (a) and substituting in lieu thereof the following:

- (a) "insured": the party or parties named as insured in Schedule A, together with each successor in ownership of any of the bonds referred to in Schedule A of this policy (reserving, however, all rights and defenses as to any such successor that the Company would have had against any predecessor insured, unless the successor acquired the bond or bonds as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest referred to in Schedule A in the land).

Paragraph 1 of the Conditions and Stipulations of this policy is further hereby amended by adding subparagraph (j) thereto to read as follows:

- (j) "bond" or "bonds": the bonds referred to in Schedule A of this policy.

Paragraph 6 of the Conditions and Stipulations of said policy is hereby amended by deleting the printed text thereof and substituting in lieu thereof the following:

6. Options to Pay or Otherwise Settle Claims: Termination of Liability.

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Bonds.
 - (i) to pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or
 - (ii) in case loss or damage is claimed under this policy by an insured owner or legal holder of any of the bonds referred to in Schedule A, to purchase such bond or bonds for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase said bond or bonds as herein provided, such insured shall transfer, assign and deliver said bond or bonds, together with any collateral securing the same, to the Company upon payment therefor.

Upon the exercise by the Company of the option provided for in paragraph a(i), all liability and obligations to the insured under this policy, other than to make the payment required in that paragraph, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

Upon the exercise by the Company of the option provided for in paragraph a(ii), the Company's obligation to an insured owner or legal holder of said bond or bonds for the claimed loss or damage, other than the payment required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

- (b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.
 - (i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or
 - (ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs b(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

Any loss under this policy shall be payable to the insured as their respective interests may appear. If payment is made to any owner or legal holder of any of said bonds, such payment shall be made ratably with other bondholders. Payment by the Company to any owner or legal holder of any of said bonds shall reduce pro tanto the liability of the Company under this policy to such owner or legal holder.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

December 18, 2007

CLTA Form 112.2 (Revised 9-10-93)
CLTA-Lender-Bondholder

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to
 - (i) the occupancy, use, or enjoyment of the land;
 - (ii) the character, dimensions or location of any improvement now or hereafter erected on the land;
 - (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or
 - (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by their policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

- (a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors. The term "insured" also includes
 - (i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12 (c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any such successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land;
 - (ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;
 - (iii) the parties designated in Section 2 (a) of these Conditions and Stipulations.
- (b) "insured claimant": an insured claiming loss or damage.
- (c) "insured lender": the owner of an insured mortgage.
- (d) "insured mortgage": a mortgage shown in Schedule B, the owner of which is named as an insured in Schedule A.
- (e) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of any public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.
- (f) "land": the land described or referred to in Schedule C, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area specifically described or referred to in Schedule C, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.
- (g) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.
- (h) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.
- (i) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE.

- (a) **After Acquisition of Title:** If this policy insures the owner of the indebtedness secured by the insured mortgage, the coverage of this policy shall continue in force as of Date of Policy in favor of
 - (i) such insured lender who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage;

(ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly owned subsidiary of the insured corporation and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and
(iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.
(b) **After Conveyance of Title:** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either

(i) an estate or interest in the land, or

(ii) an indebtedness secured by a purchase money mortgage given to an insured.

(c) **Amount of Insurance:** The amount of insurance after the acquisition or after the conveyance by an insured lender shall in neither event exceed the least of:

(i) The amount of insurance stated in Schedule A;

(ii) The amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or

(iii) The amount paid by any governmental agency or governmental instrumentality, if the agency or instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing

(i) in case of any litigation as set forth in Section 4 (a) below,

(ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or
(iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to that insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of such insured in litigation in which any third party asserts a claim adverse to the title or interest as insured but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of such insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by an insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to an insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for this purpose. Whenever requested by the Company, an insured, at the Company's expense, shall give the Company all reasonable aid

(i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and
(ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of an insured to furnish the required cooperation, the Company's obligations to such insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by each insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of an insured claimant to provide the required proof of loss or damage, the Company's obligations to such insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, an insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by an insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of an insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that insured for that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) to Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or
(ii) in case loss or damage is claimed under this policy by the owner of the indebtedness secured by the insured mortgage, to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of the option provided for in paragraph a(i), all liability and obligations to the insured under this policy, other than to make the payment required in that paragraph, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

Upon the exercise by the Company of the option provided for in paragraph a(ii) the Company's obligation to an insured Lender under this policy for the claimed loss or damage, other than the payment required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs b(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION AND EXTENT OF LIABILITY.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy to an insured lender shall in no case exceed the least of:

(i) the Amount of Insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2(c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured lender has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The liability of the Company under this policy to an insured owner of the estate or interest in the land described in Schedule A shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(d) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, or, it applicable, to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable for:

(i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or

(ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.

9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto. However, as to an insured lender, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of insurance afforded under this policy as to any such insured, except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the Amount of Insurance stated in Schedule A.

(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company to an insured lender except as provided in Section 2(a) of these Conditions and Stipulations.

10. LIABILITY NONCUMULATIVE.

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

The provisions of this Section shall not apply to an insured lender, unless such insured acquires title to said estate or interest in satisfaction of the indebtedness secured by an insured mortgage.

11. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

12. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant the Company shall be subrogated

(i) as to an insured owner, to all rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss; and

(ii) as to an insured lender, to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest and costs of collection.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Insured's Rights and Limitations.

Notwithstanding the foregoing, the owner of the indebtedness secured by an insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of the insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(c) The Company's Rights Against Non-Insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by acquisition of the insured mortgage by an obligor (except an obligor described in Section 1(a)(ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1(a)(i) of these Conditions and Stipulations.

13. ARBITRATION.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

15. SEVERABILITY.

In the event any provision of this policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

16. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at its main office at 1 First American Way, Santa Ana, California, 92707 or to the office which issued this policy.

EXHIBIT D

JOINT STIPULATION RE: APPOINTMENT OF RECEIVER

1 **Bridget S. Johnsen (SBN 210778)**
2 **bjohnsen@sidley.com**
3 **Jeffrey E. Bjork (SBN 197930)**
4 **jbjork@sidley.com**
5 **SIDLEY AUSTIN LLP**
6 **555 West Fifth Street, Suite 4000**
7 **Los Angeles, California 90013-1010**
8 **Telephone: (213) 896-6000**
9 **Facsimile: (213) 896-6600**

10 **Attorneys for Plaintiffs**
11 **Four Hundred Main Street LLC and**
12 **Assured Guaranty Corp.**

13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
14 **FOR THE COUNTY OF SAN JOAQUIN**

15 FOUR HUNDRED MAIN STREET LLC, a) Case No. _____
16 Delaware limited liability company, ASSURED) (Case assigned to Department ____)
17 GUARANTY CORP., a Maryland company,)
18 Plaintiffs,) **JOINT STIPULATION RE:**
19 vs.) **APPOINTMENT OF RECEIVER;**
20) **[PROPOSED] ORDER THEREON**
21) DATE: _____, 2015
22 THE CITY OF STOCKTON, a municipal) TIME: _____ a.m./p.m.
23 corporation; MAIN STREET STOCKTON) DEPT: ____
24 LLC, a Delaware limited liability company;)
25 DOES 1 through 50, inclusive,) Complaint Filed: _____, 2015
26) Trial Date: None
27 Defendants,
28 _____

29 **STIPULATION**

30 This Joint Stipulation re: Appointment of Receiver; [Proposed] Order Thereon is
31 entered into by and between Plaintiffs Assured Guaranty Corp. and Four Hundred Main Street LLC
32 (collectively, "Plaintiff") and Defendants the City of Stockton, ("City") and Main Street Stockton
33 LLC ("Main Street Stockton") (collectively, the "Parties").

34 WHEREAS, the "Property" which is the subject of this Stipulation is comprised of:

35 a. Land. That certain real property located in the City of Stockton, County of
36 San Joaquin, State of California, commonly known as 400 East Main Street and more particularly
37 described in Exhibit "A", together with all right, title and interest of the City in and to all privileges,
38

39 **JOINT STIPULATION RE: APPOINTMENT OF RECEIVER; [PROPOSED] ORDER THEREON**

1 rights, easements, rights of way, and appurtenances belonging to the real property, including without
2 limitation, all minerals, oil, gas and other hydrocarbon substances on and under the real property
3 (collectively, the “Land”);

4 b. Improvements. All of the City’s right, title and interest in and to all buildings,
5 structures, systems, facilities, fixtures, parking structures, fences and parking areas located on the
6 Land and any and all machinery, equipment, apparatus and appliances used in connection with the
7 operation or occupancy of the Land (such as facilities used to provide utility services or other
8 amenities on the Land) and other improvements located upon the Land (collectively, the
9 “Improvements” and, together with the Land, the “Real Property”); and

10 c. Personal Property. All of the City’s right, title and interest in and to all
11 tangible and intangible personal property used in connection with the operation, use, maintenance, or
12 occupancy of the Real Property (collectively, the “Personal Property”);

13 WHEREAS, the Stockton Public Financing Authority (the “Authority”) issued the
14 \$36,500,000 Variable Rate Demand Lease Revenue Bonds 2007 Series A (Building Acquisition
15 Financing Project) and the \$4,270,000 Taxable Variable Rate Demand Lease Revenue Bonds 2007
16 Series B (Building Acquisition Financing Project) (collectively, the “Bonds”);

17 WHEREAS, Wells Fargo Bank, National Association (the “Trustee”), serves as
18 indenture trustee for the Bonds under that certain Indenture of Trust dated as of November 1, 2007
19 (the “Indenture of Trust”);

20 WHEREAS, Plaintiff Assured Guaranty Corp. (“Assured”) issued two financial
21 guaranty insurance policies and a reserve fund insurance policy in connection with the Bonds (the
22 “Insurance Policies”);

23 WHEREAS, the Indenture of Trust grants to Assured the rights to control and direct
24 the enforcement of rights and remedies granted thereunder to the owners of the Bonds or the Trustee
25 on behalf of such owners in the event of a default;

26 WHEREAS, Assured is now the sole owner of the Bonds;

27 WHEREAS, the Property is (i) owned by the City and leased to the Authority
28 pursuant to a Site and Facility Lease dated as of November 1, 2007; and (b) re-leased to the City

1 pursuant to a Lease Agreement dated as of November 1, 2007 (the “Lease Back Agreement”);

2 WHEREAS, the Authority transferred in trust, granted a security interest in, and
3 assigned to the Trustee, for the benefit of the owners of the Bonds, all of the revenues set forth in the
4 Indenture of Trust and all the Authority’s rights in the Lease Back Agreement (except for certain
5 rights to indemnification set forth therein);

6 WHEREAS, on or about April 26, 2012, the City defaulted under the Lease Back
7 Agreement by failing to make a required payment under such Lease Back Agreement, allowing the
8 Trustee, as directed by Assured, to exercise the Authority’s rights under the Lease Back Agreement
9 in connection with the Property;

10 WHEREAS, the City filed a Chapter 9 bankruptcy case that is now pending in the
11 United States Bankruptcy Court for the Eastern District of California (the “Bankruptcy Court”),
12 Chapter 9 Case Number 2012-32118 (the “Chapter 9 Case”);

13 WHEREAS, pursuant to that certain Judgment of Possession issued on May 31, 2012
14 by the Superior Court of the State of California—County of San Joaquin in Case No. 39-2012-
15 00280741-CU-UD-STK (the “Judgment of Possession”) and Notice of Delivery of Notice of
16 Possession of Real Property, dated June 21, 2012 and delivered in connection with the Judgment of
17 Possession, Main Street Stockton, designee of the Trustee under the Indenture of Trust, obtained
18 possession of the Real Property;

19 WHEREAS, subsequent to Main Street Stockton obtaining possession of the Real
20 Property, Main Street Stockton, as landlord, and the City, as tenant, entered into that certain 400 East
21 Main Street Office Lease for certain premises located on the Land (the “Prior Lease”), which Prior
22 Lease (i) will be terminated by its own terms on the effective date of the City’s Plan of Adjustment
23 (“Plan”) when a receiver is appointed, and (ii) shall be replaced by that certain 400 East Main Street
24 Office Lease between the Receiver (as hereinafter defined) and the City (the “City Office Lease”);

25 WHEREAS, to resolve the Chapter 9 Case, in part, (i) the City has agreed to convey
26 the Property¹ to Plaintiff at a future date in exchange for Assured’s agreement to cancel the Bonds

27 _____
28 ¹ The definition of “Property” herein notwithstanding, the parties agree that the rooftop chillers purchased by the City,
the servers used by the City and the furniture located in the space currently occupied by the City on the third and fourth

1 on the effective date of the Plan as set forth in that certain Real Property Option Agreement and Joint
2 Escrow Instructions (the “Option Agreement”); (ii) Plaintiff and the City have agreed to appoint
3 William J. Hoffman of Trigild Inc. as receiver for the Property (the “Receiver”), to manage the
4 Property, collect revenues in respect of operation of the Property, distribute net operating revenues to
5 Plaintiff and to convey the Property to Plaintiff (or its designee), when the “Option” granted in the
6 Option Agreement is exercised; and (iii) Main Street Stockton has agreed that its Judgment of
7 Possession will be assigned to Plaintiff Four Hundred Main Street LLC (“Four Hundred Main”) or
8 its designee, after which it will be requested that the Judgment of Possession be vacated as moot in
9 light of, among other things, the Plan and the applicable terms of the Option Agreement;

10 WHEREAS, on October 30, 2014, the Bankruptcy Court confirmed the Plan, which,
11 among other things, approved the City’s entry into an Option Agreement, which is binding on
12 Plaintiff and the City, and has, in a separate order in furtherance of the Plan, on October 22, 2014,
13 granted relief from the automatic stay to permit the Plaintiff and the City to pursue appointment of
14 the Receiver under the terms specified in the Proposed Order attached as Exhibit “B” (the “Proposed
15 Order”) through this action in advance of the effective date of the Plan, provided that the
16 appointment of the Receiver shall be conditional upon, and take effect upon, the effective date of the
17 Plan; and

18 WHEREAS, Plaintiff, Main Street Stockton, and the City believe that it is in their
19 best interests, as well as being beneficial to the preservation of the Property under the circumstances
20 here, to appoint William J. Hoffman of Trigild Inc. as the Receiver in the Action pursuant to
21 California Civil Procedure Code Section 564 *et seq.*, to take possession, custody and control of and
22 operate, manage, maintain and sell the Property upon the terms and conditions described in the
23 Proposed Order.

24
25
26
27
28 _____
floors of the Improvements will not be conveyed to Plaintiff, although the City agrees that the rooftop chillers will remain in place during the City’s occupancy of the Property following the effective date of the Plan.

1 IT IS HEREBY STIPULATED by the Parties, through their respective counsel,
2 subject to Court approval, that William J. Hoffman shall be appointed as a receiver in the Action to
3 take possession, custody and control of and operate, manage, maintain and sell the Property under
4 the terms and conditions set forth in the Proposed Order, effective upon the effective date of the Plan
5 of Adjustment.

6 Dated: _____, 2015

SIDLEY AUSTIN LLP

7
8 By: _____

9 Bridget S. Johnsen
10 Attorney For Plaintiffs
11 Four Hundred Main Street LLC and
12 Assured Guaranty Corp.

13 Dated: _____, 2015

FREEMAN, D'AIUTO, PIERCE, GUREV,
14 KEELING & WOLF

15 By: _____

16 Thomas H. Keeling
17 Attorney For Defendant
18 THE CITY OF STOCKTON

19
20 Dated: _____, 2015

MINTZ LEVIN COHN FERRIS GLOVSKY AND
21 POPEO P.C.

22 By: _____

23 Jeffry A. Davis
24 Attorney For Defendant
25 MAIN STREET STOCKTON LLC
26
27
28

EXHIBIT E

Intentionally Omitted

EXHIBIT F
FORM OF QUITCLAIM DEED

Assessor's Parcel No: _____

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
THIS QUITCLAIM DEED AND ALL
TAX STATEMENTS TO:

Assured Guaranty
31 West 52nd Street
New York, NY 10019
Attention: Terence L. Workman Esq.

(Above Space for Recorder's Use Only)

QUITCLAIM DEED

Documentary Transfer Tax not shown
pursuant to Section 11932 of the Revenue
and Taxation Code, as amended.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, THE CITY OF STOCKTON, a municipal corporation ("**Grantor**"), hereby QUITCLAIMS, RELEASES AND REMISES to _____, all of Grantor's right, title and interest to the following described real property (the "**Property**") located in the City of Stockton, County of San Joaquin, State of California:

SEE EXHIBIT A ATTACHED HERETO

[Remainder of page intentionally left blank; signature page follows.]

_____, 20__.

a municipal corporation

Name: _____

Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A
to Quitclaim Deed

LEGAL DESCRIPTION OF THE REAL PROPERTY

All that certain real property situated in the City of Stockton, San Joaquin County, State of California, described as follows:

PARCEL ONE:

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

PARCEL TWO:

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said Lot 15, 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning. All dimensions are U.S. Standard measure.

PARCEL THREE:

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

PARCEL FOUR:

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

PARCEL FIVE:

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 Inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11); in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and

Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Lita Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof. (All measurements are U.S. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece of parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning. All dimensions are United States Standards Measure.

PARCEL SEVENTEEN:

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning. All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

PARCEL EIGHTEEN:

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly, 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

PARCEL NINETEEN:

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land:

Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a nonexclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the subterranean easement, as granted American Savings and Loan Association, a California

corporation, recorded July 3, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00 seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning. All distances in the four described parcels are U.S. Standard Measurements.

EXHIBIT "1"
LEGAL DESCRIPTION

That certain real property located in the State of California, County of San Joaquin, described as follows:

All that certain real property situated in the City of Stockton, San Joaquin County, State of California, described as follows:

PARCEL ONE:

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

PARCEL TWO:

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said Lot 15, 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning. All dimensions are U.S. Standard measure.

PARCEL THREE:

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

PARCEL FOUR:

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

PARCEL FIVE:

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 Inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11); in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and

Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Lita Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof. (All measurements are U.S. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece of parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning. All dimensions are United States Standards Measure.

PARCEL SEVENTEEN:

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning. All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

PARCEL EIGHTEEN:

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly, 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

PARCEL NINETEEN:

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land:

Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a nonexclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the subterranean easement, as granted American Savings and Loan Association, a California

corporation, recorded July 3, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00 seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning. All distances in the four described parcels are U.S. Standard Measurements.

Document No. _____

Recorded _____, 201__

STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION
NOT BE MADE A PART OF THE PERMANENT RECORD IN THE OFFICE
OF THE COUNTY RECORDER (PURSUANT TO SECTION 11932
REVENUE AND TAXATION CODE)

TO: Recorder
County of San Joaquin

Request is hereby made in accordance with the provisions of the Documentary
Transfer Tax Act that the amount of the tax due not be shown on the original document
which names:

Grantor: THE CITY OF STOCKTON, a municipal corporation

Grantee: _____, a _____

The property described in the accompanying document is located in the City of Stockton,
California.

The amount of tax due on the accompanying document is \$_____.

_____ Computed on full value of property conveyed

OR

_____ Computed on full value, less liens and
encumbrances remaining at the time of sale.

By: _____
Its: _____

EXHIBIT G

FORM OF BILL OF SALE

BILL OF SALE

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged by execution of this document, the undersigned, THE CITY OF STOCKTON, a municipal corporation (“**Seller**”) does on _____, 20____, grant, convey, transfer, assign, bargain, sell, deliver and set over unto _____, a _____, its successors and assigns (“**Buyer**”), forever, all of Seller’s right, title and interest in and to the following personal property located in and upon and used in connection with the operation of all the improvements (“**Improvements**”) on the land located in Stockton, California, generally known as 400 East Main Street, as more particularly described on Exhibit A attached to this document (the “**Land**”): (a) all appliances, parts, instruments, equipment, personal property, appurtenances, accessories, furnishings, fixtures, and other property owned by Buyer and incorporated or installed in or on and used in connection with the operation of the Improvements or attached to the Land (collectively, the “**Personal Property**”); (b) all warranties, guaranties and indemnities, whether those warranties, guaranties, and indemnities are express or implied, and all similar rights that Seller may have against any manufacturer, supplier, seller, engineer, contractor, builder, or other third party in respect of the Personal Property, or any portion of the Personal Property (collectively, the “**Warranties**”); and (c) (i) all governmental permits, licenses, applications, subdivision maps, entitlements, certificates, rights under development agreements and school fee mitigation agreements, if any, building permit and development allocations, if any, and development rights relating to the Land and the Improvements, (ii) utility and other permits relating to the Land and the Improvements, and (iii) fee credits applicable to the Land and the Improvements, license tax credits, and previously paid expenses, fees and deposits (except for utility deposits paid by Seller) applicable to the Land and the Improvements (collectively, the “**Entitlements**”); provided, however, that in no event shall the term “Personal Property” include (i) the chillers purchased by Seller, located on the rooftop of the building located on the Land (the “**Building**”); provided, such chillers remain on the the rooftop for so long as Seller occupies any portion of the Building, (ii) any data servers used by Seller in connection with its lease of certain premises in the Building, or (iii) any furniture located in that portion of the premises leased by Seller, commonly known as Suites 310 and 400 of the Building.

The sale of the Personal Property is on an “as is,” “with all faults” basis and without any warranty or representation, express or implied, of any nature or sort, including, without limitation, any warranty of merchantability, fitness of use for a particular purpose, or otherwise.

This Bill of Sale shall in all respects be governed by, and construed in accordance with the laws of the State of California, including all matters of construction, validity, and performance.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed and delivered on the day and year specified above.

Date: _____

THE CITY OF STOCKTON,
a municipal corporation

By: _____

Name: _____

Title: _____

BILL OF SALE EXHIBIT "A"
LEGAL DESCRIPTION

That certain real property located in the State of California, County of San Joaquin, described as follows:

All that certain real property situated in the City of Stockton, San Joaquin County, State of California, described as follows:

PARCEL ONE:

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

PARCEL TWO:

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said Lot 15, 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning. All dimensions are U.S. Standard measure.

PARCEL THREE:

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

PARCEL FOUR:

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

PARCEL FIVE:

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 Inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11); in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and

Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Lita Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof. (All measurements are U.S. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece of parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning. All dimensions are United States Standards Measure.

PARCEL SEVENTEEN:

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning. All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

PARCEL EIGHTEEN:

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly, 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

PARCEL NINETEEN:

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land:

Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a nonexclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the subterranean easement, as granted American Savings and Loan Association, a California

corporation, recorded July 3, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00 seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning. All distances in the four described parcels are U.S. Standard Measurements.

EXHIBIT H
FORM OF ASSIGNMENT OF LEASES

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES (“**Assignment**”) is executed as of _____, 20__ by and between THE CITY OF STOCKTON, a municipal corporation (“**Assignor**”) and _____, a _____ (“**Assignee**”).

RECITALS

A. Assignor, as owner of the real property and the improvements on it (collectively, the “**Property**”), located in the County of San Joaquin, California, and more thoroughly described in attached Exhibit A, is the landlord under the leases (the “**Leases**”) described in attached Exhibit B that cover portions of the Property.

B. Assignor is selling to Assignee, and Assignee is purchasing from Assignor, all of Assignor’s right, title and interest in and to the Property. In connection therewith, Assignor desires to assign to Assignee, and Assignee desires to accept the assignment of, all of Assignor’s right, title and interest in and to the Leases, all on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and conditions contained in them, the parties agree as follows:

1. Assignment. Assignor assigns, transfers, and conveys to Assignee all of Assignor’s right, title, and interest in and to the Leases, together with all of the rents, income, receipts, revenues, issues, profits, security deposits, prepaid rents, and all other benefits arising or issuing from or out of the Leases, and together with any and all rights that Assignor may have against the tenants under the Leases, or any of them.

2. Assumption. Assignee hereby assumes all of Assignor’s obligations under the Leases subsequent to the date of this Assignment and shall indemnify and defend Assignor against and hold Assignor harmless from and against any and all losses, costs, damages, liabilities, and expenses, including, without limitation, reasonable attorneys’ fees, incurred by Assignor as a result of any claim arising under any of the Leases and based on events occurring subsequent to the date of this Assignment, except to the extent caused by the gross negligence or willful misconduct of Assignor.

3. No Partnership. None of the terms and conditions of this Assignment shall create a partnership between or among the parties to this Assignment and their respective businesses or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise. This Assignment is not intended, nor shall it be construed, to create any third-party beneficiary rights in any person who is not a party to this Assignment, including without limitation any tenant under a Lease.

4. Severability. If any term of this Assignment or the application of such term to a person or circumstance shall to any extent be declared invalid or unenforceable, the remainder of this Assignment, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected by it, and each term of this Assignment shall remain valid and enforceable to the fullest extent permitted by law.

5. Successors and Assigns. This Assignment shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

6. Attorneys' Fees. If a dispute arises concerning the performance of the obligations under this Assignment or the meaning or interpretation of any provision of this Assignment, the party not prevailing in the dispute shall pay any and all costs and expenses incurred by the other party in establishing its rights under this Assignment, including, without limitation, court costs and reasonable attorney fees.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment on the date first above written.

Assignor:

THE CITY OF STOCKTON,
a municipal corporation

By: _____
Name: _____
Title: _____

Assignee:

_____,
a _____

By: _____
Name: _____
Title: _____

EXHIBIT A
Legal Description

All that certain real property situated in the City of Stockton, San Joaquin County, State of California, described as follows:

PARCEL ONE:

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

PARCEL TWO:

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said Lot 15, 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning. All dimensions are U.S. Standard measure.

PARCEL THREE:

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

PARCEL FOUR:

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

PARCEL FIVE:

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 Inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11); in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and

set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Lita Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof. (All measurements are U.S. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece of parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning. All dimensions are United States Standards Measure.

PARCEL SEVENTEEN:

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning. All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

PARCEL EIGHTEEN:

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al., to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly, 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

PARCEL NINETEEN:

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land:

Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a nonexclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the

subterranean easement, as granted American Savings and Loan Association, a California corporation, recorded July 3, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00 seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning. All distances in the four described parcels are U.S. Standard Measurements.

EXHIBIT B

Leases

[TO BE PROVIDED]

COLLECTIVE EXHIBIT 2

NPFG ARENA SETTLEMENT DOCUMENTS

a. FORBEARANCE AGREEMENT

FORBEARANCE AGREEMENT

(2004 Arena Bonds)

THIS FORBEARANCE AGREEMENT (the “*Agreement*”) is made as of this ____ day of _____, 2015 by and among the City of Stockton, California (the “*City*”), Wells Fargo Bank, National Association, as Trustee (the “*2004 Arena Bond Trustee*”), the City, as the Successor Agency (defined below), and National Public Finance Guarantee Corporation (“*NPFG*” and collectively with the City, the Successor Agency, and the 2004 Arena Bond Trustee, the “*Parties*”) based on the facts and understandings set forth below.

RECITALS

A. Pursuant to the terms of that certain Indenture of Trust made and entered into as of March 1, 2004 (the “*2004 Arena Indenture*”) by and between the Redevelopment Agency of the City of Stockton (the “*Agency*”) and the 2004 Arena Bond Trustee, the Agency issued its Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center – Arena Project) (collectively, the “*2004 Arena Bonds*”) in the original aggregate principal amount of \$47,000,000 for the purpose of providing funds to finance a portion of the costs of constructing the Arena (defined below), to fund two years capitalized interest on the 2004 Arena Bonds, to fund a reserve account for the 2004 Arena Bonds and to pay certain costs of issuance of the 2004 Arena Bonds.

B. Pursuant to that certain Site Lease (the “*Arena Lease Out*”) dated as of March 1, 2004, between the City (as lessor) and the Agency (as lessee), the City leased to the Agency certain real property located in San Joaquin County, State of California identified as Parcel 4, as shown on that 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 (the “*Site*”).

C. Contemporaneously therewith, the City and the Agency entered into that certain Lease Agreement (the “*Arena Lease Back*”), dated as of March 1, 2004, pursuant to which the Agency leased to the City the Site and the Arena (collectively, the “*Property*”).

D. Pursuant to the Arena Lease Back, among other things, the City agreed to pay to the Agency, as rental for the use and occupancy of the Property, the Lease Payments (as defined in the Arena Lease Back), which Lease Payments were denominated in principal and interest components payable at the times and in the amounts necessary to allow the Agency to make full and timely payments on the 2004 Arena Bonds from the Lease Payments.

E. Pursuant to the 2004 Arena Indenture, and as memorialized in that certain Memorandum of Assignment of Lease dated as of March 1, 2004 by and between the Agency and the 2004 Arena Bond Trustee (the “*Memorandum of Assignment of Lease*”), the Agency assigned to the 2004 Arena Bond Trustee all of the rights of the Agency under the Arena Lease Back (other than certain rights expressly reserved by the Agency), including, without limitation, the right to receive and collect all of the Lease Payments from the City under the Arena Lease Back and the rights and remedies conferred on the Agency pursuant to the Arena Lease Back.

F. To provide additional security for the repayment of the obligations with respect to the 2004 Arena Bonds, the Agency and the City entered into that certain Pledge Agreement, dated as of March 1, 2004 (the “**Pledge Agreement**”), pursuant to which the Agency agreed to make payments of Tax Revenues (defined below) to the City arising from the Project Area (as defined in the Pledge Agreement) under, and pursuant to, Chapter 4 of Part 1 of Division 24 of the California Health and Safety Code, and which payments would be applied to pay debt service on the 2004 Arena Bonds, with a corresponding reduction in Lease Payments.

G. The Agency’s obligation to make payments under the Pledge Agreement to the City was secured by a pledge of, and first lien on and security interest in, the Tax Revenues.

H. Pursuant to that certain Assignment of Pledge, dated as of March 1, 2004 by and between the City and the 2004 Arena Bond Trustee (the “**Assignment of Pledge**”), the City assigned to the 2004 Arena Bond Trustee the City’s right to receive the Pledge Payments (defined below) from the Agency under the Pledge Agreement.

I. NPFG, as successor to Financial Guaranty Insurance Company, insures the payment of principal of and interest on the 2004 Arena Bonds, when due, subject to the terms and conditions set forth in that certain Municipal Bond Insurance Policy No. 04010198 (the “**2004 Arena Bond Policy**”).

J. On June 29, 2011, the State of California adopted Assembly Bill x1 26 (as amended, “**AB 26**”) dissolving all existing California redevelopment agencies (including the Agency), effective February 1, 2012, and allowing each city or county as applicable, to establish itself as the successor agency to its redevelopment agency.

K. In accordance with AB 26, on August 23, 2011, the City passed a resolution stating that it would serve as the successor agency to the Agency. Accordingly, the Successor Agency has succeeded to the rights and obligations of the Agency.

L. On June 28, 2012, the City filed a petition for relief under chapter 9 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Eastern District of California (the “**Bankruptcy Court**”) commencing the case styled *In re City of Stockton, California*, Case No. 2012-32118 (the “**Bankruptcy Case**”).

M. On June 12, 2013, following hearings conducted before the Bankruptcy Court concerning the City’s eligibility to be a debtor under chapter 9 of the Bankruptcy Code (the “**Eligibility Contest**”), the Bankruptcy Court entered an order for relief with respect to the City.

N. On or about November 15, 2013, the City filed the Plan in the Bankruptcy Court.

O. As of the date hereof, the Plan is pending confirmation by the Bankruptcy Court.

P. As of the date hereof, the City expressly acknowledges that (i) it is in material default under the terms of the Existing Bond Documents (defined below) by reason of, the Existing Defaults (defined below) set forth on **Exhibit A** hereto, and (ii) the Existing Defaults have occurred and are continuing.

Q. In accordance with the terms of the 2004 Arena Indenture, as the result of the existence of such Existing Defaults, the 2004 Arena Bond Trustee is now entitled, among other things, to exercise its rights and remedies under the terms of the 2004 Arena Indenture and the other Existing Bond Documents.

R. Without prejudice to the exercise of any of the 2004 Arena Bond Trustee's or NPFG's rights or remedies arising as a result of the Existing Defaults, the 2004 Arena Bond Trustee, at the direction of NPFG, and NPFG are willing to forbear from exercising any of their rights and remedies arising from the occurrence or continuation of any Existing Defaults until the occurrence of a Termination Event (defined below) upon the terms and conditions set forth below.

NOW, THEREFORE, in exchange of fair and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each of the Parties hereto agrees as follows:

AGREEMENT

ARTICLE 1 **DEFINITIONS**

Section 1.1 Certain Defined Terms. The following terms used herein shall have the respective meanings as defined (or otherwise indicated) below:

(a) 2004 Arena Bond Trustee has the meaning ascribed to it in the preamble of this Agreement.

(b) 2004 Arena Bond Policy has the meaning ascribed to it in the Recitals, above.

(c) 2004 Arena Bonds has the meaning ascribed to it in the preamble of this Agreement.

(d) 2004 Arena Indenture has the meaning ascribed to it in the Recitals, above.

(e) 2004 Parking Bonds means the Stockton Public Financing Authority Lease Revenue Bonds (Parking and Capital Projects), Series 2004 in the aggregate principal amount of \$32,785,000.

(f) 2004 Parking Bond Trustee means Wells Fargo Bank, National Association, in its capacity as trustee under the 2004 Parking Indenture.

(g) 2004 Parking Indenture means that certain Indenture of Trust dated as of June 1, 2004 by and between the Authority and the 2004 Parking Bond Trustee.

(h) AB 26 has the meaning ascribed to it in the Recitals, above.

(i) AB 506 Process means the neutral evaluation process in which the City participated between March 27, 2012 and June 25, 2012, pursuant to Assembly Bill 506, codified at California Government Code section 53760, *et seq.*

(j) Agency has the meaning ascribed to it in the Recitals, above.

(k) Agreement has the meaning ascribed to it in the preamble, above.

(l) Amended and Restated Pledge Agreement means that certain Amended and Restated Pledge Agreement by and between the City of Stockton, as Successor Agency to the Redevelopment Agency of the City of Stockton, and the City of Stockton, dated as of the Effective Date, substantially in the form annexed as **Exhibit B** hereto.

(m) Arena means the arena component of the Stockton Events Center consisting of approximately 220,000 square feet of space, including media facilities, food services, a playing field, officials' facilities and various support facilities for minor league ice hockey, indoor soccer, concerts and other events located on the Site.

(n) Arena Contract Collateral has the meaning ascribed to it in Section 2.3(a) hereof.

(o) Arena Contracts has the meaning ascribed to it in Section 2.3(a)(iii) hereof.

(p) Arena Leases has the meaning ascribed to it in Section 2.3(a)(i) hereof.

(q) Arena Lease Back has the meaning ascribed to it in the Recitals, above.

(r) Arena Lease Out has the meaning ascribed to it in the Recitals, above.

(s) Assignment of Pledge has the meaning ascribed to it in the Recitals, above.

(t) Authority means the Stockton Public Financing Authority.

(u) Automatic Termination Date has the meaning ascribed to it in Section 4.2 hereof.

(v) Bankruptcy Case has the meaning ascribed to it in the Recitals, above.

(w) Bankruptcy Code has the meaning ascribed to it in the Recitals, above.

(x) Bankruptcy Court has the meaning ascribed to it in the Recitals, above.

(y) Bond Documents means the Existing Bond Documents (other than the Pledge Agreement), this Agreement, the Amended and Restated Pledge Agreement, and any other agreement, instrument or document executed in connection with this Agreement or the Amended and Restated Pledge Agreement relating to the 2004 Arena Bonds.

(z) 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.

(aa) City has the meaning ascribed to it the preamble of this Agreement.

(bb) Conditions Precedent means the conditions precedent to the effectiveness of this Agreement, as set forth in Article 4 hereof.

(cc) Confirmation Order means the order, in the form and substance reasonably satisfactory to NPMG and the 2004 Arena Bond Trustee, entered by the Bankruptcy Court confirming the Plan.

(dd) Contracting Parties has the meaning ascribed to it in Section 2.3(a)(iii) hereof.

(ee) Effective Date has the meaning ascribed to it in the Plan.

(ff) Eligibility Contest has the meaning ascribed to it in the Recitals, above.

(gg) Existing Bond Documents means the Arena Lease Out, the Arena Lease Back, the 2004 Arena Indenture, the Pledge Agreement, the Assignment of Pledge, the Memorandum of Assignment of Lease, the 2004 Arena Bond Policy and any other documents, instruments and agreements executed in connection with the issuance of, or evidencing or securing, the 2004 Arena Bonds.

(hh) Existing Defaults means the defaults set forth on **Exhibit A** attached hereto, including, without limitation, the City's commencement of the Bankruptcy Case.

(ii) Final Order means a judgment, order, ruling, or other decree issued and entered by the Bankruptcy Court or by any state or other federal court or other tribunal having jurisdiction over the subject matter thereof which judgment, order, ruling, or other decree has not been reversed, stayed, modified, or amended and as to which (i) the time to appeal or petition for review, rehearing, or certiorari has expired and no appeal or petition for review, rehearing, or certiorari is then pending or (ii) 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.

(jj) Forbearance Period has the meaning ascribed to it in Section 2.1(a) hereof.

(kk) Forbearing Parties means NPMG and the 2004 Arena Bond Trustee.

(ll) Judgment by Confession means the judgment by confession and declaration of counsel substantially in the forms annexed as composite **Exhibit D** hereto.

(mm) Lease Payments has the meaning ascribed to it in the 2004 Arena Indenture.

(nn) Memorandum of Assignment of Lease has the meaning ascribed to it in the Recitals, above.

(oo) No Adverse Effect Opinion means an opinion of nationally recognized bond counsel to be delivered to NPFG and the 2004 Arena Bond Trustee in substantially the form annexed as **Exhibit E** hereto.

(pp) NPFG has the meaning ascribed to it in the preamble of this Agreement.

(qq) Parking Authority means that certain parking authority to be created pursuant to the terms of the Parking Forbearance Agreement.

(rr) Parking Forbearance Agreement means that certain Forbearance Agreement, among the City, the Authority, the Parking Authority, NPFG, and the 2004 Parking Bond Trustee dated as of the date hereof relating to the 2004 Parking Bonds.

(ss) Parties has the meaning ascribed to it in the preamble of this Agreement.

(tt) Plan means the First Amended Plan for Adjustment of Debts of the City of Stockton, California, As Modified (August 8, 2014) [Dkt. No. 1645] and the Second Supplemental Plan Supplement in Connection with the First Amended Plan For The Adjustment Of Debts Of City Of Stockton, California, As Modified (August 8, 2014) [Dkt. No. ____] (as confirmed by the Bankruptcy Court pursuant to the Confirmation Order).

(uu) Pledge Agreement has the meaning ascribed to it in the Recitals, above.

(vv) Pledge Payments prior to the Effective Date has the meaning ascribed to it in the Pledge Agreement and, after the Effective Date, has the meaning ascribed to it in the Amended and Restated Pledge Agreement.

(ww) Property has the meaning ascribed to it in the Recitals, above

(xx) Rents has the meaning ascribed to it in Section 2.3(a)(ii), hereof.

(yy) Restructured Lease Payments means the payments set forth on the Restructured Lease Payment Schedule.

(zz) Restructured Lease Payment Schedule means the schedule annexed as **Exhibit F** hereto.

(aaa) Stockton Events Center means that certain multi-faceted project including a baseball stadium with a seating capacity of approximately 5,000, an indoor arena with a seating capacity of approximately 10,000, a 150-unit hotel complex and approximately 60,000 square feet of retail/commercial space, all located in downtown Stockton, California on approximately twenty-four acres immediately north of and adjacent to the Stockton Channel and within the West End Urban Renewal No. 1 Redevelopment Project of the Agency.

(bbb) Site has the meaning ascribed to it in the Recitals, above.

(ccc) 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.

(ddd) Termination Event means any of the events set forth in Section 6.1 hereof.

Section 1.2 General Rules of Construction: For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following shall apply:

(a) Defined terms in the singular shall include the plural as well as the singular and vice versa.

(b) Unless otherwise indicated, all references in this Agreement to “Articles” or “Sections” are to the Articles or Sections of this Agreement.

(c) The terms “herein,” “hereof,” “hereto,” and “hereunder” and other words of similar import refer to this Agreement, as a whole, and not to any particular Article, Section or subdivision in this Agreement.

ARTICLE 2

FORBEARANCE AND OTHER AGREEMENTS

Section 2.1 Forbearance by the 2004 Arena Bond Trustee and NPFG.

(a) Subject to the terms and conditions contained herein, including, without limitation, the City’s acknowledgment of the items set forth in Recital P above and Section 2.3(b) below, from and after the Effective Date until the occurrence of a Termination Event (such period, the “***Forbearance Period***”), NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, agree to forbear from exercising the rights and remedies that are available to them under the Existing Bond Documents solely by reason of either the Existing Defaults or the City’s failure to make full and timely payment of the Lease Payments in accordance with the terms of the Arena Lease Back during the Forbearance Period; *provided, however*, that, after the occurrence of a Termination Event, NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, may (but shall not be required to) (x) waive the Termination Event, (y) defer or waive the rights and remedies available to them following a Termination Event, or (z) reinstate the forbearance provided in this Agreement.

(b) Nothing contained in this Agreement, however, shall limit or restrict NPFG or the 2004 Arena Bond Trustee from taking any action that either NPFG or the 2004 Arena Bond Trustee may take under the Bond Documents or at law or in equity as may be necessary or appropriate in NPFG’s or the 2004 Arena Bond Trustee’s discretion to preserve, protect or defend any of the collateral or security interests described in the Bond Documents, including, without limitation, (i) defending, intervening in or filing any legal proceedings relating to any such collateral or security interests; (ii) sending any notices to any persons or entities concerning the existence of security interests or liens in favor of NPFG or the 2004 Arena Bond Trustee relating to such collateral or security interests; or (iii) otherwise preserving any of NPFG’s or the 2004 Arena Bond Trustee’s rights, remedies, positions or defenses.

(c) Notwithstanding the foregoing or any other provision to the contrary contained herein, upon the occurrence of a Termination Event, the Forbearance Period shall automatically and immediately terminate, and the Forbearing Parties shall be entitled to exercise any and all rights and remedies available under the Bond Documents or available under applicable law or in equity; *provided, however*, that, after the occurrence of a Termination Event, NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, may (but shall not be required to) (x) waive the Termination Event, (y) defer or waive the rights and remedies available to them following a Termination Event, or (z) reinstate the forbearance provided in this Agreement.

Section 2.2 Restructured Lease Payments.

(a) Restructured Lease Payments; Credits. During the term of this Agreement, the City shall pay to the 2004 Arena Bond Trustee, as rent under the Arena Lease Back, the Restructured Lease Payments at the times and in the amounts provided in the Restructured Lease Payment Schedule. The Pledge Payments shall be credited against the Restructured Lease Payments in the manner as is currently provided in Section 4.3 of the Arena Lease Back for crediting the Pledge Payments against the Lease Payments.

(b) Each of the City and the Successor Agency hereby expressly acknowledges and agrees that failure of the City to make any Restructured Lease Payment when due in accordance with Section 2.3(a) hereof shall constitute an automatic default under this Agreement and the Bond Documents (including, without limitation, an “Event of Default” under the Indenture, the Arena Lease Back, and the Amended and Restated Pledge Agreement) (without any notice or cure period), and NPFG and the 2004 Arena Trustee shall thereafter immediately have the right to exercise any and all of their respective rights and remedies available under, and subject to the terms and conditions of the Bond Documents or otherwise, at law or in equity; *provided, however*, that, after the occurrence of a Termination Event, NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, may (but shall not be required to) (x) waive the Termination Event, (y) defer or waive the rights and remedies available to them following a Termination Event, or (z) reinstate the forbearance provided in this Agreement.

Section 2.3 Assignment of Contracts and Leases.

(a) As additional security for the payment of all principal, interest, charges, fees and other sums due to the 2004 Arena Bond Trustee under this Agreement and each of the other Bond Documents and for the observance, performance and discharge of each and every other obligation, covenant and agreement to be observed, performed or discharged under this Agreement and the other Bond Documents, each of the City and the Successor Agency, respectively and as applicable, hereby absolutely grant a first lien on and security interest in and hereby assign, transfer and set over to the 2004 Arena Bond Trustee for the benefit of the holders of the 2004 Arena Bonds and NPFG, all of City’s and Successor Agency’s right, title and interest (respectively and as applicable) in and to the following (collectively, the “***Arena Contract Collateral***”):

(i) any and all agreements (including, without limitation, leases, licenses, rental agreements, advertising agreements, concession agreements, parking agreements,

and occupancy agreements) of whatever form now or hereafter relating to all or any part of the Property to the extent that rents or any other amounts payable to the City or the Successor Agency thereunder relate to occupancy or other beneficial use of the Property and any and all guarantees, extensions, renewals, replacements and modifications thereof, including, without limitation, those leases and agreements set forth on **Exhibit C** hereto (collectively, the “***Arena Leases***”);

(ii) all deposits (whether for security or otherwise), rents, issues, profits, revenues, royalties, accounts, rights, benefits and income of every nature of and from the Property, including, without limitation, minimum rents, additional rents, termination payments, forfeited security deposits, liquidated damages following default and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability due to destruction or damage to the Property, together with the immediate and continuing right to collect and receive the same, whether now due or hereafter becoming due, and together with all rights and claims of any kind that the City or the Successor Agency may have against any tenant, lessee or licensee under the Arena Leases or against any other occupant of the Property (collectively, the “***Rents***”);

(iii) any and all contracts or agreements with management agents, leasing agents, sales agents, service and maintenance agents, contractors and other persons (collectively, the “***Contracting Parties***”), whether now existing or hereafter arising, to the extent such contracts or agreements relate to the management, operation, leasing, sale, maintenance or repair of the Property, including all license agreements, operating contracts, franchise agreements and all management, leasing, service, supply and maintenance contracts and agreements, indemnity agreements, and any other agreements or contracts of any nature whatsoever now or hereafter obtained or entered into by the City or the Successor Agency with respect to the ownership, operation, maintenance and administration of the Property, including, without limitation, those documents and agreements described on **Exhibit C** attached hereto, together with any amendments or modifications thereto and any replacements thereof (collectively the “***Arena Contracts***”);

(iv) any and all indemnities, warranties and guaranties relating to the Property or any fixtures, equipment or personal property owned by the City or the Successor Agency and located on, and/or used in connection with, the Property now existing or hereafter arising;

(v) any and all plans, permits, licenses, certificates of use and occupancy (or their equivalent), trade names, insurance policies, applications and approvals issued by any governmental authority or agency relating to the construction, ownership, operation and/or use of the Property, whether now existing or hereafter arising;

(vi) any and all rights, powers, privileges, claims, remedies and causes of action of every kind that the City or the Successor Agency now has or may in the future have with respect to or by reason of its interest in the Arena Leases or the Arena Contracts or any other items referenced above; and

(vii) any and all proceeds (including non-cash proceeds) of any of the foregoing.

(b) The City and the Successor Agency each hereby represents, warrants and covenants, as to itself, as follows:

(i) Neither the City nor the Successor Agency shall make changes, modifications or amendments to any of the Arena Contract Collateral or shall enter into any new agreements relating to the Arena Contract Collateral that require the City or the Successor Agency either to expend, or forego from receiving, in the aggregate, an amount greater than \$250,000 in any one calendar year or \$500,000 in any three calendar year period without the prior written consent of the 2004 Arena Bond Trustee and NPFG; *provided, that*, notwithstanding the foregoing, the 2004 Arena Bond Trustee's and NPFG's consent shall not be required with respect to changes in or amendments to any Arena Contract:

(A) that is not a property management agreement and which change or amendment is otherwise not material and does not relate to the overall management, leasing or operation of the Property;

(B) that is terminable by the 2004 Arena Bond Trustee as assignee, without cause and without payment of any penalty or termination fee on thirty (30) days' notice;

(C) under which the Contracting Party does not have any right, by reason of applicable law or otherwise, to assert a lien against the Property or any portion thereof; and

(D) which change or amendment is done in the ordinary course of business.

Within seven (7) days following the entry by the City or the Successor Agency into any agreements, instruments or documents relating to the Arena Contract Collateral, the City or Successor Agency, as applicable, shall provide a copy of such agreement, instrument or document to the 2004 Arena Bond Trustee and NPFG.

(ii) Any new agreement relating to the Arena Contract Collateral that is executed by the City or the Successor Agency shall contain a right of termination, without penalty, in favor of the 2004 Arena Bond Trustee, acting at the direction of NPFG.

(iii) Neither the City nor the Successor Agency shall tender or accept a surrender, cancellation, or termination of any of the Arena Contract Collateral without the prior written consent of the 2004 Arena Bond Trustee and NPFG where such surrender or cancellation would materially adversely affect the Property, the 2004 Arena Bond Trustee's or NPFG's interest or security therein, or where such surrender or cancellation would violate the terms of this Agreement, the Amended and Restated Pledge Agreement or any Existing Bond Document.

(iv) The City and the Successor Agency shall promptly provide the 2004 Arena Bond Trustee with copies of all changes in or amendments to the Arena Contract Collateral whether or not the 2004 Arena Bond Trustee's or NPFG's consent thereto is required pursuant to clause (i) above, and the City or the Successor Agency shall promptly notify the 2004 Arena Bond Trustee in writing of any surrender or cancellation of any Arena Contract

Collateral whether or not the 2004 Arena Bond Trustee's or NPFG's consent thereto is required pursuant to clause (ii) above.

(v) Neither the City nor the Successor Agency has sold, transferred, hypothecated, assigned, pledged, encumbered or granted a security interest in and, without the prior written consent of the 2004 Arena Bond Trustee and NPFG, shall not sell, transfer, hypothecate, assign, pledge, encumber or grant a security interest in any of the Arena Contract Collateral to anyone other than the 2004 Arena Bond Trustee.

(vi) To the City's and the Successor Agency's knowledge, there exists no default or event of default on the part of any Contracting Party under any of the Arena Contract Collateral in existence as of the date hereof.

(vii) Neither the City's nor the Successor Agency's interest in the Arena Contract Collateral is subject to any claim, setoff, lien, deduction or encumbrance of any nature (other than the encumbrance created hereby and any encumbrance created by the Bond Documents).

(viii) The City or the Successor Agency, as applicable, shall make all required payments and otherwise perform their respective obligations under the Arena Contract Collateral, unless such payments or obligations are being disputed in good faith and no non-appealable, final order or judgment has been entered with respect to such payments or obligations.

(ix) The City or the Successor Agency, as applicable, shall give prompt notice (but in no event later than ten (10) Business Days after becoming aware of a default under any Arena Contract Collateral) to the 2004 Arena Bond Trustee and NPFG of any notice of default served upon the City or the Successor Agency, as applicable, with respect to their obligations under any of the Arena Contract Collateral and shall take commercially reasonable steps to enforce or secure the performance of each and every obligation of the Contracting Parties to be kept or performed under the Arena Contract Collateral.

(c) Neither the assignment pursuant to this Section 2.3 nor any action or inaction on the part of the 2004 Arena Bond Trustee or NPFG (including any assumption by the 2004 Arena Bond Trustee or NPFG of the rights and obligations under the Arena Contract Collateral pursuant to the provisions of this Section 2.3) shall relieve the City or the Successor Agency of any obligation under the Arena Contract Collateral, and the City and/or the Successor Agency, as applicable, shall continue to be primarily liable for all obligations thereunder. The City and the Successor Agency each hereby agrees to perform each and all of its respective obligations under the Arena Contract Collateral.

(d) Upon or at any time after the occurrence of a Termination Event (and subject to the terms of any waiver or deferral by NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, of the Termination Event or the rights and remedies under this Agreement, or the reinstatement of the forbearance contained in this Agreement), the 2004 Arena Bond Trustee shall be entitled to all of the rights, remedies, powers and privileges available to a secured party under applicable law, including, without limitation, the California Uniform Commercial Code, as

amended from time to time. The 2004 Arena Bond Trustee may, but shall not be obligated to, assume all of the obligations of the City and/or the Successor Agency under any or all of the Arena Contract Collateral and/or exercise the rights, benefits and privileges of the City and the Successor Agency under any of the Arena Contract Collateral, and in such event, the 2004 Arena Bond Trustee shall be entitled to utilize the Arena Contract Collateral in the place and stead of the City or the Successor Agency, as applicable, in the name of the City or the Successor Agency, or otherwise. In connection therewith, the 2004 Arena Bond Trustee shall be entitled to review and copy all books of account and financial records of the City and the Successor Agency and any property managers and representatives relating to the Property. In such event, the 2004 Arena Bond Trustee may give notice to any or all of the Contracting Parties, either requiring the Contracting Party to continue performance under its agreement or, alternatively, terminating such agreement to the extent permitted under the terms of such agreement. The assignment set forth in this Section 2.3 shall constitute a direction to and full authority to the Contracting Parties under their agreements to act at the 2004 Arena Bond Trustee's written direction and otherwise perform on or under such agreements, without requiring proof of the Termination Event relied upon. The Contracting Parties shall be entitled to rely upon written notice from the 2004 Arena Bond Trustee that the 2004 Arena Bond Trustee has assumed all of the rights and obligations of the City or Successor Agency under the applicable agreement without any inquiry into whether the City or Successor Agency is in default hereunder, under the Amended and Restated Pledge Agreement or under any of the other Bond Documents. Such assumption of an agreement by the 2004 Arena Bond Trustee shall be evidenced by written notice from the 2004 Arena Bond Trustee to the applicable Contracting Party. Under no circumstances shall either the 2004 Arena Bond Trustee be deemed by any party to have assumed the City's or Successor Agency's obligations under an agreement unless and until such written notice is delivered to the Contracting Party in accordance with the foregoing provision.

(e) The City and the Successor Agency each hereby irrevocably constitutes and appoints the 2004 Arena Bond Trustee as their respective true and lawful attorney-in-fact in their name or in the 2004 Arena Bond Trustee's name, or otherwise, from and after the occurrence of a Termination Event (subject to the terms of any waiver or deferral by NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, of the Termination Event or the rights and remedies under this Agreement, or the reinstatement of the forbearance contained in this Agreement), to enforce all of the rights of the City and/or Successor Agency under the Arena Contract Collateral. It is hereby recognized that the power of attorney herein granted is coupled with an interest and shall not be revocable so long as any of the 2004 Arena Bonds remains outstanding or any sums are due to NPFG with respect to or in connection with the 2004 Arena Bonds or the 2004 Arena Bond Policy.

(f) It is understood that the assignment set forth in this Section 2.3 shall not operate to constitute the 2004 Arena Bond Trustee or NPFG a mortgagee in possession of the Property, or to place responsibility for the control, care, management or repair of the Property upon either the 2004 Arena Bond Trustee or NPFG, nor shall it operate to make either the 2004 Arena Bond Trustee or NPFG responsible or liable for any waste committed on the Property by any party, or for any dangerous or defective condition of the Property, including the presence of any hazardous substances, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee or any other person except during any periods of time in which NPFG or the 2004 Arena Bond Trustee have

repossessed, re-entered, re-let or otherwise taken possession and control of the Property as set forth in this Agreement and the Arena Lease Back.

(g) The assignment set forth in this Section 2.3 shall constitute a security agreement for all purposes. Each of the City and the Successor Agency hereby covenants and agrees to execute and deliver all such instruments and take all such actions as either the 2004 Arena Bond Trustee or NPFG, from time to time, may reasonably request in order to obtain the full benefits of the assignment and of the rights and powers herein created and to maintain and perfect the security interest granted hereby.

Section 2.4 Tax Exempt Status.

(a) No Adverse Effect Opinion. On the Effective Date, the City shall cause a nationally recognized bond counsel, reasonably acceptable to the City, the 2004 Arena Bond Trustee, and NPFG, to deliver the No Adverse Effect Opinion to NPFG and the 2004 Arena Bond Trustee for the benefit of the holders of the 2004 Arena Bonds. The No Adverse Effect Opinion shall provide, among other things, that the transactions contemplated herein and in the Amended and Restated Pledge Agreement shall not cause interest on the 2004 Arena Bonds to be includable in the gross income of the holders of the 2004 Arena Bonds for federal income tax purposes.

(b) Continued Obligation to Maintain Tax-Exempt Status. The City and the Successor Agency hereby covenant and agree, for the benefit of NPFG and the holders of the 2004 Arena Bonds, not to take or cause to be taken any action or actions, or fail to take any action or actions, that would cause the interest payable on the 2004 Arena Bonds to be includable in the gross income of the holders thereof for federal income tax purposes, and will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the 2004 Arena Bonds will be excluded from the gross income of the holders of the 2004 Arena Bonds for federal income tax purposes.

Section 2.5 Bond Documents Remain in Force and Effect. Except as otherwise may be expressly provided by the Agreement or the Amended and Restated Pledge Agreement, the Bond Documents shall remain in full force and effect, and each of the Parties shall continue to comply with its respective obligations and covenants thereunder. For the avoidance of doubt, the City shall continue to occupy and maintain the Arena in accordance with the terms of the Arena Lease Back and shall continue to be responsible for any costs and expenses required to be paid by the City under Article V of the Arena Lease Back.

Section 2.6 Successor Agency. The City agrees that it will, to the extent permitted by law, remain as the Successor Agency until all obligations relating to the Successor Agency in this Agreement and the Amended and Restated Pledge Agreement have been satisfied.

Section 2.7 Judgment by Confession. On the Effective Date, the City shall execute, and shall cause its counsel to execute, and provide to the 2004 Arena Bond Trustee, for the benefit of NPFG and the holders of the 2004 Arena Bonds, documents sufficient to authorize the Judgment by Confession to secure the City's obligations under this Agreement and the other Bond Documents, and the Judgment by Confession shall reflect the express consent by the

Successor Agency and the City to the entry of the Judgment by Confession. Notwithstanding the City's failure to make the Restructured Lease Payments, the 2004 Arena Bond Trustee may not enforce the Judgment by Confession unless it becomes effective pursuant to Section 6.2(d). The City and the Successor Agency also hereby waive all errors, rights of appeal and stays of execution. The City and the Successor Agency agree that they shall not contest the entry or the enforcement of the Judgment by Confession and any order effectuating the Judgment by Confession against the City.

Section 2.8 Annual Reporting. Commencing on the Effective Date, and continuing annually thereafter on or before January 15 of such calendar year, the City and the Successor Agency shall deliver to the 2004 Arena Bond Trustee and NPFG a notice certifying that (i) other than the Existing Defaults, there are no other events of default or defaults under the Bond Documents, and, to the knowledge of the City and Successor Agency, as applicable, no other event has occurred that, with the passage of time, the giving of notice, or both would result in an event of default under the Bond Documents and (ii) no Termination Event has occurred under this Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the City. The City hereby makes the following representations and warranties to the other Parties:

(a) Due Organization and Existence. The City is a municipal corporation and chartered city organized and existing under and by virtue of its charter and the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into this Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action the City has duly authorized the execution and delivery of this Agreement.

(b) Due Execution. The representatives of the City executing the Agreement have been fully authorized as of the date hereof to execute the same pursuant to a resolution duly adopted by the City Council of the City.

(c) Valid, Binding and Enforceable Obligations. The Agreement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

(d) No Violation. The execution and delivery of the Agreement, the consummation of the transactions herein and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both, and excepting all Existing Defaults) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that

would materially and adversely affect the consummation of the transactions contemplated by the Agreement, or the financial condition, assets, properties or operations of the City.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect prior to the date hereof.

(f) No Litigation. With the exception of objections that have been or may be filed to the confirmation of the Plan, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City (excepting the Bankruptcy Case) that, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Agreement, or upon the financial condition, assets properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Agreement, or the financial conditions, assets, properties or operations of the City (excepting all Existing Defaults and the Bankruptcy Case).

(g) No Additional Defaults. Other than the Existing Defaults, there are no other events of default or defaults under the Bond Documents, and, to the knowledge of the City, no other event has occurred that, with the passage of time, the giving of notice, or both would result in an event of default under the Bond Documents.

Section 3.2 Representations and Warranties of the Successor Agency. The Successor Agency hereby makes the following representations and warranties to the other Parties:

(a) Due Organization and Existence. The Successor Agency is a public body, corporate and politic organized and existing by virtue of the laws of the State of California and has full legal right, power and authority under the laws of the State of California to enter into this Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action the Successor Agency has duly authorized the execution and delivery of this Agreement.

(b) Due Execution. The representatives of the Successor Agency executing the Agreement have been fully authorized as of the date hereof to execute the same pursuant to official action taken by a governing body of the Successor Agency.

(c) Valid, Binding and Enforceable Obligations. The Agreement has been duly authorized, executed and delivered by the Successor Agency and constitutes the legal, valid and binding obligation of the Successor Agency enforceable against the Successor Agency in accordance with its terms.

(d) No Violation. The execution and delivery of the Agreement, the consummation of the transactions herein and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Successor Agency is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Agreement, or the financial condition, assets, properties or operations of the Successor Agency.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Successor Agency, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect prior to the date hereof.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Successor Agency, threatened against or affecting the Successor Agency or the assets, properties or operations of the Successor Agency (excepting the Bankruptcy Case) that, if determined adversely to the Successor Agency or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Agreement, or upon the financial condition, assets properties or operations of the Successor Agency, and the Successor Agency is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Agreement, or the financial conditions, assets, properties or operations of the Successor Agency.

(g) No Additional Defaults. Other than the Existing Defaults, there are no other events of default or defaults under the Bond Documents, and no other event has occurred that, with the passage of time, the giving of notice, or both would result in an event of default under the Bond Documents.

Section 3.3 Representation and Warranties of NPFG. NPFG hereby makes the following representations and warranties to the other Parties:

(a) Due Authorization and Execution. This Agreement has been executed on behalf of NPFG by persons duly authorized to do so and with the power to bind NPFG.

(b) Valid, Binding and Enforceable Obligations. This Agreement has been duly authorized, executed and delivered by NPFG and constitutes the legal, valid and binding obligation of NPFG enforceable against NPFG in accordance with its terms.

(c) Consents and Approvals. NPFG has the power and authority to enter into this Agreement, and no consents are required that have not been obtained from any person or entity to make this Agreement enforceable against NPFG.

(d) No Litigation. Excepting the Bankruptcy Case, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending, or to the knowledge of NPFG, threatened against or affecting NPFG that, if determined adversely to NPFG or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Agreement, and NPFG is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions of this Agreement.

Section 3.4 Representation and Warranties of the 2004 Arena Bond Trustee. The 2004 Arena Bond Trustee hereby makes the following representations and warranties to the other Parties:

(a) Due Authorization and Execution. This Agreement has been executed on behalf of the 2004 Arena Bond Trustee by persons duly authorized to do so and with the power to bind the 2004 Arena Bond Trustee.

(b) Valid, Binding and Enforceable Obligations. This Agreement has been duly authorized, executed and delivered by the 2004 Arena Bond Trustee and constitutes the legal, valid and binding obligation of the 2004 Arena Bond Trustee enforceable against the 2004 Arena Bond Trustee in accordance with its terms.

(c) Consents and Approvals. The 2004 Arena Bond Trustee has the power and authority to enter into this Agreement, and no consents are required that have not been obtained from any person or entity to make this Agreement enforceable against the 2004 Arena Bond Trustee.

(d) No Litigation. Excepting the Bankruptcy Case, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending, or to the knowledge of the 2004 Arena Bond Trustee, threatened against or affecting the 2004 Arena Bond Trustee that, if determined adversely to the 2004 Arena Bond Trustee or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Agreement, and the 2004 Arena Bond Trustee is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions of this Agreement.

ARTICLE 4
CONDITIONS PRECEDENT TO CLOSING; TERMINATION

Section 4.1 Conditions Precedent to Closing. The terms and provisions of this Agreement, including but not limited to the representations and warranties herein, are expressly subject to the following conditions precedent unless waived, in writing, by the Parties:

(a) Each Party shall have executed (and NPFG shall have issued a direction letter to the 2004 Arena Bond Trustee directing the 2004 Arena Bond Trustee to execute) the Agreement, the Amended and Restated Pledge Agreement and any other documents, agreements and instruments (including, without limitation, the No Adverse Effect Opinion) required be executed by such Party in order to effectuate the terms of this Agreement;

(b) The representations and warranties set forth in Article 3 shall be true and correct;

(c) The Parking Forbearance Agreement shall become effective in accordance with its terms;

(d) The City shall have made any accrued and unpaid Restructured Lease Payments that would be due and owing if the Effective Date had occurred on September 1, 2014 plus interest thereon at a rate of 5% from September 1, 2014 to the Effective Date;

(e) The Confirmation Order shall be in full force and effect, and shall be a Final Order;

(f) The Effective Date shall have occurred;

(g) This Agreement and the Amended and Restated Pledge Agreement shall have been approved by the Successor Agency's Oversight Board and by the State Department of Finance; and

(h) The City and the Successor Agency shall have obtained any other regulatory approvals necessary so as to be able to execute and perform under this Agreement.

Section 4.2 Termination of Agreement. In the event any or all of the Conditions Precedent have not occurred (or have not been waived in writing by the Parties) by February 24, 2015 (the "***Automatic Termination Date***"), this Agreement shall terminate unless the Automatic Termination Date is extended by NPFG, in its sole discretion upon written notice to the other Parties to a date no later than thirty (30) days after the Automatic Termination Date, and following such extension, the Automatic Termination Date may be further extended upon written consent by all of the Parties.

Section 4.3 Effect of Termination. In the event of the termination of this Agreement pursuant to this Article 4, this Agreement shall become null and void and shall be deemed of no force and effect, with no liability on the part of any Party hereto (or of any of its directors, officers, employees, consultants, agents, legal and financial advisors and other representatives), and no Party shall have any obligations to any other Party arising under this Agreement or the

Amended and Restated Pledge Agreement and this Agreement and the Amended and Restated Pledge Agreement shall be void *ab initio* and shall be of no force and effect; *provided, that*, any Restructured Lease Payments made by the City as of such time, shall be credited against any remaining obligations of the City under the Existing Bond Documents. Upon termination of this Agreement pursuant to this Article 4, neither the existence of this Agreement or the Amended and Restated Pledge Agreement nor any terms or provisions set forth herein or therein shall be admissible in any dispute, litigation, proceeding or controversy between or among the Parties, and nothing contained herein shall constitute or be deemed an admission by any Party as to any matter, it being understood that the statements and resolutions reached herein were as a result of negotiations and compromises of the respective positions of the Parties. In addition, after such termination in accordance with this Article 4, no Party shall seek to take discovery concerning this Agreement, or the Amended and Restated Pledge Agreement or admit this Agreement or any part thereof or the Amended and Restated Pledge Agreement or any part of thereof into evidence against any other Party hereto.

ARTICLE 5 MUTUAL RELEASES

Section 5.1 Mutual Releases. From and after the Effective Date, each of the City and the Successor Agency hereby fully, finally and completely releases and forever discharges each of NPMG, the 2004 Arena Bond Trustee, and their predecessors, successors, assigns, affiliates, subsidiaries, parents, partners, constituents, officers, directors, employees, attorneys and agents (past, present, and future), and their respective heirs, successors, and assigns of and from, and each of NPMG and the 2004 Arena Bond Trustee hereby fully, finally and completely releases and forever discharges the City and the Successor Agency, of and from any and all claims, causes of action, litigation claims, avoidance actions, and any other debts, obligations, rights, suits, damages, actions, remedies, judgments and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or unmatured, existing as of the Effective Date or thereafter arising, in law, at equity, whether for tort, contract or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence or circumstances existing or taking place prior to or on the Effective Date arising from or related in any way to the AB 506 Process, the Eligibility Contest or the Bankruptcy Case; *provided, that*, nothing in this Agreement shall be deemed to release any Party from any claims, demands, or causes of action with respect to the Existing Defaults or its obligations under this Agreement and the other Bond Documents.

Section 5.2 Waiver of Provisions of Section 1542 of the California Civil Code.
Section 1542 of the California Civil Code states:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

All rights under Section 1542 of the California Civil Code, or any analogous state or federal law, are hereby expressly WAIVED by the Parties, as and to the extent set forth in Section 5.1, with

respect to any claims, injuries, or damages whether known or unknown existing at the time of this release.

ARTICLE 6

TERMINATION EVENTS

Section 6.1 Termination Events. The occurrence of any of the following events shall constitute a Termination Event under this Agreement:

(a) the City shall fail to make any Restructured Lease Payment when due (subject to any applicable abatement with respect to such Restructured Lease Payment) in accordance with Section 2.3(a) hereof;

(b) the failure by the Successor Agency to make any Pledge Payment when due at the times and in the manner set forth in the Amended and Restated Pledge Agreement;

(c) the failure by the City or the Successor Agency to perform any of its covenants, agreements or obligations under the Agreement (except for the failure to make any Restructured Lease Payment required hereunder, which failure is governed by Section 6.1(a), above) or the Amended and Restated Pledge Agreement (except for the failure to make any Pledge Payment required thereunder, which failure is governed by Section 6.1(b), above), and such failure continuing for thirty (30) days after written notice thereof from the 2004 Arena Bond Trustee or NPFG;

(d) subject to the terms of the Agreement and the Amended and Restated Pledge Agreement, the failure by the City or the Successor Agency to comply with the Bond Documents, except as their effect is modified pursuant to this Agreement, which failure continues for the period(s), if any, set forth in the applicable Bond Documents, after written notice thereof from the 2004 Arena Bond Trustee or NPFG, if applicable; or

(e) an "Event of Default" (as such term is used or defined in the 2004 Arena Indenture, the Arena Lease Back or the Amended and Restated Pledge Agreement) (other than an Event of Default that is an Existing Default or that arises as a result of the City's failure to make the Lease Payments under the Arena Lease Back) shall occur.

Section 6.2 Remedies Upon Occurrence of Termination Event. Upon the occurrence of a Termination Event (and subject to the deferral or waiver by NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, of the rights and remedies available to them following a Termination Event or the reinstatement by NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, of the forbearance provided in this Agreement), this Agreement shall remain in full force and effect, and each the following shall occur:

(a) Effect on Forbearance. The Forbearing Parties shall no longer be required to forbear from exercising any remedies available to them at law or equity, or under the terms of the Bond Documents.

(b) Ability to Exercise Remedies. NPFG shall have the right to direct the 2004 Arena Bond Trustee to exercise, and the 2004 Arena Bond Trustee shall have the right to

exercise, at the direction of NPFG, any and all rights and remedies that may be available at law or equity or under the terms of the Bond Documents. Such rights and remedies include, without limitation, the following:

(i) the right to repossess, re-enter and re-let the Property (and the City and the Successor Agency hereby expressly consent to the repossession, reentry and reletting of the Property by the 2004 Arena Bond Trustee or the NPFG, as may be applicable); *provided, that*, notwithstanding any reentry by the 2004 Arena Bond Trustee or NPFG, the City shall continue to remain liable for its obligations under the Bond Documents (including, without limitation, the City's obligations to make Lease Payments under the Arena Lease Back); and

(ii) the right to exercise any or all of the City's and the Successor Agency's rights under the Arena Contract Collateral, including, without limitation, the right to collect any revenues or other payments due and owing to the City under the Arena Leases and Arena Contracts.

(c) Termination of Arena Lease Back. At the option of the 2004 Arena Bond Trustee (at the direction of NPFG), the Arena Lease Back shall be terminated ninety (90) days following delivery to the Successor Agency or the City of a written notice of intent to terminate. During such time, neither the City nor the Successor Agency shall make changes, modifications or amendments to any of the Arena Contract Collateral or shall enter into any new agreements relating to the Arena Contract Collateral without prior written consent of the 2004 Arena Bond Trustee and NPFG. The Successor Agency and the City hereby waive any rights they may have under Section 9.2 of the Arena Lease Back or otherwise to challenge the termination of the Arena Lease Back. NPFG and the 2004 Arena Bond Trustee hereby acknowledge that, following any such termination of the Arena Lease Back, the Arena Lease Out shall remain in full force and effect, and the rights of NPFG and the 2004 Arena Bond Trustee to possess, repossess, re-enter, re-let or otherwise obtain and maintain possession and control of the Property shall, at all times, remain subject to the terms, conditions and qualifications applicable to the rights of the Successor Agency to possession and control of the Property. NPFG and the 2004 Arena Bond Trustee further agree that, in the event of such possession, repossession, re-entry or re-let by NPFG and/or the 2004 Arena Bond Trustee from and after any termination of the Arena Lease Back, then (i) NPFG or the 2004 Arena Bond Trustee, as applicable, shall not commit, suffer or permit any waste on the Property, (ii) to the extent that NPFG or the 2004 Arena Bond Trustee, as applicable, remains in possession until the expiration or other termination of the Arena Lease Out, NPFG or the 2004 Arena Bond Trustee, as applicable, shall quit and surrender the Property in the same good order and condition as the same were in at the time of such possession, repossession or re-entry by NPFG and/or the 2004 Arena Bond Trustee, excepting only reasonable wear and tear, and (iii) if NPFG or the 2004 Arena Bond Trustee, as applicable, re-lets or otherwise transfers the entirety of its interest in the Property and the Arena Lease Out, NPFG or the 2004 Arena Bond Trustee, as applicable, shall take commercially reasonable steps to ensure that any transferee reaffirms and agrees to abide by the covenants set forth herein for the benefit of the Successor Agency.

(d) Effectiveness of Judgment by Confession. The Judgment by Confession shall become effective without any further action by the 2004 Arena Bond Trustee and without

any further notice to the City, and the 2004 Arena Bond Trustee shall have the right to proceed to collect any amounts due and owing by the City pursuant thereto.

ARTICLE 7

MISCELLANEOUS

Section 7.1 Amendments. This Agreement may not be modified, amended, or supplemented except by a written agreement executed by each of the Parties.

Section 7.2 No Admission of Liability.

(a) Except as otherwise set forth herein, the execution of this Agreement is not intended to be, nor shall it be construed as, an admission or evidence in any pending or subsequent suit, action, proceeding or dispute of any liability, wrongdoing, or obligation whatsoever (including, without limitation, as to the merits of any claim or defense) by any Party to any other Party or any other person with respect to any of the matters addressed in this Agreement.

(b) None of this Agreement (including, without limitation, the recitals and exhibits hereto) or any act performed or document executed pursuant to or in furtherance of this Agreement: (i) is or may be deemed to be or may be used as an admission or evidence of the validity of any claim or of any wrongdoing or liability of any Party or (ii) is or may be deemed to be or may be used as an admission or evidence of any liability, fault or omission of any Party in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. None of this Agreement or any act performed or document executed pursuant to or in furtherance of this Agreement shall be admissible in any proceeding for any purposes, except to enforce the terms of the Agreement, and except that any Party may file this Agreement in any action for any purpose, including, without limitation, in order to support a defense or counterclaim based on the principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

Section 7.3 Good Faith Negotiations. The Parties recognize and acknowledge that each of the Parties hereto is represented by counsel, and such Party received independent legal advice with respect to the advisability of entering into this Agreement. Each of the Parties acknowledges that the negotiations leading up to this Agreement were conducted regularly and at arm's length; this Agreement is made and executed by and of each Party's own free will; that each knows all of the relevant facts and its rights in connection therewith, and that it has not been improperly influenced or induced to enter into this Agreement as a result of any act or action on the part of any Party or employee, agent, attorney or representative of any party to this Agreement. The Parties further acknowledge that they entered into this Agreement because of their desire to avoid the further expense and inconvenience of litigation and other disputes, and to compromise permanently and settle the claims between and among the Parties settled by the execution of this Agreement.

Section 7.4 Rights and Immunities. Notwithstanding anything herein to the contrary, the 2004 Arena Bond Trustee is entitled to all of the rights, privileges and immunities set forth in the Bond Documents. The 2004 Arena Bond Trustee is executing this Agreement solely as trustee

with respect to the 2004 Arena Bonds and not in its capacity as trustee with respect to any other obligations of the Agency, City or Successor Agency. Furthermore, nothing in this Agreement is intended to impair any rights, remedies and interests, including, without limitation, liens, of any of the Parties hereto in any other capacity. NPFG's right to direct the 2004 Arena Bond Trustee, from and after the Effective Date, is subject to the terms and conditions of the 2004 Arena Indenture, including without limitation, the condition that NPFG has not failed to comply with its payment obligations under the 2004 Arena Bond Policy.

Section 7.5 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any person other than the Parties hereto and their respective successors and assigns any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof, and the covenants, stipulations and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the Parties hereto and their respective successors and assigns.

Section 7.6 Professional Fees. Each of the City, the Successor Agency, and NPFG shall bear the fees and costs of its respective professionals (including, without limitation, its attorneys and financial advisors). Without limiting the foregoing, the City hereby waives any right to seek reimbursement of any fees and costs incurred by its professionals (including, without limitation, its attorneys and financial advisors as a result of the negotiation and drafting of this Agreement and the Amended and Restated Pledge Agreement, the Bankruptcy Case, the Eligibility Contest or the AB 506 Process). NPFG hereby waives any right to seek reimbursement from the City for the fees incurred by its professionals (including, without limitation, its attorneys and financial advisors) under the Bond Documents through the date of this Agreement; *provided, however, that*, nothing herein is intended to constitute a waiver of (and NPFG expressly reserves the right to assert) any claims for any fees and costs of NPFG's professionals incurred as a result of breach by the City or the Successor Agency of this Agreement, the Amended and Restated Pledge Agreement or the Bond Documents from and after the date of this Agreement. The 2004 Arena Bond Trustee shall be entitled to recover its reasonable fees and expenses, including fees and expenses of its attorneys, incurred on or prior to the Effective Date, from any funds held by the 2004 Arena Bond Trustee and from which such fees are recoverable pursuant to, and to the extent provided in, the Existing Bond Documents; *provided, however, that* in the event the amounts in such funds are insufficient to pay such reasonable fees and expenses of the 2004 Arena Bond Trustee, the 2004 Arena Bond Trustee shall not be entitled to the payment of such fees and expenses, directly or indirectly, from the City's general fund, but shall have the right to recover such reasonable fees and expenses incurred on or prior to the Effective Date to the extent otherwise provided in the Bond Documents solely from the Restructured Lease Payments and/or the Pledge Payments it receives from the City pursuant to this Agreement and the Amended and Restated Pledge Agreement; *provided further that*, the Parties hereby acknowledge and agree that any such recovery shall neither have nor in any way be deemed to have the effect of increasing the amount of the Restructured Lease Payments or the Pledge Payments payable by the City pursuant to this Agreement or the Amended and Restated Pledge Agreement, or affect in any way the satisfaction of the City's obligations to make such Restructured Lease Payments, or the Successor Agency's obligations to make such Pledge Payments, under this Agreement or the Amended and Restated Pledge Agreement. The 2004 Arena Bond Trustee shall also be entitled to recover from the City its reasonable fees and expenses incurred after the Effective Date to the extent provided in the

Bond Documents, including from any funds held by the 2004 Arena Bond Trustee and from which such fees and expenses are recoverable pursuant to, and to the extent provided in, the Existing Bond Documents.

Section 7.7 Notices. All demands, notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when personally delivered by courier service or messenger, (ii) upon actual receipt (as established by confirmation of receipt or otherwise) during normal business hours, otherwise on the first business day thereafter if transmitted electronically (by e-mail transmission), by facsimile or telecopier with confirmation of receipt, or (iii) three (3) Business Days after being duly deposited in the mail, by certified or registered mail, postage prepaid-return receipt requested, to the following addresses, or such other addresses as may be furnished hereafter by notice in writing, to the following Parties:

If to the City:

City of Stockton
425 North El Dorado Street
Stockton, California 95202-1997
Telephone: (209) 937-8212
Facsimile: (209) 937-7149
Attn: City Manager

With a copy to:

Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall, Suite 3000
Sacramento, California 95814-4497
Attention: Marc A. Levinson, Esq.
Fax: (916) 329-4900
Email: malevinson@orrick.com

If to the Successor Agency:

City of Stockton
425 North El Dorado Street
Stockton, California 95202-1997
Telephone: (209) 937-8212
Facsimile: (209) 937-7149
Attn: City Manager

With a copy to:

Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall, Suite 3000
Sacramento, California 95814-4497
Attention: Marc A. Levinson, Esq.
Fax: (916) 329-4900
Email: malevinson@orrick.com

If to the 2004 Arena Bond Trustee: Wells Fargo Bank, National Association
Corporate Trust Services – Special Accounts
625 Marquette Avenue, 11th Floor
MAC N9311-115
Minneapolis, Minnesota 55479
Attention: Lucinda Hruska-Claeys
Fax: (612) 667-5047
Email: lucinda.hruska-claeyes@wellsfargo.com

With a copy to

Mintz Levin Cohn Ferris Glovsky and Popeo, P.C.
One Financial Center
Boston, Massachusetts 02111
Attention: William W. Kannel, Esq.
Fax: (617) 542-2241
Email: wkannel@mintz.com

If to NPFG: Optinuity Alliance Resources, an MBIA Inc. Company
Special Situations Group
113 King Street
Armonk, New York 10504
Telephone: (914) 765-3533
Facsimile: (914) 765-3665
Attn: Daniel E. McManus, Jr., Esq.

With a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Debra A. Dandeneau, Esq.
Fax: (212) 310-8007
Email: debra.dandeneau@weil.com

Section 7.8 Entire Agreement. This Agreement reflects the entire agreement between the Parties with respect to the matters set forth herein and therein and supersedes any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto, and is intended by each of the Parties to be the complete statement of the terms and conditions, and the final expression, of their agreement relating to the subject matter hereof and thereof.

Section 7.9 Interpretation. This Agreement and the Amended and Restated Pledge Agreement are the result of negotiations among, and have been reviewed by, counsel to the Parties, respectively, and are the product of all Parties. Accordingly, this Agreement and Agreement and the Amended and Restated Pledge Agreement shall not be construed against any Party merely because of the Party's involvement in the preparation thereof.

Section 7.10 Severability. Whenever possible, each provision of this Agreement and the Amended and Restated Pledge Agreement shall be interpreted in such a manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of any of this Agreement or the Amended and Restated Pledge Agreement shall be prohibited by or be deemed invalid under any such law or regulation in any jurisdiction, the Agreement or the Amended and Restated Pledge Agreement, as applicable, shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, at the option of the Party for whose benefit such provision existed (exercised in such Party's sole and absolute discretion) it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of his Agreement or any of the agreements and documents executed pursuant hereto, or the validity or effectiveness of such provision in any other jurisdiction.

Section 7.11 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement, and all signatures need not appear on any one counterpart.

Section 7.12 Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience purposes only, are not part of this Agreement, do not (in any way) limit or modify the terms or provisions of this Agreement, and shall not affect the interpretation thereof.

Section 7.13 Binding Agreement on Successors and Assigns; Joint and Several Obligations. This Agreement shall be binding only upon the execution and delivery of this Agreement by the Parties listed on the signature pages hereto, subject to the occurrence of the Conditions Precedent set forth in Article 4 of this Agreement. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, administrators, assigns, constituents, and representatives. The agreements, representations, covenants, and obligations of the Parties under this Agreement are several only and not joint in any respect, and except as may be otherwise set forth expressly herein, no Party shall be responsible for the performance or breach of this Agreement by the other.

Section 7.14 Exhibits. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein.

Section 7.15 Governing Law. The Parties hereto hereby agree that the State of California has a substantial relationship to the Parties and the transactions embodied in this Agreement. The Parties hereto hereby agree that this Agreement shall be deemed to be a contract made under the laws of the State of California and for all purposes shall be governed and construed in accordance with the internal laws of the State of California, without regard to the principles of conflicts of laws.

[Signatures appear on next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of date first written above.

CITY OF STOCKTON

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as 2004 ARENA BOND
TRUSTEE

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

CITY OF STOCKTON, AS SUCCESSOR
AGENCY

NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

Exhibit A

Existing Defaults

The Existing Defaults consist of all of the following: (i) any defaults in the due and punctual payment of principal of and interest on the 2004 Arena Bonds during the period beginning February 1, 2012 through the Effective Date; (ii) the failure of the City to make scheduled Lease Payments during the period beginning February 1, 2012 through the Effective Date and payments of the fees and expenses of the 2004 Arena Bond Trustee (including the fees and expenses of its attorneys) incurred during the period beginning February 1, 2012 through the Effective Date; provided that, on or prior to the Effective Date, the 2004 Arena Bond Trustee recovers such fees and expenses from funds held by the 2004 Arena Bond Trustee in accordance with Section 7.6 of the Agreement to the extent such funds are available, as provided in Section 7.6; (iii) the commencement and continuation of the Bankruptcy Case; (iv) the failure by the City to include audited financial information at the time of filing its annual reports for fiscal years 2010-11 through 2012-13 pursuant to the Continuing Disclosure Certificate (as defined in the 2004 Arena Indenture); and (v) and any and all defaults or cross-defaults on the part of the City or the Agency that arise solely as a direct result of the defaults specified in (i)-(iv) above or under the 2004 Arena Indenture, the 2004 Arena Bonds, the 2004 Arena Lease Back, the 2004 Arena Lease Out, and the 2004 Arena Bond Policy and the related Commitment for Municipal Bond Insurance.

Exhibit B

Amended and Restated Pledge Agreement

[Attached separately to the Second Supplemental Plan Supplement as Exhibit 2.b]

Exhibit C

Schedule of Arena Contracts and Arena Leases

1. Management Agreement, dated as of February 25, 2011, by and between the City of Stockton and SMG, a Pennsylvania general partnership.
2. Lease (Team Lease for Stockton Events Center (Ice Hockey Team)), dated as of March 2, 2004, by and between the City of Stockton and IFG-Stockton Franchise Group, Inc., a Delaware corporation, as subsequently assigned to SC Hockey Franchise Corp., a Delaware Corporation.
 - a. Amendment to Team Lease for Stockton Events Center (Hockey Team), dated as of January 25, 2011, by and between the City of Stockton and SC Hockey Franchise Corp., a Delaware Corporation.
 - b. Second Amendment to Team Lease for Stockton Events Center (Hockey Team), dated as of July 1, 2014, by and between the City of Stockton and SC Hockey Franchise Corp., a Delaware Corporation.
3. Lease, dated as of December 19, 2008, by and between the City of Stockton and Hearst-Argyle Television Inc.
4. Option to Renew Lease, dated November 4, 2013, by and between the City of Stockton and Hearst Television, Inc.
5. Memorandum of Understanding, dated December 1, 2009, by and between the City of Stockton and Stockton Athletic Hall of Fame Association, a California non-profit corporation.

Exhibit D

Judgment by Confession

MARC A. LEVINSON (STATE BAR NO. 57613)
ORRICK, HERRINGTON & SUTCLIFFE LLP
400 Capital Mall, Suite 3000
Sacramento, California 95814-4497
Telephone: (916) 447-9200
Facsimile: (916) 329-4900
Email: malevinson@orrick.com

Attorneys for Defendant
CITY OF STOCKTON

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN JOAQUIN

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Indenture Trustee,

Plaintiff,

v.

CITY OF STOCKTON, a charter city and
municipal corporation existing under its charter
and the constitution of the State of California,

Defendant.

CASE NO. _____

**DECLARATION OF ATTORNEY
CONCERNING DEFENDANT'S
CONFESSION OF JUDGMENT
STATEMENT**
[Code Civ. Proc., § 1132]

**DECLARATION OF ATTORNEY TO THE CITY OF STOCKTON
CONCERNING DEFENDANT'S CONFESSION OF JUDGMENT STATEMENT**

I, _____, hereby declare as follows pursuant to California Code of
Civil Procedure section 1132.

1. I am the attorney for the City of Stockton, California (the "**City**"). I represent
only the City in this matter and do not represent the plaintiff.

2. In accordance with Cal. Code Civ. Proc. § 1132, I have examined the proposed
Confession of Judgment Statement to be executed by the City and the proposed Judgment, copies
of which are annexed hereto as **Exhibits A** and **B**, respectively.

3. I have advised the City with respect to the waiver of its rights and defenses under the confession of judgment procedure set forth in the California Code of Civil Procedure, and I have advised the City to utilize such procedure.

4. I declare under penalty of perjury that the foregoing is true and correct.

Dated: _____, 2015

By: _____
Name: _____
Title: Attorney

EXHIBIT A
CONFESSION OF JUDGMENT

MARC A. LEVINSON (STATE BAR NO. 57613)
ORRICK, HERRINGTON & SUTCLIFFE LLP
400 Capital Mall, Suite 3000
Sacramento, California 95814-4497
Telephone: (916) 447-9200
Facsimile: (916) 329-4900
Email: malevinson@orrick.com

Attorneys for Defendant
CITY OF STOCKTON

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN JOAQUIN

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Indenture Trustee,

Plaintiff,

v.

CITY OF STOCKTON, a charter city and
municipal corporation existing under its charter
and the constitution of the State of California,

Defendant.

CASE NO. _____

**DEFENDANT'S CONFESSION OF
JUDGMENT STATEMENT**
[Code Civ. Proc., § 1133]

DEFENDANT'S CONFESSION OF JUDGMENT STATEMENT

1. The City of Stockton, a charter city and municipal corporation existing under its charter and the constitution of the State of California (the "***City***"), confesses judgment in favor of the plaintiff, Wells Fargo Bank, National Association, as indenture trustee (the "***2004 Arena Bond Trustee***"), for the benefit of the holders of the 2004 Arena Bonds (as defined below), and authorizes the entry of judgment against the City in the amount appearing due and owing under the NPMG Settlement (as defined below), not to exceed (i) \$44,025,000, reflecting the principal amount of the 2004 Arena Bonds outstanding as of the Effective Date (defined below), plus

(ii) any accrued interest thereon, and plus (iii) the cost of collection, including, without limitation, reasonable attorneys' fees and legal costs.

2. The sum confessed for claim is justly due based on the following facts:

a. Pursuant to the terms of that certain Indenture of Trust made and entered into as of March 1, 2004 (the "**2004 Arena Indenture**") by and between the Redevelopment Agency of the City of Stockton (the "**Agency**") and the 2004 Arena Bond Trustee, the Agency issued its Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center - Arena Project) (collectively, the "**2004 Arena Bonds**") in the original aggregate principal amount of \$47,000,000 for the purpose of providing funds to finance a portion of the costs of constructing the Arena, to fund two years capitalized interest on the 2004 Arena Bonds, to fund a reserve account for the 2004 Arena Bonds, and to pay certain costs of issuance of the 2004 Arena Bonds.

b. Pursuant to that certain Site Lease dated as of March 1, 2004, between the City (as lessor) and the Agency (as lessee), the City leased to the Agency certain real property located in San Joaquin County, State of California identified as Parcel 4, as shown on that 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 (the "**Site**").

c. Contemporaneously therewith, the City and the Agency entered into that certain Lease Agreement (the "**Arena Lease Back**"), dated as of March 1, 2004, pursuant to which the Agency leased to the City the Site and the Arena (collectively, the "**Property**").

d. Pursuant to the Arena Lease Back, among other things, the City agreed to pay to the Agency, as rental for the use and occupancy of the Property, the Lease Payments (as defined in the Arena Lease Back), which Lease Payments were denominated in principal and interest components payable at the times and in the amounts necessary to allow the Agency to make full and timely payments on the 2004 Arena Bonds from the Lease Payments.

e. Pursuant to the 2004 Arena Indenture, and as memorialized in that certain Memorandum of Assignment of Lease dated as of March 1, 2004 by and between the Agency and the 2004 Arena Bond Trustee, the Agency assigned to the 2004 Arena Bond Trustee all of the rights of the Agency under the Arena Lease Back (other than certain rights expressly reserved by the Agency), including, without limitation, the right to receive and collect all of the Lease Payments from the City under the Arena Lease Back and the rights and remedies conferred on the Agency pursuant to the Arena Lease Back.

f. To provide additional security for the repayment of the obligations with respect to the 2004 Arena Bonds, the Agency and the City entered into that certain Pledge Agreement, dated as of March 1, 2004 (the "**Pledge Agreement**"), pursuant to which the Agency agreed to make payments (the "**Pledge Payments**") of Tax Revenues

(defined in the Pledge Agreement) to the City arising from the Project Area (as defined in the Pledge Agreement) under, and pursuant to, Chapter 4 of Part 1 of Division 24 of the California Health and Safety Code, and which payments would be applied to pay debt service on the 2004 Arena Bonds, with a corresponding reduction in Lease Payments.

g. The Agency's obligation to make payments under the Pledge Agreement to the City was secured by a pledge of, and first lien on and security interest in, the Tax Revenues.

h. Pursuant to that certain Assignment of Pledge, dated as of March 1, 2004 by and between the City and the 2004 Arena Bond Trustee, the City assigned to the 2004 Arena Bond Trustee the City's right to receive the Pledge Payments from the Agency under the Pledge Agreement.

i. NPMG, as successor to Financial Guaranty Insurance Company, insures the payment of principal of and interest on the 2004 Arena Bonds, when due, subject to the terms and conditions set forth in that certain Municipal Bond Insurance Policy No. 04010198.

j. On June 29, 2011, the State of California adopted Assembly Bill x1 26 (as amended, "**AB 26**") dissolving all existing California redevelopment agencies (including the Agency), effective February 1, 2012, and allowing each city or county as applicable, to establish itself as the successor agency to its redevelopment agency.

k. In accordance with AB 26, on August 23, 2011, the City passed a resolution stating that it would serve as the successor agency to the Agency. Accordingly, the Successor Agency has succeeded to the rights and obligations of the Agency.

l. On June 28, 2012, the City filed a petition for relief under chapter 9 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Eastern District of California (the "**Bankruptcy Court**") commencing the case styled In re City of Stockton, California, Case No. 2012-32118.

m. On June 12, 2013, following hearings conducted before the Bankruptcy Court concerning the City's eligibility to be a debtor under chapter 9 of the Bankruptcy Code (the "**Eligibility Contest**"), the Bankruptcy Court entered an order for relief with respect to the City.

n. On or about November 21, 2013, the City filed its proposed Plan for Adjustment of Debts of the City of Stockton, California in the Bankruptcy Court.

o. On or about June 2, 2014, the City filed its First Amended Plan for the Adjustment of Debts of City of Stockton, California, as Modified (June 2, 2014).

p. On or about August 8, 2014, the City filed its First Amended Plan for the Adjustment of Debts of City of Stockton, California, as Modified (August 8, 2014) (as amended and including any supplements thereto, the "**Plan**").

q. Following negotiations, the City and NPFG executed a settlement relating to the 2004 Arena Bonds (the “**NPFG Settlement**”), which settlement is memorialized by various documents, including, without limitation, that certain Forbearance Agreement (the “**Forbearance Agreement**”), dated as of [REDACTED], 2015.

r. The Forbearance Agreement became effective under its terms on [REDACTED], and the Plan became effective under its terms on [REDACTED] (the “**Effective Date**”).

s. The judgment is confessed pursuant to this *Defendant’s Confession of Judgment Statement* to secure the payment obligations of the City under the NPFG Settlement in the event a Termination Event (as defined in the NPFG Settlement) occurs.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to make this Confession of Judgment on behalf of the City of Stockton, California.

Dated: [REDACTED], 2015

Defendant, City of Stockton

By: _____
Name:
Title:

EXHIBIT B

PROPOSED JUDGMENT

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN JOAQUIN

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Indenture Trustee,

Plaintiff,

v.

CITY OF STOCKTON, a charter city and
municipal corporation existing under its charter
and the constitution of the State of California,

Defendant.

CASE NO. _____

JUDGMENT

In accordance with the Defendant's Confession of Judgment Statement (the "***Confession of Judgment***"), dated _____, filed by the City of Stockton, California (the "***City***"), judgment is hereby entered against the City in the above-captioned matter in favor of the plaintiff, Wells Fargo Bank, National Association, as indenture trustee, for the benefit of National Public Finance Guarantee Corporation and the holders of the Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center - Arena Project) (the "***2004 Arena Bonds***") in the amount not to exceed (i) \$ 44,025,000 reflecting the principal amount of the 2004 Arena Bonds outstanding as of the Effective Date of the Plan (as such terms as defined in the Confession of Judgment) , plus (ii) accrued interest thereon in the amount of _____, and plus (iii) the costs of collection, including, without limitation, reasonable attorneys' fees and legal costs in the amount of _____.

Dated: _____

SUPERIOR COURT JUDGE

Exhibit E

Form of No Adverse Effect Opinion

[DATE]

Wells Fargo Bank, National Association
San Francisco, California

National Public Finance Guarantee Corporation
New York, New York

Redevelopment Agency of the City of Stockton
Revenue Bonds, Series 2004 (Stockton Events Center – Arena Project)
Settlement Relating to *In re City of Stockton, California*

Ladies and Gentlemen:

Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center – Arena Project) (the “Bonds”) were issued in the original aggregate principal amount of \$47,000,000 by the Redevelopment Agency of the City of Stockton (the “Former Agency”) on March 26, 2004, pursuant to an Indenture of Trust, dated as of March 1, 2004 (the “Indenture”), by and between the Successor Agency to the Redevelopment Agency of the City of Stockton, as successor in interest to the dissolved Redevelopment Agency of the City of Stockton (the “Issuer”) and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Pursuant to a Site Lease, dated as of March 1, 2004 (the “Site Lease”), the City of Stockton (the “City”), as lessor, leased a certain parcel of real property situated in San Joaquin County, State of California, to the Issuer, as lessee; and, pursuant to a Lease Agreement, dated as of March 1, 2004 (the “Lease Agreement” and, together with the Indenture and the Site Lease, the “Bond Documents”), the Issuer, as lessor, leased such parcel of real property situated in San Joaquin County, State of California, together with the Arena thereon (collectively, the “Leased Facilities”) to the City, as lessee, and the City agreed to make certain lease payments (the “Lease Payments”) to the Issuer pursuant to the Lease Agreement. To provide additional security for the repayment of the Bonds, the Issuer and the City entered into that certain Pledge Agreement, dated as of March 1, 2004 (the “Pledge Agreement”), pursuant to which the Issuer agreed to make payments of certain tax revenues (the “Pledge Payments”), which payments would be applied to pay a portion of the debt service of the Bonds with a corresponding reduction in the City’s obligation to make Lease Payments. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The City is the debtor in a bankruptcy case under chapter 9 of Title 11 of the United States Code, Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division, styled *In re City of Stockton, California* (the “Bankruptcy Case”). In connection with the Bankruptcy Case, the City has agreed to a settlement of the claims of National Public Finance Guarantee Corporation (“NPFG”), as insurer of the Bonds (as successor to Financial Guaranty Insurance Company), which settlement, among other things, calls for (i) the City, the Issuer, NPFG and the Trustee, as directed by NPFG pursuant to the terms of the Indenture, to enter into a Forbearance Agreement, dated [____], 2014 (the “Forbearance Agreement”), pursuant to which NPFG and the Trustee will forbear from exercising any of their rights and remedies arising from the occurrence and continuation of certain defaults under the Bond

Documents and agree to a revised schedule of Lease Payments, and (ii) the City and the Issuer to enter into an Amended and Restated Pledge Agreement, dated as of [_____] 2014 (the “Amended and Restated Pledge Agreement”), setting forth a reduction in the scheduled amount of Pledge Payments and a revision of the pledge of tax revenues that reflects the dissolution of the Former Agency and certain resulting changes to tax increment cash flows (together, the “Settlement”).

In connection with the Settlement, as bond counsel to the Issuer, we have reviewed the Indenture, the Site Lease, the Lease Agreement, the Forbearance Agreement, the Amended and Restated Pledge Agreement, certificates of the Issuer, the City, the Trustee, NPMG and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein.

The opinion expressed herein is based on an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. Such opinion may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any party other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. Furthermore, we have assumed compliance with the Tax Certificate and all covenants and agreements contained in the Indenture (including any supplements or amendments thereto), including (without limitation) covenants and agreements compliance with which is necessary to assure that actions, omissions or events on and after the date of issuance of the Bonds have not caused and will not cause interest on the Bonds to be included in gross income for federal income tax purposes; but expressly excluding from such assumption payment and related defaults that occurred on or around September 1, 2013, March 1, 2014, and September 1, 2014, the filing of the Bankruptcy Case and the agreement by the Trustee and NPMG to forbear enforcing certain remedies available to them under the Lease Agreement pursuant to the terms of the Forbearance Agreement and the First Amended Plan for the Adjustment of Debts of City of Stockton, California (November 15, 2013) as it has been supplemented to the date hereof (collectively, the “Plan of Adjustment”). We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth below, we have not otherwise reviewed any actions, omissions or events occurring after the date of issuance of the Bonds or the exclusion of interest on the Bonds from gross income for federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. Nothing in this letter should imply that we have considered or in any manner affirm any of the matters covered in the opinion of Quint & Thimmig LLP rendered in connection with the issuance of the Bonds.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the execution and delivery of the Forbearance Agreement and the Amended and Restated Pledge Agreement, will not, in and of themselves, cause interest on the Bonds to be includable in the gross income of the holders of the Bonds for federal income tax purposes.

This opinion is furnished by us as bond counsel to the Issuer solely for purposes of Section 2.4(a) of the Forbearance Agreement. No attorney-client relationship has existed or exists between our firm and the Trustee or our firm and NPMG in connection with the Bonds or by virtue of this opinion, and we disclaim any obligation to update this opinion. This opinion is delivered to the addressees hereof pursuant to the Section 2.4(a) of the Forbearance Agreement and is not to be used or relied upon for any other purpose or by any person. This opinion is not intended to, and may not, be relied upon by owners of Bonds or any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Exhibit F

Restructured Lease Payment Schedule

EXHIBIT F
RESTRUCTURED LEASE PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Debt Service
8/25/2014*	\$ 449,007.69	\$ 2,093,546.26	\$ 2,542,553.95
2/25/2015	0.00	1,036,448.13	1,036,448.13
8/25/2015	519,076.11	1,036,448.13	1,555,524.24 [†]
2/25/2016	0.00	1,025,226.25	1,025,226.25
8/25/2016	600,264.14	1,025,226.25	1,625,490.39
2/25/2017	0.00	1,011,257.50	1,011,257.50
8/25/2017	681,008.65	1,011,257.50	1,692,266.15
2/25/2018	0.00	996,317.50	996,317.50
8/25/2018	769,529.13	996,317.50	1,765,846.63
2/25/2019	0.00	979,297.50	979,297.50
8/25/2019	830,515.81	979,297.50	1,809,813.31
2/25/2020	0.00	960,012.50	960,012.50
8/25/2020	978,731.25	960,012.50	1,938,743.75
2/25/2021	0.00	937,712.50	937,712.50
8/25/2021	1,080,731.25	937,712.50	2,018,443.75
2/25/2022	0.00	913,312.50	913,312.50
8/25/2022	1,192,931.25	913,312.50	2,106,243.75
2/25/2023	0.00	885,778.13	885,778.13
8/25/2023	1,310,406.24	885,778.13	2,196,184.37
2/25/2024	0.00	855,768.75	855,768.75
8/25/2024	1,433,087.50	855,768.75	2,288,856.25
2/25/2025	0.00	822,193.75	822,193.75
8/25/2025	1,566,062.50	822,193.75	2,388,256.25
2/25/2026	0.00	785,750.00	785,750.00
8/25/2026	1,709,250.00	785,750.00	2,495,000.00
2/25/2027	0.00	739,125.00	739,125.00
8/25/2027	1,873,500.00	739,125.00	2,612,625.00
2/25/2028	0.00	688,375.00	688,375.00
8/25/2028	2,043,000.00	688,375.00	2,731,375.00
2/25/2029	0.00	633,250.00	633,250.00
8/25/2029	2,233,000.00	633,250.00	2,866,250.00
2/25/2030	0.00	573,375.00	573,375.00
8/25/2030	2,423,250.00	573,375.00	2,996,625.00
2/25/2031	0.00	508,625.00	508,625.00
8/25/2031	2,624,000.00	508,625.00	3,132,625.00
2/25/2032	0.00	438,750.00	438,750.00
8/25/2032	2,840,250.00	438,750.00	3,279,000.00
2/25/2033	0.00	363,375.00	363,375.00
8/25/2033	3,072,000.00	363,375.00	3,435,375.00

EXHIBIT F
RESTRUCTURED LEASE PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Debt Service
2/25/2034	0.00	282,125.00	282,125.00
8/25/2034	3,314,250.00	282,125.00	3,596,375.00
2/25/2035	0.00	194,750.00	194,750.00
8/25/2035	3,562,000.00	194,750.00	3,756,750.00
2/25/2036	0.00	100,875.00	100,875.00
8/25/2036	3,840,750.00	100,875.00	3,941,625.00
Total	\$ 40,946,601.52	\$ 33,556,946.28	\$ 74,503,547.80

* 8/25/2014 payment subject to formula: \$2,542,533.95 less Revenues (as such term is defined in the Indenture) received by the Trustee from February 1, 2014 to August 24, 2014.

† Less a credit of \$140,992.30 reflecting overpayment of amounts due on 8/25/2014. Actual funds transferred to the Trustee in satisfaction of payment due on 8/25/15 will be no greater than \$1,414,531.94.

b. AMENDED AND RESTATED PLEDGE AGREEMENT

AMENDED AND RESTATED PLEDGE AGREEMENT

by and between the

CITY OF STOCKTON, AS SUCCESSOR AGENCY

to the

REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

and the

CITY OF STOCKTON

Dated as of [_____] 1, 2015

Relating to
\$47,000,000
Redevelopment Agency of the City of Stockton
Revenue Bonds, Series 2004
(Stockton Events Center—Arena Project)

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EXHIBIT A – PLEDGE PAYMENTS

EXHIBIT B – PERMITTED LIENS

AMENDED AND RESTATED PLEDGE AGREEMENT

THIS AMENDED AND RESTATED PLEDGE AGREEMENT (this “Pledge Agreement”), is made and entered into as of [_____] 1, 2015, by and between the CITY OF STOCKTON, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the “Successor Agency”), and the CITY OF STOCKTON, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California (the “City”);

WITNESSETH:

WHEREAS, the City constructed the Stockton Events Center (the “Events Center”), a multi-faceted project to include a baseball stadium with a seating capacity of approximately 5,000, an indoor arena with a seating capacity of approximately 10,000, a 150-unit hotel complex and approximately 60,000 square feet of retail/commercial space, located in downtown Stockton on approximately twenty-four acres immediately north of and adjacent to the Stockton Channel;

WHEREAS, the City and the former Redevelopment Agency of the City of Stockton (the “Former Agency”) financed a portion of the costs of the arena component of the Events Center, consisting of approximately 220,000 square feet of space, including, without limitation, media facilities, food services, a playing field, officials’ facilities and various support facilities for minor league ice hockey, indoor football, indoor soccer, concerts and other events (the “Project”) through the issuance of Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project), in the aggregate principal amount of \$47,000,000 (the “Bonds”);

WHEREAS, the Bonds were issued under the provisions of Article 5 of Part 1 of Division 24 (commencing with section 33640) of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto, and an Indenture of Trust (the “Indenture”), by and between the Former Agency and Wells Fargo Bank, National Association, as trustee (the “2004 Arena Bond Trustee”);

WHEREAS, in order to provide for the repayment of the Bonds, the Former Agency leased the Project to the City pursuant to a lease agreement (the “Lease Agreement”) pursuant to which the City agreed to make lease payments from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds;

WHEREAS, in addition, the Former Agency and the City entered into a Pledge Agreement (the “Prior Pledge Agreement”) pursuant to which the Former Agency agreed to make payments of “Tax Revenues” (as such term is defined in the Indenture) arising from the “Project Area” (as such term is defined in the Indenture”) under and pursuant to Chapter 4 of Part 1 of Division 24 of the California Health and Safety Code;

WHEREAS, pursuant the provisions of Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (collectively,

the “Dissolution Act”), the Former Agency was dissolved and the City of Stockton became the Successor Agency;

WHEREAS, the Prior Pledge Agreement was secured by a lien on former tax increment revenues and is an enforceable obligation of the Successor Agency pursuant to Section 34171(d)(1)(A) of the Health and Safety Code entitled to payment pursuant to Section 34183;

WHEREAS, the City is the debtor in a bankruptcy case under chapter 9 of Title 11 of the United States Code, Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division (the “Bankruptcy Court”), styled *In re City of Stockton, California* (the “Bankruptcy Case”);

WHEREAS, in connection with the Bankruptcy Case, the City has agreed to a tentative settlement (the “Settlement”) of the claims of National Public Finance Guarantee Corporation (as successor to Financial Guaranty Insurance Company) (“National”) as the insurer of the Bonds pursuant to the terms and conditions of that certain Municipal Bond Insurance Policy No. 04010198 (the “Municipal Bond Insurance Policy”), which Settlement, among other things, calls for amendments to the Prior Pledge Agreement and a reduction of the payments to be made thereunder from tax increment revenues, and which Settlement is a part of the City’s proposed First Amended Plan for the Adjustment of Debts of City of Stockton, California ([_____], 2015) in the Bankruptcy Case (as it may be further amended and as confirmed by the Bankruptcy Court, the “Plan of Adjustment”);

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) authorizes the Successor Agency to refund outstanding indebtedness provided that (i) the total interest cost to maturity on the refunding indebtedness plus the principal amount of the refunding indebtedness shall not exceed the total remaining interest cost to maturity on the indebtedness to be refunded plus the remaining principal of the indebtedness to be refunded, (ii) the principal amount of the refunding indebtedness shall not exceed the amount required to defease the refunded indebtedness, to establish customary debt service reserves, and to pay related costs of issuance, and (iii) approval of the refunding indebtedness and pledge of property tax revenues by the oversight board for the Successor Agency (the “Oversight Board”), subject to review by the California Department of Finance;

WHEREAS, California Health and Safety Code Section 34181(e) authorizes the Successor Agency to determine whether any contracts, agreements, or other arrangements of the Former Agency should be terminated or renegotiated to reduce liabilities and increase net revenues to one or more taxing entities identified in California Health and Safety Code Section 34171(k) (the “Taxing Entities”), and to present proposed termination or amendment agreements to the Oversight Board for its approval;

WHEREAS, (i) debt service savings can be achieved through a refunding of the Pledge Payments as provided in the Settlement and set forth in this Pledge Agreement, and (ii) renegotiation of the Prior Pledge Agreement to reduce Pledge Payments as provided in the Settlement and set forth herein will reduce liabilities and increase net revenues to one or more Taxing Entities (collectively, the “Refunding”);

WHEREAS, the City, the Successor Agency and the Oversight Board have approved: (i) agreements effecting the Refunding in connection with the Settlement, including this Pledge Agreement, and (ii) the refunding indebtedness and pledge of property tax revenues set forth herein; and

WHEREAS, the California Department of Finance has reviewed and approved the actions of the Oversight Board described herein, and the Refunding satisfies all requirements of the Dissolution Act;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Pledge Agreement, the parties hereto do hereby agree that the Prior Pledge Agreement is hereby amended and restated in its entirety, as follows:

ARTICLE I

DEFINITIONS; TERM

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined in this Pledge Agreement, the capitalized terms in this Pledge Agreement shall have the respective meanings given them in the Indenture.

For purposes of this Pledge Agreement, the following terms shall have the meanings specified:

“2004 Arena Bond Trustee” has the meaning ascribed to such term in the Recitals.

“Bankruptcy Case” has the meaning ascribed to such term in the Recitals.

“Bankruptcy Court” has the meaning ascribed to such term in the Recitals.

“Confirmation Order” shall mean the order, in the form and substance reasonably satisfactory to National and the 2004 Arena Bond Trustee, entered by the Bankruptcy Court confirming the Plan.

“Dissolution Act” shall mean Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code.

“Effective Date” has the meaning ascribed to such term in the Plan of Adjustment.

“Former Agency” means the former Redevelopment Agency of the City of Stockton

“National” shall mean National Public Finance Guarantee Corporation, a New York stock insurance corporation, or any successor thereto.

“Permitted Liens” shall mean the permitted liens set forth on Exhibit B annexed hereto.

“Plan of Adjustment” shall mean the First Amended Plan for Adjustment of Debts of the City of Stockton, California, As Modified (August 8, 2014) [Dkt. No. 1645] and the Second Supplemental Plan Supplement in Connection with the First Amended Plan For The Adjustment

Of Debts Of City Of Stockton, California, As Modified (August 8, 2014) [Dkt. No. ____] (as confirmed by the Bankruptcy Court pursuant to the Confirmation Order).

“Pledged Tax Revenues” has the meaning ascribed to such term in Section 3.01 of this Pledge Agreement.

“Tax Revenues” shall mean the amounts required to be applied to pay enforceable obligations under Section 34183(a)(2) of the California Health and Safety Code.

Section 1.02. Rules of Construction. All references in this Pledge Agreement to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Pledge Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Pledge Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Term of Agreement. This Pledge Agreement shall become effective upon its execution and delivery by the Successor Agency and the City and shall continue in effect until all amounts required to be paid under the terms of the Pledge Agreement have been paid in full.

Section 1.04. Authorization. The Successor Agency hereby agrees to provide financial assistance to the City in order to pay the principal of and interest on the Bonds, the proceeds of which were used by the City to finance the Project, all under and subject to the terms and conditions of the Indenture, the Lease Agreement and this Pledge Agreement. The City agrees to accept such assistance and to undertake the financing of the Project subject to the terms of this Pledge Agreement, the Indenture and the Lease Agreement. Sections 3.01 and 4.01 of this Pledge Agreement constitute a continuing agreement between the Successor Agency and the City to secure the full and final payment of the principal and interest due on the Bonds, subject to the agreements, provisions and conditions contained in this Pledge Agreement.

The Successor Agency hereby acknowledges that the agreements of the City in this Pledge Agreement are intended to satisfy the requirements of the Redevelopment Law with respect to the use of Tax Revenues to assist in the financing of the Project.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the Successor Agency. The Successor Agency hereby represents and warrants to the City and the Trustee, for the benefit of National and the Owners of the Bonds, as follows:

(a) At the time of issuance of the Bonds, the Former Agency was a public body, corporate and politic, organized and existing under and by virtue of the laws of the State with full power to issue the Bonds and authority to perform its obligations under the Prior Pledge Agreement, and the Successor Agency is the duly established successor to the Former Agency and by virtue of the laws of the State has the full power and authority to perform its obligations hereunder.

(b) The execution and delivery of the Indenture, the Lease Agreement and the Prior Pledge Agreement and the performance of its obligations hereunder and thereunder have been duly authorized by the Former Agency, and the execution and delivery of this Pledge Agreement and the performance of its obligations hereunder have been duly authorized by the Successor Agency, its oversight board and the State of California Department of Finance.

(c) The Indenture and the Lease Agreement have been executed and delivered by the Former Agency, and this Pledge Agreement has been executed and delivered by the Successor Agency, and each constitutes legal, valid and binding obligations of the Successor Agency enforceable against the Successor Agency in accordance with its terms.

(d) The execution and delivery of the Indenture and the Lease Agreement by the Former Agency and the execution and delivery of this Pledge Agreement by the Successor Agency and the consummation of the transactions by the Successor Agency contemplated hereby and thereby do not conflict with or constitute a breach of or a default under or result in a violation of (i) the Redevelopment Law (as amended by the Dissolution Act), (ii) any constitutional or statutory provision or order, rule, regulation or ordinance, or any order, decree or judgment of any court or governmental authority having jurisdiction over the Successor Agency or any of its properties, or (iii) any agreement or instrument to which it is a party or by which it is bound.

(e) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending against or threatened against or affecting the Successor Agency wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability of, or the authority or ability of the Successor Agency to perform its obligations under, the Indenture, the Lease Agreement and this Pledge Agreement or any other agreement or instrument to which the Successor Agency is a party and which has been or will be executed by it in connection with the consummation of the transactions contemplated hereby, or (ii) the transactions contemplated to be performed by it under the Indenture, the Lease Agreement and this Pledge Agreement, in each case as such obligations have been modified by the terms of the Plan of Adjustment.

Section 2.02. Representations and Warranties of the City. Any representations and warranties of the City in the Lease Agreement to any party are hereby made by the City for the benefit of the Successor Agency, as if fully set forth in this Pledge Agreement. In addition to the foregoing, the City hereby represents and warrants to the Successor Agency as follows:

(a) The City is a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State with full power and authority to finance the Project and perform its obligations under the Lease Agreement and this Pledge Agreement.

(b) The execution and delivery of this Pledge Agreement and the Lease Agreement, and the performance of its obligations hereunder and thereunder, have been duly authorized by the City.

(c) The Lease Agreement has been executed and delivered by the City and is, and this Pledge Agreement, when executed and delivered by the City and the other parties thereto, will

be, the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

(d) The execution and delivery of the Indenture, the Lease Agreement and this Pledge Agreement, and the consummation of the transactions by the Successor Agency contemplated hereby and thereby do not and will not conflict with or constitute a breach of or a default under or result in a violation of (i) any constitutional or statutory provision or order, rule, regulation or ordinance, or any order, decree or judgment of any court or governmental authority having jurisdiction over the City or any of its properties, or (ii) any agreement or instrument to which it is a party or by which it is bound.

(e) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending against or threatened against or affecting the City wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability of, or the authority or ability of the City to perform its obligations under, this Pledge Agreement and the Lease Agreement or any other agreement or instrument to which the City is a party and which has been or will be executed by it in connection with the consummation of the transactions contemplated by this Pledge Agreement and the Lease Agreement, or (ii) the transactions contemplated to be performed by it under this Pledge Agreement, the Indenture or the Lease Agreement, in each case as such obligations have been modified by the terms of the Plan of Adjustment.

ARTICLE III

PLEDGE AND PLEDGE PAYMENTS

Section 3.01. Pledge. Subject only to the provisions of this Pledge Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Tax Revenues are hereby pledged as follows to secure the payment of the Successor Agency's obligation to make Pledge Payments in accordance with their terms and the provisions of this Pledge Agreement. Said pledge shall constitute (i) a first lien on and security interest in "Tax Revenues" (as such term is defined in the Indenture) attributable to the Successor Agency from West End Urban Renewal No. 1 Redevelopment Project of the Former Agency and (ii) as to all other Tax Revenues, a lien on and security interest in such Tax Revenues on parity with all other enforceable obligations of the Successor Agency payable from Tax Revenues except to the extent such enforceable obligations have a prior, senior lien on special portions of such Tax Revenues under the specific provisions of documents securing such other enforceable obligations as shown in Exhibit B (the revenues pledged in clauses (i) and (ii) above, collectively, and subject to the priority described therein, the "Pledged Tax Revenues"). Said pledge shall attach, be perfected and be valid and binding from and after the Effective Date, without any physical delivery thereof or further act. Except for the Pledged Tax Revenues, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the satisfaction of the Successor Agency's obligations under this Pledge Agreement. The obligation of the Successor Agency to make Pledge Payments to the Trustee from the Pledged Tax Revenues as specified in Section 3.02 shall constitute an indebtedness of the Successor Agency incurred in carrying out the Redevelopment Project in accordance with the Redevelopment Plan and a pledge of the

Pledged Tax Revenues to repay such indebtedness under the provisions of Section 16 of Article XVI of the Constitution of the State of California and under the Redevelopment Law.

Section 3.02. Pledge Payments.

(a) On each Pledge Payment Date throughout the term of this Pledge Agreement, the Successor Agency shall pay to the Trustee for deposit into the Revenue Fund held by the Trustee pursuant to the Indenture the Pledge Payments, which Pledge Payments on each such Pledge Payment Date shall constitute all of the Pledged Tax Revenues received by the Successor Agency since the last Pledge Payment Date not exceeding the amounts shown on Exhibit A attached hereto for each such Pledge Payment Date (but subject to the next succeeding paragraph). So long as it deposits, on a given Pledge Payment Date, all of the Pledged Tax Revenues received since the last Pledge Payment Date, not exceeding the amounts shown on Exhibit A attached hereto for each such Pledge Payment Date (but subject to the next succeeding paragraph), the Successor Agency shall have met its obligation to make the Pledge Payment for such Pledge Payment Date and shall not be in default under this Pledge Agreement even if the amount of Pledged Tax Revenues deposited on such Pledge Payment Date is less than the amount shown for such Pledge Payment Date in the attached Exhibit A. If the amount of Tax Revenues available to the Successor Agency is less than the amount needed to make payments on all enforceable obligations of the successor Agency entitled to payment pursuant to the Dissolution Act, the Successor Agency first shall make payments hereunder from amounts representing "Tax Revenues" (as such term is defined in the Indenture) derived from the Pledged Tax Revenues attributed to the West End Urban Renewal No. 1 Redevelopment Project of the Former Agency, and second, subject to the payment of the Permitted Liens, shall make payments hereunder from the Pledged Tax Revenues attributed to other sources on parity with the Pledged Tax Revenues on a *pari passu* basis with other obligations of the Successor Agency payable from Tax Revenues.

If, on any Pledge Payment Date, available Pledged Tax Revenues allocable to this Pledge Agreement exceed the Pledge Payment due on such Pledge Payment Date as shown in the attached Exhibit A, and the Successor Agency had, on any preceding Pledge Payment Date, made a Pledge Payment that was less than the amount shown for such Pledge Payment Date, the Successor Agency shall pay to the Trustee an increased amount, derived from such excess Pledged Tax Revenues, and shall continue to make payments on future Pledge Payment Dates from future excess Pledged Tax Revenues, until all preceding shortfalls have been made up.

(b) Except as otherwise provided in the second paragraph of Section 3.02(a), Pledged Tax Revenues received by the Successor Agency since the last Pledge Payment Date in excess of the maximum amount payable on each Pledge Payment Date as shown on Exhibit A shall be released from the pledge and lien hereunder. The Successor Agency's pledge of Pledged Tax Revenues shall be renewed in connection with each subsequent Pledge Payment.

(c) The Successor Agency understands and agrees that the City has assigned its right, title and interest in this Pledge Agreement to the Trustee pursuant to the Assignment of Pledge for the benefit of the Owners and National, to which assignment the Former Agency has previously assented, and the Successor Agency hereby assents to and confirms the assignment as set forth in the Assignment of Pledge. The City hereby directs the Successor Agency, and the

Successor Agency hereby agrees, to pay to the Trustee at the Trustee's principal corporate trust office in San Francisco, California, or to the Trustee at such other place as the Trustee shall direct in writing, all payments payable by the Successor Agency pursuant to this Section 3.02.

Section 3.03. Prepayment Option. The City hereby grants an option to the Successor Agency to prepay the principal component of the Pledge Payments, from any available funds, in full or in part, without premium.

Said option may be exercised on any date, commencing September 1, 2015. Said option shall be exercised by the Successor Agency by giving written notice to the City, National and the Trustee of the exercise of such option at least sixty (60) days prior to the date of prepayment. Such option shall be exercised in the event of prepayment in full, by depositing with said notice cash in an amount, which, together with amounts then on deposit in the Revenue Fund and the Insurance and Condemnation Fund, will be sufficient to pay all outstanding Bonds, together with accrued interest thereon, or, in the event of prepayment in part, by depositing with said notice cash in an amount divisible by \$5,000 equal to the amount desired to be prepaid. In the event of prepayment in part, the partial prepayment shall be applied against the principal component of Lease Payments in such manner as the Successor Agency shall determine and if the Successor Agency shall fail to make such determination, in inverse order of their payment dates. Pledge Payments due after any such partial prepayment shall be in the amounts set forth in a revised Pledge Payment schedule which shall be provided by, or caused to be provided by, the Successor Agency to the City and the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit A attached hereto taking into account said partial prepayment.

Section 3.04. Development of Project. In consideration for the Former Agency's agreement to make specified proceeds of the Bonds available to the City pursuant to the Indenture and the Former Agency's execution and performance of the Pledge Agreement, the City used all Bond proceeds disbursed to the City pursuant to the Indenture for purposes of financing the completed Project.

ARTICLE IV

COVENANTS OF THE AGENCY

Section 4.01. Punctual Payment. The Successor Agency will punctually pay or cause to be paid to the Trustee the Pledge Payments in strict conformity with the terms of this Pledge Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of it under this Pledge Agreement.

Section 4.02. Parity Obligations. The Successor Agency shall not create, incur, assume or suffer to exist any lien, pledge, encumbrance or security interest on any of the Pledged Tax Revenues either senior to or *pari passu* with the lien created pursuant to this Pledge Agreement other than the Permitted Liens, except that the Successor Agency may issue Parity Obligations, to the extent permitted by law, as follows:

(a) to pay in full or otherwise defease, pursuant to the terms of the Indenture, all Outstanding Bonds, plus all amounts due and payable under this Pledge Agreement as of the date of such prepayment; or

(b) to prepay in full the total maximum amounts of all Pledge Payments remaining unpaid plus all other amounts due and payable under this Pledge Agreement as of the date of such prepayment.

Section 4.03. Subordinate Obligations; Other Obligations.

(a) Only to the extent permitted by law, the Successor Agency may issue or incur Subordinate Obligations in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue or incur such Subordinate Obligations if, and to the extent, such Subordinate Obligations are payable from Pledged Tax Revenues within the Plan Limitations, provided that all Outstanding Bonds, Parity Obligations and Subordinate Obligations coming due and payable following the issuance or incurrence of such Subordinate Debt Obligations shall not exceed the maximum amount of Pledged Tax Revenues permitted within the Plan Limitations.

(b) Only to the extent permitted by law, the Successor Agency may issue or incur obligations not payable from Pledged Tax Revenues in such principal amount as shall be determined by the Successor Agency without regard to or limitation under this Pledge Agreement.

Section 4.04. Payment of Claims. The Successor Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or any part thereof, or which might impair the security for the Successor Agency's obligations hereunder. Nothing in this Pledge Agreement contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims, or any payment in respect of the City's interest in the Project.

Section 4.05. Books and Accounts; Financial Statement. The Successor Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency, in which complete and correct entries shall be made of all transactions relating to the Pledged Tax Revenues. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (although the Trustee shall have no duty to undertake any such inspection), National, the Owners of any Bonds then outstanding, or their representatives authorized in writing.

Section 4.06. Payments of Taxes and Other Charges. The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, when the same shall become due. Nothing in this Pledge Agreement contained shall require the Successor

Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Area or any part thereof.

Section 4.07. Protection of Security. The Successor Agency agrees to contest any assertion by any officer of any governmental entity or any other person with respect to the enforceability of the Successor Agency's obligations hereunder. From and after the issuance of the Bonds, the Successor Agency's obligations hereunder shall be incontestable by the Successor Agency.

Section 4.08. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Pledge Agreement, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that National or the Trustee, at the direction of National, for the benefit of the Owners of the Bonds may take such actions as may be necessary and appropriate to compel performance by the Successor Agency of its obligations under this Section 4.08, including, without limitation, seeking mandate or specific performance by court order.

Section 4.09. Further Assurances. The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the obligations on its part under this Pledge Agreement and for the better assuring and confirming unto the Trustee and the Owners of the Bonds of the rights and benefits provided in Section 3.01 and this Article IV.

Section 4.10. Petition for Final and Conclusive Determination. Pursuant to the Dissolution Act, including Section 34177.5(i) of the Health and Safety Code, within ten (10) days of the execution of this Pledge Agreement, the Successor Agency shall petition the Department of Finance of the State to confirm that its determination that the Pledge Payments approved in the Recognized Obligation Payments Schedules required by the Dissolution Act constitute enforceable obligations is final and conclusive, and that it has finally and conclusively approved of subsequent payments made pursuant to this Pledge Agreement.

Section 4.11. Filing of ROPS and Successor Agency Refunding Revenues. The Successor Agency shall timely file all Recognized Obligation Payments Schedules as required by the Dissolution Act and shall comply with all requirements of the Dissolution Act to ensure the allocation and payment to the Successor Agency of the Pledged Tax Revenues.

ARTICLE V

INDEMNITY

Section 5.01. Indemnity. The City covenants and agrees to indemnify and save the Successor Agency, the Trustee and its respective officers, directors, agents and employees, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise and performance of their powers and duties under this Pledge Agreement or the Indenture, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Successor Agency or the Trustee, or their respective officers, directors, agents or employees. The obligations of the City under this paragraph shall survive the resignation or removal of the Trustee under the Indenture or any defeasance of the Bonds.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) If sufficient Pledged Tax Revenues are available to the Successor Agency in accordance with the terms and provisions of this Pledge Agreement to make a Pledge Payment, failure by the Successor Agency to make such Pledge Payment when and as the same shall become due and payable.

(b) Failure by the Successor Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Pledge Agreement, other than as referred to in the preceding clause (a), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the Successor Agency by the Trustee; *provided, however*, that if in the reasonable opinion of the Successor Agency the failure stated in such notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within such sixty (60) day period and thereafter is diligently pursued until such failure is corrected.

(c) The filing by the Successor Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Successor Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

(d) If the Successor Agency ceases to be a public body, corporate and politic organized and existing by virtue of the laws of the State of California with the full legal right,

power and authority under the laws of the State of California to carry out and consummate all transactions contemplated hereby.

(e) The occurrence and continuation of an “Event of Default” under the Indenture following the occurrence and continuation of a “Termination Event” under the Forbearance Agreement which has been neither deferred nor waived by National.

If an Event of Default has occurred and is continuing, the Trustee may, with the consent of National, and at the written direction of National or of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, with the consent of National, the Trustee shall, subject to the provisions of the Indenture, exercise any remedies available to the Trustee in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone, fax or other telecommunication device, promptly confirmed in writing.

Section 6.02. Application of Funds Upon Default. All Pledged Tax Revenues received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Pledge Agreement, shall be applied by the Trustee as follows:

(a) *first*, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VI, including reasonable compensation to its agents, attorneys and counsel,

(b) *second*, to the payment of all installments of interest then due and unpaid, on a *pro rata* basis with respect to this Pledge Agreement and any Parity Obligations in the event that the available amounts are insufficient to pay all such interest in full,

(c) *third*, to the payment of all installments of principal then due and payable, on a *pro rata* basis with respect to this Pledge Agreement and any Parity Obligations in the event that the available amounts are installments of principal in full, and

(c) *fourth*, to the payment of interest on overdue installments of principal and interest, on a *pro rata* basis with respect to this Pledge Agreement and any Parity Obligations in the event that the available amounts are insufficient to pay all such interest in full.

Any remaining amounts shall be used to pay any Subordinate Obligations.

Section 6.03. No Waiver. Nothing in this Article VI or in any other provision of this Pledge Agreement, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Bonds to the Trustee when due, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Trustee to institute suit to enforce such payment by virtue of the contract embodied in this Pledge Agreement.

A waiver of any default by the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or

shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee by the Redevelopment Law or by this Article VI may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, the Successor Agency and the Trustee shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 6.04. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Pledge Agreement should default under any of the provisions hereof and the nondefaulting party or the Trustee should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party or the Trustee, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

Section 6.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

ARTICLE VII

MISCELLANEOUS

Section 7.01. No Successor Agency Liability on Bonds. The Successor Agency shall have no liability for payment of the Bonds from its own monies except as set forth in this Pledge Agreement.

Section 7.02. Benefits Limited to Parties; No Successor Agency Liability for Projects. Nothing in this Pledge Agreement, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, National and the City any right, remedy or claim under or by reason of this Pledge Agreement. All covenants, stipulations, promises or agreements in this Pledge Agreement contained by and on behalf of the Successor Agency or the City shall be for the sole and exclusive benefit of the City, the Successor Agency, National and of the Trustee acting as trustee for the benefit of the Owners of the Bonds.

The Successor Agency shall have no liability whatsoever with respect to the Project, including but not limited to any liability related to the acquisition, rehabilitation, maintenance or operation of the Project.

Section 7.03. Obligations of the City. All of the obligations of the City under this Pledge Agreement shall apply only to the City and any person who expressly assumes in writing all or any portion of the City's obligations under this Pledge Agreement.

Section 7.04. Successor Is Deemed Included in All References to Predecessor; Assignment. Whenever in this Pledge Agreement any of the Successor Agency, the City, National or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Pledge Agreement contained by or on behalf of the Successor Agency, the City, National or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

The City shall not assign any of its rights or responsibilities under this Pledge Agreement without the prior written consent of the Successor Agency. The Trustee shall not assign its rights or responsibilities under this Pledge Agreement, except to a successor trustee under the Indenture.

Section 7.05. Amendment. This Pledge Agreement may be amended by the parties to this Pledge Agreement by written instrument, subject to the written consent of the Trustee and, provided that National is not in default or otherwise failing to fulfill its obligations under the Municipal Bond Insurance Policy, the written consent of National. The City and the Trustee covenant that the Indenture shall not be amended in any manner that adversely affects the Successor Agency's liability hereunder without the prior written consent of the Successor Agency.

Section 7.06. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the obligations of the Successor Agency under this Pledge Agreement; but nothing contained in this Pledge Agreement shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law. No director, officer, agent or employee of the City shall be individually or personally liable for the obligations of the City hereunder unless such person expressly assumes in writing all or any portion of the City's obligations hereunder.

Section 7.07. Notices. All written notices to be given under this Pledge Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time. Notice shall be effective 48 hours after deposit in the United States mail, postage prepaid or, in the case of any notice to the Trustee or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the Successor Agency:	City of Stockton, as Successor Agency to the Redevelopment Successor Agency of the City of Stockton 425 North El Dorado Street Stockton, CA 95202-1997 Attention: City Manager Phone: (209) 937-8212 Fax: (209) 937-7149
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If to the City:	City of Stockton 425 North El Dorado Street
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Stockton, CA 95202-1997
Attention: City Manager
Phone: (209) 937-8212
Fax: (209) 937-7149

If to the Trustee:

Wells Fargo Bank, National Association
555 Montgomery Street, 10th Floor
San Francisco CA 94111
Attention: Corporate Trust, MAC A0167-102
Phone: (415) 222-2868
Fax: (415) 395-9064

If to National:

Optinuity Alliance Resources, an MBIA Inc.
Company
Special Situations Group
113 King Street
Armonk, New York 10504
Phone: (914) 765-3533
Attn: Daniel E. McManus, Jr., Esq.

Section 7.08. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Pledge Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Pledge Agreement. The Successor Agency and the City hereby declare that they would have entered into this Pledge Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Pledge Agreement may be held illegal, invalid or unenforceable.

Section 7.09. Execution in Several Counterparts. This Pledge Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Successor Agency and the City shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 7.10. Applicable Law. This Pledge Agreement shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the CITY OF STOCKTON, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON and the CITY OF STOCKTON have caused this Pledge Agreement to be signed by their respective officers, all as of the day and year first above written.

CITY OF STOCKTON, AS SUCCESSOR
AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF STOCKTON

By _____

City Manager

Attest:

Secretary

CITY OF STOCKTON

By _____

City Manager

Attest:

City Clerk

EXHIBIT A
PLEDGE PAYMENTS

Payment Date		Principal	Interest	Total Debt Service
8/25/2014*	\$	449,007.69	\$ 2,093,546.26	\$ 2,542,553.95
2/25/2015		0.00	1,036,448.13	1,036,448.13
8/25/2015		519,076.11	1,036,448.13	1,555,524.24 [†]
2/25/2016		0.00	1,025,226.25	1,025,226.25
8/25/2016		600,264.14	1,025,226.25	1,625,490.39
2/25/2017		0.00	1,011,257.50	1,011,257.50
8/25/2017		681,008.65	1,011,257.50	1,692,266.15
2/25/2018		0.00	996,317.50	996,317.50
8/25/2018		769,529.13	996,317.50	1,765,846.63
2/25/2019		0.00	979,297.50	979,297.50
8/25/2019		830,515.81	979,297.50	1,809,813.31
2/25/2020		0.00	960,012.50	960,012.50
8/25/2020		981,757.49	960,012.50	1,941,769.99
2/25/2021		0.00	937,712.50	937,712.50
8/25/2021		1,099,701.93	937,712.50	2,037,414.43
2/25/2022		0.00	913,312.50	913,312.50
8/25/2022		1,220,210.85	913,312.50	2,133,523.35
2/25/2023		0.00	885,778.13	885,778.13
8/25/2023		1,341,577.06	885,778.13	2,227,355.19
2/25/2024		0.00	855,768.75	855,768.75
8/25/2024		1,473,541.99	855,768.75	2,329,310.74
2/25/2025		0.00	822,193.75	822,193.75
8/25/2025		1,611,384.24	822,193.75	2,433,577.99
2/25/2026		0.00	785,750.00	785,750.00
8/25/2026		1,796,934.55	785,750.00	2,582,684.55
2/25/2027		0.00	739,125.00	739,125.00
8/25/2027		1,966,380.00	739,125.00	2,705,505.00
2/25/2028		0.00	688,375.00	688,375.00
8/25/2028		2,142,497.35	688,375.00	2,830,872.35
2/25/2029		0.00	633,250.00	633,250.00
8/25/2029		2,360,734.10	633,250.00	2,993,984.10
2/25/2030		0.00	573,375.00	573,375.00
8/25/2030		2,589,037.50	573,375.00	3,162,412.50
2/25/2031		0.00	508,625.00	508,625.00
8/25/2031		2,794,112.85	508,625.00	3,302,737.85
2/25/2032		0.00	438,750.00	438,750.00
8/25/2032		3,014,202.35	438,750.00	3,452,952.35
2/25/2033		0.00	363,375.00	363,375.00
8/25/2033		3,249,278.20	363,375.00	3,612,653.20

EXHIBIT A
PLEDGE PAYMENTS

Payment Date	Principal	Interest	Total Debt Service
2/25/2034	0.00	282,125.00	282,125.00
8/25/2034	3,494,349.95	282,125.00	3,776,474.95
2/25/2035	0.00	194,750.00	194,750.00
8/25/2035	3,754,468.70	194,750.00	3,949,218.70
2/25/2036	0.00	100,875.00	100,875.00
8/25/2036	4,035,000.00	100,875.00	4,135,875.00
Total	\$ 42,774,570.64	\$ 33,556,946.28	\$ 76,331,516.92

* 8/25/2014 payment subject to formula: \$2,542,533.95 less Revenues (as such term is defined in the Indenture) received by the Trustee from February 1, 2014 to August 24, 2014.

† 8/25/2015 payment total includes a credit of \$140,992.30 reflecting overpayment of amounts due on 8/25/2014. Actual funds transferred to the Trustee in satisfaction of payment due on 8/25/15 will be no greater than \$1,414,531.94.

EXHIBIT B PERMITTED LIENS			
Item #	Contract/ Agreement Execution Date	Description/Project Scope	Priority Lien Project Area or Fund
1	6/1/2003	2003 Housing COP	Low/Mod
2	7/1/2006	2006 Series C - Revenue Bond	Low/Mod
3	7/1/2006	2006 Series A - Revenue Bond	Midtown
4	7/1/2006	2006 Series A - Revenue Bond	South
5	7/1/2006	2006 Series A - Revenue Bond	North
6	3/1/2004	2004 Revenue Bond - Arena	Waterfront
7	6/1/2003	2003 Housing COP: Retention for debt service in following period.	Low/Mod
8	7/1/2006	2006 Series C - Revenue Bond: Retention for debt service in following period.	Low/Mod
9	7/1/2006	2006 Series A - Revenue Bond: Retention for debt service in following period.	Midtown
10	7/1/2006	2006 Series A - Revenue Bond: Retention for debt service in following period.	South
11	7/1/2006	2006 Series A - Revenue Bond: Retention for debt service in following period.	North
12	3/1/2004	2004 Revenue Bond - Arena: Retention for debt service in following period.	Waterfront
13	11/15/2001	DBAW Planning Loan	Waterfront
14	11/26/2002	Development Impact fees for 612 Carlton Ave	Midtown
15	8/4/2004	Development Impact fees for Worknet Office Building	Waterfront
16	8/29/2003	Development Impact fees for Cineplex project	Waterfront
17	9/28/2004	Union Oil Dispute Re: Ground Water Contamination	Waterfront
18	1/9/2006	Tenant relocation assistance \$1,455,000: \$460,652 expended, remaining obligation \$994,348. Replacement of 185 housing units: 146 completed, remaining obligation 39 units @ 30% of AMI (estimated cost \$4M). *Subject to final determination by the parties.	Low/Mod
19	6/25/2005	Developer Claims RDA Breached Contract (Estimated legal defense costs)	Waterfront

EXHIBIT B
PERMITTED LIENS

Item #	Contract/ Agreement Execution Date	Description/Project Scope	Priority Lien Project Area or Fund
20	6/27/2005	Contamination at Worknet Site & Southpointe (Estimated litigation costs)	Waterfront
21	6/27/2005	Contamination at Worknet Site & Southpointe Settlement Agreement	Waterfront
22	6/27/2005	Coincides with BNSF case, Caltrans is a former owner (Estimated litigation costs)	Waterfront
23	6/29/2005	Polanco Act corrective action trial (Estimated litigation costs)	Waterfront
24	4/14/2011	Contract for installation of Security Cameras	Midtown
25	4/14/2011	Contract for installation of Security Cameras	South
26	4/14/2011	Contract for installation of Security Cameras	North
27	7/1/2010	Housing Loan	Low/Mod
28	3/16/2011	Housing Loan	Low/Mod
29	5/15/2007	South Shore	Waterfront
30	1/11/2008	Marina Water Quality Testing	Waterfront
31	7/23/2008	Parcel 2A & 24 Remediation	Waterfront
32	8/12/2008	Removal Action Plan for Promenade & South Pointe	
33	7/21/2010	McKinley Park caretaker Building Asbestos Removal	South
34	1/18/2005	Renovation of Hotel Stockton - for affordable housing	Low/Mod
35	7/20/2009	Remediation of lots north and south of Worknet site (Estimated cost of Remediation)	Waterfront
36	7/10/2007	DSA Assessment of RDA owned properties. PBID expiration is 12/31/2017. (Estimated assessments to be paid at \$50,000 per year for 5 years, may be longer if properties not sold)	Waterfront
37	5/25/2011	Reimbursement Agreement Mariposa Walgreens	South
38	7/1/2013	Maintenance costs of RDA/SA-Owned properties (estimated annual cost)	All
39	4/26/2011	Repayment of loan from Low/Mod Housing funds to make SERAF payment in 2011	Midtown

EXHIBIT B
PERMITTED LIENS

Item #	Contract/ Agreement Execution Date	Description/Project Scope	Priority Lien Project Area or Fund
40	4/26/2011	Repayment of loan from Low/Mod Housing funds to make SERAF payment in 2011	South
41	6/30/2011	To cover negative cash position of Agency	Waterfront
42	7/1/2013	Salary, benefits, overhead, and administrative costs of the Successor Agency (Fiscal Year budget of \$750,000)	All
43	7/1/2012	Salary, benefits, overhead, and administrative costs of the Successor Agency (Other Funding: Subsidy from City of Stockton per adopted budget)	All
44	6/26/2013	Agreement to perform the due diligence reviews	All
45	8/24/2013	For operating and administrative costs	All
46	6/1/2003	2003 Housing COP: Replenish minimum reserve requirement per loan agreement.	Low/Mod
47	7/1/2006	2006 Series C - Revenue Bond: Replenish minimum reserve requirement per loan agreement.	Low/Mod
48	7/1/2006	2006 Series A - Revenue Bond: Replenish minimum reserve requirement per loan agreement.	Midtown
49	7/1/2006	2006 Series A - Revenue Bond: Replenish minimum reserve requirement per loan agreement.	South
50	7/1/2006	2006 Series A - Revenue Bond: Replenish minimum reserve requirement per loan agreement.	North
51	3/1/2004	2004 Revenue Bond - Arena: Replenish minimum reserve requirement per loan agreement.	Waterfront
52	8/24/2013	For operating and administrative costs	All