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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.
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19
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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 3
THROUGH 8**

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

COLLECTIVE EXHIBIT 3

NPFG PARKING SETTLEMENT DOCUMENTS

a. FORBEARANCE AGREEMENT

FORBEARANCE AGREEMENT

(2004 Parking 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 Parking Bond Trustee*”), the Parking Authority of the City of Stockton (the “*Parking Authority*”), the Stockton Public Financing Authority (the “*Authority*”), and National Public Finance Guarantee Corporation (“*NPFG*” and collectively with the City, the Authority, the Parking Authority, and the 2004 Parking 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 June 1, 2004 (the “*2004 Parking Indenture*”) by and between the Authority and the 2004 Parking Bond Trustee, the Authority issued its Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects) (collectively, the “*2004 Parking Bonds*”) in the original aggregate principal amount of \$32,785,000 for the purpose of providing funds to finance the construction of the Coy Parking Garage (defined below) and the Stockton Events Center Garage (defined below) as well as to finance various capital improvements throughout the City.

B. Pursuant to that certain Site and Facility Lease (the “*Parking Structure Lease Out*”) dated as of June 1, 2004, between the City (as lessor) and the Authority (as lessee), the City leased to the Authority (i) certain real property situated in San Joaquin County, State of California, as described on Exhibit A to the Parking Structure Lease Out (the “*Stockton Parking Sites*”), and (ii) the Market Street Parking Garage (defined below), the Coy Parking Garage (defined below), and the Stockton Events Center Garage (defined below), as described on Exhibit A and Exhibit B to the Parking Structure Lease Out (collectively, with the Stockton Parking Sites, the “*Leased Parking Facilities*”).

C. Contemporaneously therewith, the City and the Authority entered into that certain Lease Agreement, dated as of June 1, 2004 (the “*Parking Structure Lease Back*”), pursuant to which the Authority leased to the City the Leased Parking Facilities.

D. Pursuant to the Parking Structure Lease Back, among other things, the City agreed to pay to the Authority, as rental for the use and occupancy of the Leased Parking Facilities, the Lease Payments (as defined in the Parking Structure Lease Back), which Lease Payments were denominated in principal and interest components payable at the times and in the amounts necessary to allow the Authority to make full and timely payments on the 2004 Parking Bonds from the Lease Payments.

E. Pursuant to the 2004 Parking Indenture, the Authority assigned to the 2004 Parking Bond Trustee all of the rights of the Authority under the Parking Structure Lease Back (other than certain rights expressly reserved by the Authority) and under the 2004 Parking Structure Lease Out (other than certain rights expressly reserved by the Authority). The rights

assigned by the Authority pursuant to the 2004 Parking Indenture included, but were not limited to, the right to receive and collect all of the Lease Payments from the City under the 2004 Parking Structure Lease Back and the rights and remedies conferred on the Authority pursuant to the Lease Agreement.

F. NPFPG, as successor to Financial Guaranty Insurance Company, insures the payment of principal of, and interest on, the 2004 Parking Bonds, when due, subject to the terms and conditions set forth in that certain Municipal Bond New Issue Insurance Policy No. 04010390 (the “**2004 Parking Bond Policy**”).

G. On February 26, 2008, the City and Stockton City Center 16, LLC (“**SCC 16**”) entered into that certain Master Lease (the “**SCC 16 Lease**”), pursuant to which SCC 16 subleased certain retail premises located on the Leased Parking Facilities (the “**Subleased Space**”) from the City.

H. On April 22, 2008, SCC 16 and the United States Postal Service (the “**USPS**”) entered into a sublease (the “**USPS Sublease**”), pursuant to which SCC 16 sub-subleased 4,080 square feet of the Subleased Space to the USPS.

I. On June 17, 2008, SCC 16 and Pacific Gas & Electric Company (“**PG&E**”) entered into that a sublease (the “**PG&E Sublease**”), pursuant to which SCC 16 sub-subleased 12,613 square feet of the Subleased Space to PG&E.

J. On April 19, 2012, as a result of the failure of the City to make a required Lease Payment when due, the California Superior Court for the County of San Joaquin (the “**California State Court**”) entered a judgment (the “**Judgment of Possession**”) in favor of the 2004 Parking Bond Trustee in an unlawful detainer suit against the City styled as *Wells Fargo Bank, National Association v. City of Stockton*, Case No. 39-2012-00277662-CU-UD-STK (the “**City Unlawful Detainer Action**”), awarding the 2004 Parking Bond Trustee possession of the Leased Parking Facilities, as well as the right to re-enter and re-let the Leased Parking Facilities or any part thereof for the account of the City, for the benefit of the holders of the 2004 Parking Bonds and NPFPG.

K. Contemporaneously therewith, the California State Court entered that certain Order Appointing Receiver (the “**2012 Receivership Order**”), which appointed Kevin Whelan as post-judgment receiver of the Leased Parking Facilities. Pursuant to the 2012 Receivership Order, the Receiver is authorized to operate the Leased Parking Facilities and collect the revenues from such operation for the account of the City, for the benefit of the holders of the 2004 Parking Bonds and NPFPG.

L. On May 4, 2012, as a result of SCC 16’s failure to vacate the Subleased Space following notice from the 2004 Parking Bond Trustee of the Judgment of Possession, the 2004 Parking Bond Trustee commenced an unlawful detainer action against SCC 16 in the California State Court, styled *Wells Fargo Bank, National Association v. Stockton City Center 16, LLC*, Case No. 39-2012-00280527-CU-UD-STK (the “**SCC 16 Litigation**”), to obtain possession of the Subleased Space.

M. On or about May 18, 2012, the Receiver entered into that certain Garage Management Agreement with Central Parking Systems, Inc. pursuant to which Central Parking Systems, Inc. agreed, among other things, to operate the Leased Parking Facilities on behalf of the Receiver.

N. 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**”).

O. 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.

P. On or about November 15, 2013, the City filed its Plan for the Adjustment of Debts of the City of Stockton, California in the Bankruptcy Court.

Q. On or about December 17, 2013, the City Council passed Resolution No. 13-1010 (the “**Parking Authority Resolution**”) authorizing the formation of, and forming, the Parking Authority, as a public body corporate and politic organized and existing under and by virtue of the laws of the State of California, to, among other things, take title to, hold, and operate the Facilities (defined below).

R. On or about April 3, 2014, the California State Court entered the 2014 Receivership Order, among other things, directing the Receiver to turn over possession and control of the Leased Parking Facilities to the Parking Authority on the Effective Date.

S. On or about May 8, 2014, the City, the 2004 Parking Bond Trustee, and SCC 16 entered into the SCC 16 Settlement, settling the SCC 16 Litigation.

T. 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).

U. 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).

V. As of the date hereof, the Plan is pending confirmation by the Bankruptcy Court.

W. 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.

X. In accordance with the terms of the 2004 Parking Indenture, as the result of the existence of such Existing Defaults, the 2004 Parking Bond Trustee was entitled, on or before the Petition Date, among other things, to exercise its rights and remedies under the terms of the 2004 Parking Indenture and the other Existing Bond Documents.

Y. Without prejudice to any of the 2004 Parking Bond Trustee's or NPFG's rights or remedies arising as a result of the Existing Default, the 2004 Parking 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 additional terms shall have the meanings provided below:

(a) 2004 Arena Bonds means the Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center – Arena Project) in the original aggregate principal amount of \$47,000,000.

(b) 2004 Arena Bond Trustee means Wells Fargo Bank, National Association, in its capacity as bond trustee under the 2004 Arena Indenture.

(c) 2004 Arena Indenture means that certain Indenture of Trust dated as of March 1, 2004 by and between the Agency and the 2004 Arena Bond Trustee relating to the 2004 Arena Bonds.

(d) 2004 Parking Bonds has the meaning ascribed to it in the Recitals, above.

(e) 2004 Parking Bond Policy has the meaning ascribed to it in the Recitals, above.

(f) 2004 Parking Bond Trustee has the meaning ascribed to it in the preamble, above.

(g) 2004 Parking Indenture has the meaning ascribed to it in the Recitals, above.

(h) 2012 Receivership Order has the meaning ascribed to it in the Recitals, above.

(i) 2014 Receivership Order means the order of the California State Court entered on April 3, 2014, among other things, terminating the 2012 Receivership Order as of the Effective Date attached hereto as **Exhibit P**.

(j) 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.*

(k) After-Acquired Parking Assets means any parking assets (including, without limitation, surface parking lots, parking meters, metered spaces, and other parking garages) within the Downtown Parking District created, constructed, acquired, leased or licensed by the City or the Parking Authority, or in which the City or the Parking Authority has a direct or indirect interest (other than liens, encumbrances or assessments), arising on, or following, the Effective Date.

(l) Agreement has the meaning ascribed to it in the preamble, above.

(m) Arena Forbearance Agreement means that certain Forbearance Agreement among the City, the 2004 Arena Bond Trustee, the Successor Agency and NPMG, dated as of the date hereof, relating to the 2004 Arena Bonds.

(n) Assignment Documents means the Deeds, the Assignment of Parking Structure Lease Back, the Assignment of Parking Structure Lease Out, the Assignment of SCC 16 Lease, the Transfer Documents, and any other documents, instruments or agreements executed in connection with this Agreement pursuant to which any assets of the City are transferred to the Parking Authority.

(o) Assignment of Parking Structure Lease Back means the assignment of leasehold interest between the City and the Parking Authority annexed as **Exhibit B** hereto.

(p) Assignment of Parking Structure Lease Out means the assignment of leasehold interest between the City and the Parking Authority annexed as **Exhibit C** hereto.

(q) Assignment of SCC 16 Lease means the assignment of leasehold interest in the SCC 16 Lease between the City and the Parking Authority annexed as **Exhibit D** hereto.

(r) Assumption Orders means the Final Orders of the Bankruptcy Court (including, without limitation, the Confirmation Order) authorizing the assumption and assignment of the Parking Structure Lease Back, the Parking Structure Lease Out, the SCC 16 Lease and the additional leases and executory contracts with respect to the Facilities identified on **Exhibit M** hereto that are contemplated to be transferred to the Parking Authority pursuant to this Agreement.

(s) Authority has the meaning ascribed to it in the preamble, above.

(t) Automatic Termination Date has the meaning ascribed to it in Section 4.2 hereof.

(u) Ball Park Agreement means that certain Events Center Ball Park License Agreement, dated March 2, 2004, by and between the City and the Ports, as amended and supplemented.

(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, this Agreement, the Installment Sale Agreement, and any other agreement, instrument or document executed in connection with this Agreement or the Installment Sale Agreement relating to the 2004 Parking 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) California State Court has the meaning ascribed to it in the Recitals, above.

(bb) Catch-Up Payments means an amount equal to (i) the amount remaining, if any, after deducting (A) the amount of Revenues transferred from the Receiver to the 2004 Parking Bond Trustee and actually applied to the payment of the principal of, or interest on, the 2004 Parking Bonds during the period from June 1, 2014 through the Effective Date from (B) the aggregate amount of Installment Payment that would have been due during the period from August 25, 2014 through the Effective Date, plus (ii) interest on the aggregate amount of Installment Payments from time to time unpaid after the application of Revenues as set forth in clause (i) at the rate of five (5%) percent per annum. In determining the amount of Catch-Up Payments payable pursuant to Section 4.1(j), the City or the Parking Authority, as applicable, shall receive a credit in the amount of (x) 50% of the reasonable fees and expenses paid to the 2004 Parking Bond Trustee between June 1, 2014 and the Effective Date, but solely to the extent such fees and expenses were paid from Revenues plus (y) NPFG's share of the premiums due in respect of the title insurance referenced in Section 2.11.

(cc) City has the meaning ascribed to it in the preamble, above.

(dd) City Unlawful Detainer Action has the meaning ascribed to it in the Recitals, above.

(ee) Conditions Precedent means the conditions precedent to the effectiveness of this Agreement, as set forth in Article 4 hereof.

(ff) Confirmation Order means the order, in form and substance reasonably satisfactory to NPFG and the 2004 Parking Bond Trustee entered by the Bankruptcy Court confirming the Plan.

(gg) Core Parking Assets means (i) the Leased Parking Facilities and (ii) the Downtown Parking Facilities identified on Exhibit K hereto.

(hh) Coy Parking Garage means the Edmund S. Coy Parking Garage, located at 130 North Hunter Street, Stockton, California, as more particularly described in the Parking Structure Lease Back.

(ii) Debt has the meaning ascribed to it in the Installment Sale Agreement.

(jj) Deeds means, collectively, those certain recordable grant deeds with respect to the Leased Parking Facilities and the Downtown Parking Facilities annexed hereto as **Exhibit E1 – E19** hereto and recordable grant deeds with respect to the After-Acquired Parking Assets in substantially the same form as set forth in **Exhibit E1 – E19** hereto.

(kk) Downtown Parking District means the area shown in Figure 1 of Exhibit C, attached to the Installment Sale Agreement, and located within the boundaries as further described in such Exhibit C to the Installment Sale Agreement.

(ll) Downtown Parking Facilities means the parking facilities (including, without limitation, surface parking lots, parking meters, metered spaces, and other parking garages) owned, leased or licensed by the City or the Parking Authority or in which the City or the Parking Authority holds a direct or indirect interest (other than liens, encumbrances or assessments) within the Downtown Parking District as of the Effective Date, other than the Leased Parking Facilities and the Excluded Parking Assets.

(mm) EDD Lot (State) means approximately 69 spaces in the parking lot located at 135 W. Fremont Street, Stockton, California 95202 leased by the City, as lessee, from the State of California.

(nn) EDD Lot (City) means the parking lot located at 135 W. Fremont Street, Stockton, California, 95202, excepting therefrom the portion representing the EDD Lot (State).

(oo) Effective Date has the meaning ascribed to it in the Plan.

(pp) Eligibility Contest has the meaning ascribed to it in the Recitals, above.

(qq) Excluded Parking Assets means (i) the parking garage facilities and real property located at 400 East Main Street, Stockton, California 95202 and (ii) the Ports West lot while it is operated by the Ports pursuant to the Ball Park Agreement.

(rr) Existing Bond Documents means the Parking Structure Lease Out, the Parking Structure Lease Back, the 2004 Parking Indenture, the 2004 Parking Bond Policy, the Memorandum of Lease Agreement, the Memorandum of Assignment, and any other documents, instruments or agreements entered into by the City, the Authority, the 2004 Parking Bond Trustee and/or NPPG in connection with the issuance of, or evidencing or securing, the 2004 Parking Bonds.

(ss) Existing Defaults means the defaults set forth on **Exhibit A** hereto, including, without limitation, the City's commencement of the Bankruptcy Case.

(tt) Facilities means the Leased Parking Facilities, the Downtown Parking Facilities, and the After-Acquired Parking Assets.

(uu) 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.

(vv) Fiscal Year has the meaning ascribed to such term in the Installment Sale Agreement.

(ww) Forbearance Period has the meaning ascribed to it in Section 2.1(a) hereof.

(xx) Forbearing Parties means NPFG and the 2004 Parking Bond Trustee.

(yy) Implementation Plan means the plan to be followed by the Parking Authority with respect to, among other things, the retention of one or more Operators to manage and operate the Core Parking Assets and the After-Acquired Parking Assets, and set forth on **Exhibit L** hereto.

(zz) Installment Payment has the meaning ascribed to it in the Installment Sale Agreement.

(aaa) Installment Sale Agreement means that certain Installment Sale Agreement dated as of the date hereof by and between NPFG, the 2004 Parking Bond Trustee and the Parking Authority and executed in connection with this Agreement, annexed as **Exhibit F** hereto.

(bbb) Insurance Policies means insurance policies in the manner and form described in Article V of the Installment Sale Agreement and subject to, among other things, the minimum liability requirements set forth therein.

(ccc) Judgment By Confession means the judgment by confession and declaration of counsel substantially in the forms annexed as composite **Exhibit G** hereto.

(ddd) Judgment of Possession has the meaning ascribed to it in the Recitals, above.

(eee) Leased Parking Facilities has the meaning ascribed to it in the Recitals, above.

(fff) Lease Payments has the meaning ascribed to it in the 2004 Parking Indenture.

(ggg) Management Agreement means a management agreement between the Parking Authority and an Operator for the operation of all or a portion of the Facilities.

(hhh) Market Street Parking Garage means the City's Market Street Parking Garage, located at 430 East Market Street, Stockton, California, as more particularly described in the Parking Structure Lease Back.

(iii) Net Revenues has the meaning ascribed to it in the Installment Sale Agreement.

(jjj) No Adverse Effect Opinion means an opinion to be delivered by the City to the 2004 Parking Bond Trustee in substantially the form annexed as **Exhibit H** hereto.

(kkk) Non-Core Parking Assets means the Downtown Parking Facilities that are not Core Parking Assets or After-Acquired Parking Assets.

(lll) NPFG has the meaning ascribed to it in the preamble, above.

(mmm) Operation and Maintenance Expenses has the meaning ascribed to it in the Installment Sale Agreement.

(nnn) Operator means a professional operator, person, firm or corporation with staff experienced in the management and operation of parking facilities similar to the Facilities who is managing and operating all or a portion of the Facilities pursuant to a Management Agreement and who is retained in accordance with Section 2.2 of this Agreement.

(ooo) Parties has the meaning ascribed to it in the preamble, above.

(ppp) Parking Authority has the meaning ascribed to it in the Recitals, above.

(qqq) Parking Authority Resolution has the meaning ascribed to it in the Recitals, above.

(rrr) Parking Consultant means a consulting firm or other consultant, experienced in implementing parking studies and providing operational and other advice to owners and operators of parking facilities, that is not an employee of, or otherwise controlled by, the 2004 Parking Bond Trustee, NPFG, the Parking Authority, the Authority or the City, and which has been approved by the 2004 Parking Bond Trustee and NPFG, provided such approval shall not be unreasonably withheld or delayed.

(sss) Parking Facilities has the meaning ascribed to it in Section 2.2, below.

(ttt) Parking Operator Retention Date means the earliest date on which the Parking Authority satisfies the conditions precedent and obtains all regulatory or other approvals necessary for the effectiveness of the Management Agreement or Management Agreements with respect to all of the Core Parking Assets and After-Acquired Parking Assets and provides written evidence thereof to the 2004 Parking Bond Trustee, the Receiver, and NPFG.

(uuu) Parking Structure Lease Back has the meaning ascribed to it in the Recitals, above.

(vvv) Parking Structure Lease Out has the meaning ascribed to it in the Recitals, above.

(www) Permitted Encumbrances means the easements, encroachments and other title exceptions with respect to the Leased Parking Facilities described on **Exhibit I** hereto.

(xxx) Permitted Liens means the following encumbrances: (a) liens for taxes or other assessments or other governmental charges or levies, if any, not then delinquent, or which the Parking Authority may, pursuant to provisions of Article V of the Installment Sale Agreement, permit to remain unpaid; (b) pledges or deposits securing obligations under workers' compensation, unemployment insurance, social security or public liability laws or similar legislation incurred in the ordinary course of business, in amounts not to exceed \$50,000 in the aggregate; (c) pledges or deposits securing bids, tenders, contracts (other than contracts for the payment of money) or leases to which the Parking Authority is a party as lessee made in the ordinary course of business; (d) statutory liens of landlords and workers', mechanics', suppliers', carriers', warehousemen's or other similar liens arising in the ordinary course of business and securing indebtedness not yet due and payable, in amounts not to exceed \$50,000 in the aggregate; (e) zoning restrictions, easements, rights of way, licenses, mineral rights, drilling rights, or other restrictions on the use of real property or other minor irregularities in title (including, without limitation, leasehold title) thereto existing as of the date hereof so long as the same do not materially impair the use, value or marketability of such real property, leases or leasehold estates; (f) Permitted Encumbrances; and (g) such other liens as shall be approved by the 2004 Parking Bond Trustee at the direction of NPFG in its sole and absolute discretion.

(yyy) PG&E has the meaning ascribed to it in the Recitals, above.

(zzz) PG&E Sublease has the meaning ascribed to it in the Recitals, above.

(aaaa) Plan means the First Amended Plan for the Adjustment of Debts of 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).

(bbbb) Ports means 7th Inning Stretch, LLC, a California limited liability company.

(cccc) Ports West Lot means the lot containing approximately 27 spaces located on the west side of the stadium at the end of Lincoln Street in the City of Stockton.

(dddd) Ports West Lot Revenues means the net revenues assigned by the City to the Parking Authority as set forth in Section 2.2(g).

(eeee) Receiver prior to the Effective Date, means Kevin J. Whelan and following the Effective Date, means Kevin J. Whelan.

(ffff) Revenues means, for any period of calculation, the Ports West Lot Revenues and all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Facilities, and, to the extent that the EDD Lot (State) is not a Facility during such period of calculation, the EDD Lot (State), including, without limiting the generality of the foregoing, (1) all income, rents, rates, charges, fines, penalties, collections and other fees, business interruption insurance proceeds or other moneys derived by the Parking Authority (and the City, from the EDD Lot (State), during the period that the EDD Lot (State) is not a Facility) from the ownership or operation of the Facilities, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles of the Parking Authority (and the City, from the EDD Lot (State), during the period that the EDD Lot (State) is not a Facility) and the proceeds thereof plus (2) the earnings on and income derived from the investment of amounts described in clause (1), but excluding in all cases (x) any proceeds of grants or loans or other debt obligations received by the Parking Authority and (y) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Parking Authority (and the City, with respect to the EDD Lot (State), during the period that the EDD Lot (State) is not a Facility).

(gggg) SCC 16 has the meaning ascribed to it in the Recitals, above.

(hhhh) SCC 16 Lease has the meaning ascribed to it in the Recitals, above.

(iiii) SCC 16 Litigation has the meaning ascribed to it in the Recitals, above.

(jjjj) SCC 16 Settlement means that certain Settlement Agreement and Mutual Release, dated as of May 8, 2014, between and among the City, SCC 16 and the 2004 Parking Bond Trustee.

(kkkk) SCC 16 Subleases means, collectively, the PG&E Sublease, the USPS Sublease and any other sublease pursuant to which SCC 16 is a sub-sublessor of all or any portion of the Subleased Space.

(llll) Stockton Events Center Garage means the City's Stockton Events Center Parking Structure, located at 310 West Fremont Street, Stockton, California, as more particularly described in the Parking Structure Lease Back.

(mmmm) Stockton Parking Site has the meaning ascribed to it in the Recitals, above.

(nnnn) Subleased Space has the meaning ascribed to it in the Recitals, above.

(oooo) 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.

(pppp) Termination Event means any of the events set forth in Section 6.1 hereof.

(qqqq) Transfer Documents means the transfer documents for certain of the Parking Facilities that are being assigned pursuant to this Agreement, the forms of which are annexed hereto as **Exhibits J1 to J5** hereto.

(rrrr) USPS has the meaning ascribed to it in the Recitals, above.

(ssss) USPS Sublease has the meaning ascribed to it in the Recitals, above.

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 Parking Bond Trustee and NPFG.

(a) Subject to the terms and conditions contained herein, including but not limited to the City’s acknowledgment of the items set forth in Recital W, above, from and after the Effective Date until the occurrence of a Termination Event (such period, the “***Forbearance Period***”), NPFG and the 2004 Parking 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 Parking Authority’s failure to make full and timely payment of the Lease Payments in accordance with the terms of the Parking Structure Lease Back during the Forbearance Period; *provided, however*, that, after the occurrence of a Termination Event, NPFG and the 2004 Parking Bond Trustee, at the direction of NPFG, may (but shall not be required to) defer or waive the rights and remedies available to them following a Termination Event or reinstate the forbearance provided in this Agreement.

(b) Nothing contained in this Agreement, however, shall limit or restrict NPFG or the 2004 Parking Bond Trustee from taking any action that either NPFG or the 2004 Parking 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 Parking 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

Parking Bond Trustee relating to such collateral or security interests; or (iii) otherwise preserving any of NPFG's or the 2004 Parking 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, as against the Parking Authority, any and all rights and remedies available under the Bond Documents that otherwise would have been exercisable against the City or available under applicable law or in equity; *provided, however* that, after the occurrence of a Termination Event, NPFG and the 2004 Parking Bond Trustee, at the direction of NPFG, may (but shall not be required to) defer or waive the rights and remedies available to them following a Termination Event or reinstate the forbearance provided in this Agreement.

Section 2.2 Transfer of the Facilities to the Parking Authority. The City's interests in the Facilities shall be transferred to the Parking Authority on the dates, in the manner, and subject to the conditions set forth below.

(a) Transfer of Non-Core Parking Assets. On or before the Effective Date, the City shall execute and deliver to the Parking Authority the Deeds and related Transfer Documents pursuant to which the City shall transfer to the Parking Authority its fee simple title and interest in all Non-Core Parking Assets free and clear of all liens and encumbrances other than Permitted Liens.

(b) Transfer of Core Parking Assets (Other than the Leased Parking Facilities). On or before the Effective Date, the City shall execute and deliver to the Parking Authority the Deeds and related Transfer Documents pursuant to which the City shall transfer to the Parking Authority its fee simple title and interest in all Core Parking Assets (other than the Leased Parking Facilities) free and clear of all liens and encumbrances other than Permitted Liens.

(c) Transfer of Leased Parking Facilities. On the Effective Date, the following shall occur with respect to the Leased Parking Facilities:

(i) Transfer of Deeds to Leased Parking Facilities. The City shall execute and deliver to the Parking Authority the Deeds and related Transfer Documents with respect to the Leased Parking Facilities, pursuant to which the City shall transfer to the Parking Authority its fee simple title and interest in the Leased Parking Facilities in each case subject to, as may be applicable, the Parking Structure Lease Out, the Parking Structure Lease Back, and the SCC 16 Lease and free and clear of all liens and encumbrances other than Permitted Liens.

(ii) Assignment of Parking Structure Lease Out. The Parking Structure Lease Out will be assumed in accordance with the Plan. The City and the Parking Authority shall execute the Assignment of Parking Structure Lease Out, pursuant to which (i) the City shall assign to the Parking Authority all of the City's rights, title and interest, as lessor, pursuant to the Parking Structure Lease Out and related Existing Bond Documents, subject to (x) the Parking Structure Lease Back, (y) the SCC 16 Lease, and (z) the rights of the Authority, the 2004 Parking Bond Trustee, and NPFG under the Bond Documents, and (ii) the Parking

Authority shall assume all of the City's obligations pursuant to the Parking Structure Lease Out and related Existing Bond Documents. The Parking Authority shall promptly cause the Assignment of Parking Structure Lease Out to be duly recorded in the public records of San Joaquin County, California.

(iii) Assignment of City's Rights in Parking Structure Lease Back. The Parking Structure Lease Back will be assumed in accordance with the Plan. The City and the Parking Authority shall execute the Assignment of Parking Structure Lease Back, pursuant to which (i) the City shall assign to the Parking Authority all of the City's rights, title and interest, as lessee, pursuant to the Parking Structure Lease Back and related Existing Bond Documents, subject to (x) the SCC 16 Lease and (y) the rights of the Authority, the 2004 Parking Bond Trustee, and NPFG under the Bond Documents, and (ii) the Parking Authority shall assume all of the City's obligations under the Parking Structure Lease Back and related Existing Bond Documents. The Parking Authority shall promptly cause the Assignment of Parking Structure Lease Back to be duly recorded in the public records of San Joaquin County, California.

(iv) Assignment of City's Rights in SCC 16 Lease and SCC 16 Settlement. The SCC 16 Lease will be assumed in accordance with the Plan. The City and the Parking Authority shall execute the Assignment of SCC 16 Lease pursuant to which (i) the City shall assign to the Parking Authority all of the City's rights, title and interest, as sublessor, pursuant to the SCC 16 Lease and in the SCC 16 Settlement, subject to the rights of the Authority, the 2004 Parking Bond Trustee and NPFG under the Bond Documents, and (ii) the Parking Authority shall assume all of the City's obligations under the SCC 16 Lease and the SCC 16 Settlement. The Parking Authority shall promptly cause the Assignment of SCC 16 Lease to be duly recorded in the public records of San Joaquin County, California.

(v) Termination of Receivership with Respect to the Leased Parking Facilities. The receivership of the Leased Parking Facilities pursuant to the 2012 Receivership Order shall be terminated in accordance with the terms of the 2014 Receivership Order. On the Effective Date, following the transfer of possession and control of the Leased Parking Facilities from the Receiver to the Parking Authority, the Parking Authority shall cause SP Plus Corporation to assume or continue, as applicable, operational control of the Leased Parking Facilities, as set forth in Section 2.2(d), below.

(d) Engagement of Operator for Core Parking Assets and After-Acquired Parking Assets. On or before the Effective Date, the Parking Authority (upon consultation with NPFG) shall engage one or more Operators to maintain and operate all of the Core Parking Assets and the After-Acquired Parking Assets pursuant to one or more Management Agreements. Concurrently with entering into each such Management Agreement, the Parking Authority shall deliver to the 2004 Parking Bond Trustee and NPFG an opinion substantially in the form annexed as **Exhibit Q** hereto of nationally recognized bond counsel acceptable to the 2004 Parking Bond Trustee and NPFG that the execution and delivery by the Parking Authority of such Management Agreement will not cause interest on the 2004 Parking Bonds to become includable in the gross income of the holders thereof for federal income tax purposes. The Parking Authority may elect, in its reasonable business judgment and after consultation with NPFG, to engage one or more Operators to maintain and operate all or a portion of the Non-Core Parking Assets pursuant to one or more Management Agreements or, alternatively, to self-

manage all or a portion of the Non-Core Parking Assets. The Parking Authority covenants that it shall adhere to the processes, deadlines and requirements set forth in the Implementation Plan. For the avoidance of doubt, as of the Effective Date, the Operator engaged to maintain and operate the Core Parking Assets and the After-Acquired Parking Assets shall be SP Plus Corporation. The Parking Authority shall cause SP Plus Corporation to continue its operational control of the Leased Parking Facilities as of the Effective Date. The Parking Authority shall cause SP Plus Corporation to assume operational control of the remaining Core Parking Assets identified on Exhibit K on or before April 1, 2015.

(e) Transfer of After-Acquired Parking Assets. Within thirty (30) days following the City's acquisition or completion of construction with respect to any After-Acquired Parking Asset, the City shall execute and deliver to the Parking Authority the Deed or Deeds and the related Transfer Documents with respect to such After-Acquired Parking Asset free and clear of all liens and encumbrances other than Permitted Liens.

(f) EDD Lot (State). The City shall cooperate with the Parking Authority in the Parking Authority's efforts to enter into a lease with the State of California or its applicable agencies or departments with respect to the EDD Lot (State) following the expiration of the lease between the City and the State of California pursuant to which the City currently leases the EDD Lot (State).

(g) Ports West Lot. The City hereby assigns to the Parking Authority (i) all net revenues (if any) relating to the Ports use or occupancy of the Ports West Lot that the City receives from the Ports during the period in which the Ports are a licensee of such lot pursuant to the Ball Park Agreement and (ii) all net revenues (if any) relating to the use or occupancy of the Ports West Lot that the City receives following the expiration of the Ball Parking Agreement.

Section 2.3 Conveyance Fees and Taxes. The City shall be responsible for, and shall promptly pay, all real property, conveyance, transfer, documentary, recording and filing taxes, fees and charges, and all title insurance and survey charges incurred in connection or related to the conveyance to the Parking Authority of the City's interests in the Facilities.

Section 2.4 Installment Payments.

(a) Subject to the method of payment and application of the Catch-Up Payments in the manner set forth in Section 4.1(k), during the term of this Agreement, the Parking Authority shall pay to the 2004 Parking Bond Trustee the Installment Payments, at the times, and in the manner and amounts provided in the Installment Sale Agreement. To the extent the 2004 Parking Bond Trustee receives any Installment Payments in the manner, times and amounts required by the Installment Sale Agreement, (i) the 2004 Parking Bond Trustee shall be entitled to hold and apply such Installment Payments in the same manner as the 2004 Parking Bond Trustee is permitted to treat Revenues (as defined in the 2004 Parking Bond Indenture) pursuant to the 2004 Parking Bond Indenture, (ii) the Parking Authority shall receive a credit for the amount of any Installment Payment actually received by the 2004 Parking Bond Trustee against any Lease Payments that would then be due and owing under the Parking Structure Lease Back in the absence of this Agreement, and (iii) the 2004 Parking Bond Trustee shall apply any

Installment Payments actually received by the 2004 Parking Bond Trustee to the payment of the 2004 Parking Bonds in accordance with the terms of the 2004 Parking Indenture.

(b) Each of the City and the Parking Authority expressly acknowledges and agrees that the failure of the Parking Authority to make any Installment Payment when due in accordance with the Installment Sale Agreement shall constitute an “Event of Default” under the 2004 Parking Indenture and the Parking Structure Lease Back, and the 2004 Parking Bond Trustee shall thereafter immediately have the right to exercise as against the Parking Authority any and all of the 2004 Parking Bond Trustee’s respective rights and remedies available under, and subject to the terms and conditions of, the Bond Documents or otherwise, at law or in equity that would otherwise have been exercisable against the City; *provided, however* that, nothing herein shall prevent NPFG and the 2004 Parking Bond Trustee, at the direction of NPFG, from deferring or waiving the rights and remedies available to them under the Bond Documents or otherwise, at law or in equity.

Section 2.5 SCC 16.

(a) Assignment of SCC 16 Lease. The City and the Parking Authority hereby assign absolutely and unconditionally to the 2004 Parking Bond Trustee, for the benefit of NPFG and the holders of the 2004 Parking Bonds, any and all rights they may have (or with respect to the Parking Authority, may acquire in connection with this Agreement) in the SCC 16 Lease and in the SCC 16 Settlement. Each of the City and the Parking Authority further agrees that it shall not amend or consent to any waiver, forbearance, modification, termination, or other revision to the SCC 16 Lease or the SCC 16 Settlement without the prior written consent of the 2004 Parking Bond Trustee and NPFG; *provided, that*, at the direction of NPFG or the 2004 Parking Bond Trustee, the City or the Parking Authority shall take such actions as may be required by NPFG or the 2004 Parking Bond Trustee to enforce the SCC 16 Settlement against SCC 16.

(b) Assignment of SCC 16 Settlement Payments and Other Rights. The City and the Parking Authority hereby assign absolutely and unconditionally to the 2004 Parking Bond Trustee, for the benefit of NPFG and the holders of the 2004 Parking Bonds, any rights the City or the Parking Authority (by virtue of this Agreement) may have under the SCC 16 Settlement, including, without limitation, the right to receive any payments made by SCC 16 thereunder. In the event the City or the Parking Authority receives any payments from SCC 16 required to be made under the SCC 16 Settlement, the City or the Parking Authority (as applicable) shall promptly remit such payments to the 2004 Parking Bond Trustee.

(c) Default under the SCC 16 Lease. Promptly following the occurrence of an “Event of Default” as such term is used in the SCC 16 Lease or in the event that (i) the Subleased Space is abandoned by SCC 16 or (ii) the SCC 16 Lease is terminated for any reason, the Parking Authority shall provide notice thereof to the 2004 Parking Bond Trustee and to NPFG. Subject to the rights of SCC 16 (if any), upon the occurrence of an “Event of Default” as such term is used in the SCC 16 Lease or in the event that (x) the Subleased Space is abandoned by SCC 16 or (y) the SCC 16 Lease is terminated for any reason, in addition to, or in connection, the exercise of all of the other rights granted to the 2004 Parking Bond Trustee, as assignee of the City and the Parking Authority, the 2004 Parking Bond Trustee shall have the right, with or without terminating the SCC 16 Lease, among other things, to reenter the Subleased Space,

remove all persons and property therefrom and to relet the Subleased Space on behalf of the Parking Authority in accordance with the terms of the Parking Structure Lease Back, to any then-existing subtenants (including, without limitation, PG&E and USPS) thereof or to any other parties as the 2004 Parking Bond Trustee may determine and any reletting revenues derived therefrom shall be assigned, and paid directly to, the 2004 Parking Bond Trustee, to be applied to the payment of the principal of, and interest on, the 2004 Parking Bonds, at such times and in such manner as shall be determined by NPFG; *provided, that*, other than as provided in the immediately preceding sentence or as required by the Installment Sale Agreement (in the event of a prepayment by the Parking Authority of the Installment Payments due thereunder), in no event will the City or the Parking Authority be required to make any payment with respect to the SCC 16 Settlement from any source of funds other than the actual amounts, if any, received by the City or the Parking Authority with respect to the Subleased Space.

Section 2.6 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 Parking Bond Trustee, and NPFG, to deliver the No Adverse Effect Opinion to NPFG and the 2004 Parking Bond Trustee for the benefit of the holders of the 2004 Parking Bonds. The No Adverse Effect Opinion shall provide, among other things, that the transactions contemplated in this Agreement and in the Installment Sale Agreement shall not cause interest on the 2004 Parking Bonds to be includable in the gross income of the holders of the 2004 Parking Bonds for federal income tax purposes.

(b) Continued Obligation to Maintain Tax-Exempt Status. The City and the Parking Authority hereby covenant and agree, for the benefit of NPFG and the holders of the 2004 Parking 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 Parking 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 Parking Bonds will be excluded from the gross income of the holders of the 2004 Parking Bonds for federal income tax purposes.

Section 2.7 Bond Documents Remain in Force and Effect. Except as otherwise may be expressly provided by the Agreement or the Installment Sale Agreement, the Existing Bond Documents shall remain in full force and effect, and each of the Parties (subject to the assignments effectuated pursuant to this Agreement or the Installment Sale Agreement) shall continue to comply with its respective obligations and covenants thereunder. For the avoidance of doubt, subject to Section 2.2 hereof, the Parking Authority shall occupy and maintain the Leased Parking Facilities in accordance with the terms of the Parking Structure Lease Back, and the Parking Authority shall be responsible for any costs and expenses required to be paid by the City under Article V of the Parking Structure Lease Back.

Section 2.8 Judgment by Confession. On the Effective Date, the Parking Authority shall execute, and shall cause its counsel to execute, and provide to the 2004 Parking Bond Trustee, for the benefit of NPFG and the holders of the 2004 Parking Bonds, documents sufficient to authorize the Judgment by Confession to secure the Parking Authority's obligations

under this Agreement and the other Bond Documents, and the Judgment by Confession shall reflect the express consent by the Authority to the entry of the Judgment by Confession. Notwithstanding the Parking Authority's failure to make the Installment Payments, the 2004 Parking Bond Trustee may not enforce the Judgment by Confession unless it becomes effective pursuant to Section 6.2(d). The Parking Authority also hereby waives all errors, rights of appeal and stays of execution. The City and the Authority 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 Parking Authority.

Section 2.9 Annual Reporting. Commencing on the Effective Date, and continuing annually thereafter on or before January 15 of such calendar year, the City, the Authority, and the Parking Authority shall deliver to the 2004 Parking 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, the Authority, and Parking Authority, 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.

Section 2.10 Covenant Not to Transfer. The Parking Authority covenants that it shall not sell, transfer, encumber (other than as subject to the Permitted Liens), or otherwise compromise any assets transferred to the Parking Authority pursuant to, or in connection with, this Agreement, including, without limitation, its interests in the Facilities, in each case without the prior written consent of the 2004 Parking Bond Trustee, at the direction of NPFG; *provided* that only with respect to the proposed sale, transfer or encumbrance of assets that are not Core Parking Assets, NPFG shall not unreasonably withhold issuing such direction, nor shall the 2004 Parking Bond Trustee unreasonably withhold delivering such consent following receipt of such direction, if the Parking Authority delivers a written certificate certifying that (i) Revenues for the current Fiscal Year were projected to be, and, following such sale, transfer, encumbrance or other compromise of any asset, Revenues for the current Fiscal Year and the next succeeding Fiscal Year are projected to be, equal to at least 1.0 times budgeted Operation and Maintenance Expenses for such Fiscal Years (including all Installment Payments due and payable in such Fiscal Years); and (ii) if any Debt is outstanding, that Net Revenues for the current Fiscal Year, and, following such sale, transfer, encumbrance or other compromise of any asset, Net Revenues for the current Fiscal Year and the next succeeding Fiscal Year are projected to be, equal to at least 1.25 times Maximum Annual Debt Service for such Fiscal Years calculated as provided in Section 4.7 of the Installment Sale Agreement.

Section 2.11 Title Insurance. The City shall obtain and deliver to the 2004 Bond Trustee title insurance with respect to the Leased Parking Facilities. The cost of the premium for such title insurance, which shall be approved in advance by NPFG and the City, shall be split equally between the City and NPFG.

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 and the matters identified on **Exhibit N** hereto, 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 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 Authority. The Authority hereby makes the following representations and warranties to the other Parties:

(a) Due Organization and Existence. The Authority 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 Authority has duly authorized the execution and delivery of this Agreement.

(b) Due Execution. The representatives of the Authority 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 Authority.

(c) Valid, Binding and Enforceable Obligations. The Agreement has been duly authorized, executed and delivered by the Authority and constitutes the legal, valid and binding obligation of the Authority enforceable against the Authority 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 Authority 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 Authority, 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 Authority.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, 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 Authority, threatened against or affecting the Authority or the assets, properties or operations of the Authority (excepting the Bankruptcy Case) that, if determined adversely to the Authority 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 Authority, and the Authority 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 Authority.

(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 Representations and Warranties of the Parking Authority. The Parking Authority hereby makes the following representations and warranties to the other Parties:

(a) Due Organization and Existence. The Parking Authority 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 Parking Authority has duly authorized the execution and delivery of this Agreement.

(b) Due Execution. The representatives of the Parking Authority 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 Parking Authority.

(c) Valid, Binding and Enforceable Obligations. The Agreement has been duly authorized, executed and delivered by the Parking Authority and constitutes the legal, valid and binding obligation of the Parking Authority enforceable against the Parking Authority 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

Parking Authority 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 Parking Authority, 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 Parking Authority.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Parking Authority, 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 Parking Authority after reasonable investigation, threatened against or affecting the Parking Authority or the assets, properties or operations of the Parking Authority that, if determined adversely to the Parking Authority 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 Parking Authority, and the Parking Authority 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 Parking Authority.

Section 3.4 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 3.5 Representation and Warranties of the 2004 Parking Bond Trustee. The 2004 Parking 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 Parking Bond Trustee by persons duly authorized to do so and with the power to bind the 2004 Parking Bond Trustee.

(b) Valid, Binding and Enforceable Obligations. This Agreement has been duly authorized, executed and delivered by the 2004 Parking Bond Trustee and constitutes the legal, valid and binding obligation of the 2004 Parking Bond Trustee enforceable against the 2004 Parking Bond Trustee in accordance with its terms.

(c) Consents and Approvals. The 2004 Parking 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 Parking 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 Parking Bond Trustee, threatened against or affecting the 2004 Parking Bond Trustee that, if determined adversely to the 2004 Parking 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 Parking 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) The 2014 Receivership Order shall be a Final Order and in full force and effect;

(b) Each Party shall have executed (and NPFG shall have issued a direction letter to the 2004 Parking Bond Trustee directing the 2004 Parking Bond Trustee to execute) the Agreement, the Installment Sale Agreement, the Deeds, and any other Assignment Documents, documents, agreements and instruments (including, without limitation, the No Adverse Effect

Opinion) required to be executed by such Party in order effectuate the terms of this Agreement as of, or on, the Effective Date;

(c) The City shall have transferred the Core Parking Assets to the Parking Authority free and clear of all liens and interests (other than Permitted Liens);

(d) The City shall have transferred the Non-Core Parking Assets to the Parking Authority free and clear of all liens and interests (other than Permitted Liens);

(e) The Assumption Orders shall be in full force and effect and shall be Final Orders;

(f) The City shall have assigned and agreed to transfer or included in its budget the transfer to the Parking Authority, from and after the Effective Date, all revenues derived by the City from the City's operation and management of the EDD Lot (State);

(g) The Insurance Policies shall provide that they are to become effective on or before the Effective Date;

(h) The representations and warranties set forth in Article 3 shall be true and correct;

(i) The Arena Forbearance Agreement shall become effective in accordance with its terms;

(j) The City or the Parking Authority shall have paid to NPFG the Catch-Up Payments;

(k) The Confirmation Order shall be in full force and effect and shall be a Final Order;

(l) No event shall have occurred warranting the report of a Parking Consultant under Section 4.7 of the Installment Sale Agreement or, if an event has occurred warranting the report of a Parking Consultant under Section 4.7 of the Installment Sale Agreement, such report shall have been received by the 2004 Parking Bond Trustee and NPFG, and the Parking Authority shall have complied in all material respects with the recommendation of the Parking Consultant provided pursuant to Section 4.7 of the Installment Sale Agreement within the time frames recommended by the Parking Consultant;

(m) The Effective Date shall have occurred;

(n) The Parking Operator Retention Date shall have occurred, and SP Plus Corporation shall have assumed or continued its operational control of the Leased Parking Facilities; and

(o) The City, the Parking Authority and the Authority 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 NPMG, 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 Installment Sale Agreement, and this Agreement and the Installment Sale Agreement shall be void *ab initio* and shall be of no force and effect; *provided, that*, any Installment Payments made 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 Installment Sale 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 Installment Sale Agreement or admit this Agreement or any part thereof or the Installment Sale 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 Authority hereby fully, finally and completely releases and forever discharges each of NPMG, the 2004 Parking 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 Parking Bond Trustee hereby fully, finally and completely releases and forever discharges the City and the Authority 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 Parking Authority shall fail to make any Installment Payment when due in accordance with the amounts and manner provided in the Installment Sale Agreement;
- (b) the failure by the City, the Authority or the Parking Authority to perform any of its covenants, agreements or obligations under this Agreement (except for the failure to make any Installment Payment required hereunder, which failure is governed by Section 6.1(a), above), and such failure continuing for thirty (30) days after written notice thereof from the 2004 Parking Bond Trustee or NPFG;
- (c) any representation or warranty made by the City, the Parking Authority or the Authority under this Agreement, the Assignment Documents, in any Bond Document or in any report, certificate, financial statement or other instrument, agreement or document delivered to the 2004 Parking Bond Trustee or NPFG shall have been false or misleading in any material respects as of the date the representation or warranty was made; or
- (d) subject to the terms of the Agreement and the Installment Sale Agreement, the failure by the Authority, the City or the Parking Authority to comply with any of its agreements, obligations or covenants made or undertaken under any Assignment Document, the SCC 16 Lease or the Bond Documents (other than the failure to pay when due the amount remaining (if any) after deducting any Installment Payment actually received by the 2004 Parking Bond Trustee from the Lease Payment then due and owing pursuant to the Parking Structure Lease Back), which failure continues for the period(s), if any, set forth in the applicable document, after written notice thereof from the 2004 Parking Bond Trustee or NPFG, if applicable.

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 Parking Bond Trustee, at the direction of NPFG, of the rights and remedies available to them

following a Termination Event or the reinstate by NPFG and the 2004 Parking Bond Trustee, at the direction of NPFG of the forbearance provided in this Agreement), 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 Parking Bond Trustee to exercise, and the 2004 Parking 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 right to repossess, re-enter and re-let the Leased Parking Facilities (and the City, the Authority and the Parking Authority hereby expressly consent to the repossession, reentry and reletting of the Leased Parking Facilities by the 2004 Parking Bond Trustee or NPFG, as may be applicable); *provided, that*, notwithstanding any reentry by the 2004 Parking Bond Trustee or NPFG, the Parking Authority shall continue to remain liable for its obligations under the Bond Documents (including, without limitation, the Parking Authority's obligations to make Lease Payments under the Parking Structure Lease Back).

(c) Termination of Parking Structure Lease Back. At the option of the 2004 Parking Bond Trustee (at the direction of NPFG), the Parking Structure Lease Back shall be terminated. The Authority and the Parking Authority hereby waive any rights they may have under Section 9.2 of the Parking Structure Lease Back or otherwise to challenge any such termination. NPFG and the 2004 Parking Bond Trustee hereby acknowledge that, following any such termination of the Parking Structure Lease Back, the Parking Structure Lease Out shall remain in full force and effect, and the rights of NPFG and the 2004 Parking Bond Trustee to possess, repossess, re-enter, re-let or otherwise obtain and maintain possession and control of the Leased Parking Facilities shall at all times remain subject to the terms, conditions and qualifications applicable to the rights of the Authority to possession and control of the Leased Parking Facilities. NPFG and the 2004 Parking Bond Trustee further agree that, in the event of such possession, repossession, re-entry or re-let by NPFG and/or the 2004 Parking Bond Trustee from and after any termination of the Parking Structure Lease Back, then (i) NPFG or the 2004 Parking Bond Trustee, as applicable, shall not commit, suffer or permit any waste on the Leased Parking Facilities, (ii) to the extent that NPFG or the 2004 Parking Bond Trustee, as applicable remains in possession during the term of the Parking Structure Lease Out, following the expiration or other termination of the Parking Structure Lease Out, NPFG or the 2004 Parking Bond Trustee, as applicable, shall quit and surrender the Leased Parking Facilities 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 Parking Bond Trustee, excepting only reasonable wear and tear, and (iii) if NPFG or the 2004 Parking Bond Trustee, as applicable, re-lets or otherwise transfers the entirety of its interest in the Leased Parking Facilities and the Parking Structure Lease Out, NPFG or the 2004 Parking 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 Authority and the Parking Authority.

(d) Effectiveness of Judgment by Confession. The Judgment by Confession shall become effective without any further action by the 2004 Parking Bond Trustee and without any further notice to the Parking Authority, and the 2004 Parking Bond Trustee shall have the right to proceed to collect any amounts due and owing by the Parking Authority 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 Parking Bond Trustee is entitled to all of the rights, privileges and immunities set forth in the Bond Documents. The 2004 Parking Bond Trustee is executing this Agreement solely as trustee with respect to the 2004 Parking Bonds and not in its capacity as trustee with respect to any other obligations of the Authority, the City or the Parking Authority. 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 Parking Bond Trustee, from and after the Effective Date, is subject to the terms and conditions of the 2004 Parking Bond Indenture, including without limitation, the condition that NPFG has not failed to comply with its payment obligations under the 2004 Parking 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. Except as otherwise provided in Section 2.2 hereof, each of the City, the Parking Authority, the Authority, 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 Installment Sale 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, the Authority or the Parking Authority of this Agreement, the Installment Sale Agreement or the Bond Documents from and after the date of this Agreement. The 2004 Parking 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 Parking Bond Trustee and from which such fees and expenses 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 Parking Bond Trustee, the 2004 Parking 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 proceeds of the Installment Payments it receives from the Parking Authority pursuant to the Installment Sale 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 Installment Payments payable by the Parking Authority pursuant to this Agreement or the

Installment Sale Agreement, or affect in any way the satisfaction of the Parking Authority's obligations to make such Installment Payments under this Agreement or the Installment Sale Agreement. The 2004 Parking Bond Trustee shall also be entitled to recover from the Parking Authority 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 Parking 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.

(a) 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:

City of Stockton
425 North El Dorado Street
Stockton, California 95202-1997
Telephone: (209) 937-8212
Facsimile: (209) 937-7149
Attn: City Attorney

If to the Parking Authority:

Parking Authority of the City of Stockton
425 North El Dorado Street
Stockton, CA 95202-197
Attn: Parking Manager
Phone: (209) 937-8212
Fax: (209) 937-7149

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 Authority:

Stockton Public Financing Authority
425 North El Dorado Street
Stockton, CA 95202-197
Attn: Executive Director
Phone: (209) 937-8212
Fax: (209) 937-7149

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 Parking 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-claeys@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

(b) Contact Information for Operational Issues Relating to Facilities. For inquiries or other communications regarding day-to-day operational or business issues relating to the Facilities, the following individual(s) at NPFG may be contacted:

John Jordan
Optinuity Alliance Resources, an MBIA Inc. Company
Special Situations Group
113 King Street
Armonk, New York 10504
Telephone: (914) 765-3556
Facsimile: (914) 216-8626
Email: john.jordan@nationalpfg.com

Nothing in this Section 7.7(b) shall obviate the requirements set forth in Section 7.7(a), above.

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 Installment Sale 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 Installment Sale 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 Installment Sale 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 Installment Sale Agreement shall be prohibited by or be deemed invalid under any such law or regulation in any jurisdiction, the Agreement or the Installment Sale 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.

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 PARKING BOND
TRUSTEE

By:_____

Name:_____

Title:_____

By:_____

Name:_____

CITY OF STOCKTON PARKING
AUTHORITY

NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION

By:_____

Name:_____

Title:_____

By:_____

Name:_____

STOCKTON PUBLIC FINANCING
AUTHORITY

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 Parking 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 Parking 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 Parking Bond Trustee recovers such fees and expenses from funds held by the 2004 Parking 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 Parking Indenture); and (v) and any and all defaults or cross-defaults on the part of the City or the Authority that arise solely as a direct result of the defaults specified in (i)-(iv) above or under the 2004 Parking Indenture, the 2004 Parking Bonds, the 2004 Parking Lease Back, the 2004 Parking Lease Out, and the 2004 Parking Bond Policy and the related Commitment for Municipal Bond Insurance.

Exhibit B
Assignment of Parking Structure Lease Back

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this “**Assignment**”) is made as of _____, 2015, by and among the CITY OF STOCKTON, a municipal corporation (“**Assignor**”), and PARKING AUTHORITY OF THE CITY OF STOCKTON, a _____ (“**Assignee**”).

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of June 1, 2004 (the “**Site Lease**”), between Assignor, as lessor, and Stockton Public Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the “**Financing Authority**”), as lessee (“**Lessee**”), Assignor leased to Lessee those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A to the Lease (the “**Site**”), and certain existing parking facilities on a portion of the Site, more particularly described in Exhibit B to the Lease (the “**Existing Parking Project**”);

WHEREAS, pursuant to that certain Lease Agreement, dated as of June 1, 2004 (the “**Lease**”), between Assignor, as lessee, and the Financing Authority, as lessor (“**Lessor**”), Assignor leased back from Lessor the Site and the Existing Parking Project;

WHEREAS, Assignor subsequently caused the construction of (i) the Edmund S. Coy Parking Structure, located at Hunter and Channel Streets in the City of Stockton, and (ii) the Stockton Events Center Parking Structure, located at Fremont and Van Buren streets in the City of Stockton (collectively, the “**Project**” and, together with the Site and the Existing Parking Project, the “**Property**”), on the Site;

WHEREAS, for the purpose of providing funds to the Assignor to finance the costs of the Project, the Financing Authority issued its Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects), in the original aggregate principal amount of \$32,785,000 (the “**Bonds**”), pursuant to an Indenture of Trust, dated as of June 1, 2004 (the “**Indenture**”), by and between the Financing Authority and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”);

WHEREAS, in order to provide for the repayment of the Bonds, pursuant to that certain Memorandum of Assignment of Lease, dated as of June 1, 2004, by and between the Financing Authority and the Trustee, the Financing Authority assigned all of its rights under the Lease (other than certain retained rights) to the Trustee, including but not limited to the Financing Authority’s right to receive Lease Payments (as defined in the Lease) and to exercise such rights and remedies conferred on it pursuant to the Lease as may be necessary or convenient to enforce payment of the Lease Payments;

WHEREAS, the Indenture provides that, for all purposes of the Indenture provisions governing events of default and remedies, except the giving of notice of default to owners of the Bonds, National Public Finance Guarantee Corporation, a New York stock insurance corporation (“**NPFG**”), as the insurer of the Bonds (as successor to Financial Guaranty Insurance Company), shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to

comply with its payment obligations under the policy of insurance securing payment of principal of and interest on the Bonds, and, as of the date of this Assignment, NPFG is not in default under the such policy of insurance;

WHEREAS, the Assignor 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**”);

WHEREAS, in connection with the Bankruptcy Case, the City has agreed to a settlement (the “**Settlement**”) of the claims of NPFG, which Settlement, among other things, calls for the Assignor to transfer to the Assignee its fee simple title to the Property, to assign to the Assignee the Assignor’s entire, undivided right, title and interest of the lessee under the Lease and lessor under the Site Lease, and for the Assignee to assume, perform and observe all of the terms, covenants and conditions of the Lease on the part of the lessee and the Site Lease on the part of the lessor;

WHEREAS, simultaneously with the execution and delivery of this Assignment, Assignor will transfer its fee simple interest in the Property to Assignee pursuant to certain grant deeds;

WHEREAS, Assignee therefore desires to acquire and assume all of Assignor's right, title and interest, as lessee, in and to the Lease, and Assignor desires to assign and transfer all of the Assignor's right, title and interest, as lessee, in and to the Lease, to Assignee pursuant to the terms and conditions hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignor assigns and transfers to Assignee the entire, undivided right, title and interest of the lessee under the Lease to have and to hold the same from and after the date hereof, subject to the covenants, conditions and provisions contained in the Lease. Assignee hereby assumes and agrees to perform and observe all of the terms, covenants and conditions of the Lease on the part of the lessee, to be performed or observed, from and after the date hereof. Except where otherwise required by the context, all references in the Lease to the Assignor shall be deemed to be references to the Assignee.

2. Assignee shall defend, indemnify and hold harmless Assignor from and against all losses, damages, liabilities, claims, suits, demands, judgments, costs, interest and expense (including, without limitation, reasonable attorneys’ fees) which Assignor may suffer or incur as a result of (i) entering into this Assignment or (ii) Assignee’s use or occupation of the Property on or subsequent to the date hereof.

3. Assignor shall be fully and unconditionally released and discharged from its obligations arising from or connected with the Lease.

4. Assignee acknowledges that Assignor has not made any representations or warranties in connection with the Lease or the condition of the Property.

5. By their signatures below, the Financing Authority, NPFG and the Trustee hereby acknowledge and consent to, for all purposes, the assignment and assumption of the Lease pursuant to the terms set forth herein.

6. This Assignment may be executed in counterparts and shall constitute an agreement binding on all parties notwithstanding that all parties are not signatories to the original or the same counterpart provided that all parties are furnished a copy or copies thereof reflecting the signature of all parties.

7. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. Assignor and Assignee shall execute and deliver such additional documents and take such additional actions as either may reasonably request to carry out the purposes of this Assignment. The language of this Assignment shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either Assignor or Assignee.

[Remainder of page intentionally left blank; signatures appear on next page]

IN WITNESS WHEREOF, this Assignment has been executed as of the day and year first above written.

ASSIGNOR:

CITY OF STOCKTON,
a municipal corporation

By: _____

Name: _____

Its: _____

ASSIGNEE:

PARKING AUTHORITY OF THE CITY OF STOCKTON,
a public body, corporate and politic

By: _____

Name: _____

Its: _____

Acknowledgments of and consents to Assignment:

STOCKTON PUBLIC FINANCING AUTHORITY

By: _____

Name: _____

Its: _____

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

By: _____

Name: _____

Its: _____

WELLS FARGO BANK NATIONAL ASSOCIATION,
as Trustee

By: _____

Name: _____

Its: _____

Exhibit C

Assignment of Parking Structure Lease Out

ASSIGNMENT AND ASSUMPTION OF SITE LEASE

THIS ASSIGNMENT AND ASSUMPTION OF SITE LEASE (this “**Assignment**”) is made as of _____, 2015, by and among the CITY OF STOCKTON, a municipal corporation (“**Assignor**”), and PARKING AUTHORITY OF THE CITY OF STOCKTON, a _____ (“**Assignee**”).

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of June 1, 2004 (the “**Site Lease**”), between Assignor, as lessor, and Stockton Public Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the “**Financing Authority**”), as lessee (“**Lessee**”), Assignor leased to Lessee those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A to the Site Lease (the “**Site**”), and certain existing parking facilities on a portion of the Site, more particularly described in Exhibit B to the Site Lease (the “**Existing Parking Project**”);

WHEREAS, pursuant to that certain Lease Agreement, dated as of June 1, 2004 (the “**Lease**”), between Assignor, as lessee, and the Financing Authority, as lessor (“**Lessor**”), Assignor leased back from Lessor the Site and the Existing Parking Project;

WHEREAS, Assignor subsequently caused the construction of (i) the Edmund S. Coy Parking Structure, located at Hunter and Channel Streets in the City of Stockton, and (ii) the Stockton Events Center Parking Structure, located at Fremont and Van Buren streets in the City of Stockton (collectively, the “**Project**” and, together with the Site and the Existing Parking Project, the “**Property**”), on the Site;

WHEREAS, for the purpose of providing funds to the Assignor to finance the costs of the Project, the Financing Authority issued its Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects), in the original aggregate principal amount of \$32,785,000 (the “**Bonds**”), pursuant to an Indenture of Trust, dated as of June 1, 2004 (the “**Indenture**”), by and between the Financing Authority and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”);

WHEREAS, in order to provide for the repayment of the Bonds, pursuant to that certain Memorandum of Assignment of Lease, dated as of June 1, 2004, by and between the Financing Authority and the Trustee, the Financing Authority assigned all of its rights under the Lease (other than certain retained rights) to the Trustee, including but not limited to the Financing Authority’s right to receive Lease Payments (as defined in the Lease) and to exercise such rights and remedies conferred on it pursuant to the Lease as may be necessary or convenient to enforce payment of the Lease Payments;

WHEREAS, the Indenture provides that, for all purposes of the Indenture provisions governing events of default and remedies, except the giving of notice of default to owners of the Bonds, National Public Finance Guarantee Corporation, a New York stock insurance corporation

("NPFG"), as the insurer of the Bonds (as successor to Financial Guaranty Insurance Company), shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the policy of insurance securing payment of principal of and interest on the Bonds, and, as of the date of this Assignment, NPFG is not in default under the such policy of insurance;

WHEREAS, the Assignor 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**");

WHEREAS, in connection with the Bankruptcy Case, the City has agreed to a settlement (the "**Settlement**") of the claims of NPFG, which Settlement, among other things, calls for the Assignor to transfer to the Assignee its fee simple title to the Property, to assign to the Assignee the Assignor's entire, undivided right, title and interest of the lessee under the Lease and lessor under the Site Lease, and for the Assignee to assume, perform and observe all of the terms, covenants and conditions of the Lease on the part of the lessee and the Site Lease on the part of the lessor;

WHEREAS, simultaneously with the execution and delivery of this Assignment, Assignor will transfer its fee simple interest in the Property to Assignee pursuant to certain grant deeds;

WHEREAS, Assignee therefore desires to acquire and assume all of Assignor's right, title and interest, as lessor, in and to the Site Lease, and Assignor desires to assign and transfer all of the Assignor's right, title and interest, as lessor, in and to the Site Lease, to Assignee pursuant to the terms and conditions hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignor assigns and transfers to Assignee the entire, undivided right, title and interest of the lessor under the Site Lease to have and to hold the same from and after the date hereof, subject to the covenants, conditions and provisions contained in the Site Lease. Assignee hereby assumes and agrees to perform and observe all of the terms, covenants and conditions of the Site Lease on the part of the lessor, to be performed or observed, from and after the date hereof. Except where otherwise required by the context, all references in the Site Lease to the Assignor shall be deemed to be references to the Assignee.

2. Assignee shall defend, indemnify and hold harmless Assignor from and against all losses, damages, liabilities, claims, suits, demands, judgments, costs, interest and expense (including, without limitation, reasonable attorneys' fees) which Assignor may suffer or incur as a result of (i) entering into this Assignment or (ii) Assignee's use or occupation of the Property on or subsequent to the date hereof.

3. Assignor shall be fully and unconditionally released and discharged from its obligations arising from or connected with the Site Lease.

4. Assignee acknowledges that Assignor has not made any representations or warranties in connection with the Site Lease or the condition of the Property.

5. By their signatures below, the Financing Authority, NPFG and the Trustee hereby acknowledge and consent to, for all purposes, the assignment and assumption of the Site Lease pursuant to the terms set forth herein.

6. This Assignment may be executed in counterparts and shall constitute an agreement binding on all parties notwithstanding that all parties are not signatories to the original or the same counterpart provided that all parties are furnished a copy or copies thereof reflecting the signature of all parties.

7. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. Assignor and Assignee shall execute and deliver such additional documents and take such additional actions as either may reasonably request to carry out the purposes of this Assignment. The language of this Assignment shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either Assignor or Assignee.

[Remainder of page intentionally left blank; signatures appear on next page]

IN WITNESS WHEREOF, this Assignment has been executed as of the day and year first above written.

ASSIGNOR:

CITY OF STOCKTON,
a municipal corporation

By: _____

Name: _____

Its: _____

ASSIGNEE:

PARKING AUTHORITY OF THE CITY OF STOCKTON.
a public body, corporate and politic

By: _____

Name: _____

Its: _____

Acknowledgments of and consents to Assignment:

STOCKTON PUBLIC FINANCING AUTHORITY

By: _____

Name: _____

Its: _____

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

By: _____

Name: _____

Its: _____

WELLS FARGO BANK NATIONAL ASSOCIATION,
as Trustee

By: _____

Name: _____

Its: _____

Exhibit D

Assignment of SCC 16 Lease

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN IT TO:

Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, CA 94105
Attn: Devin Brennan

SPACE ABOVE THIS LINE FOR RECORDER'S USE

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment**") is made as of November __, 2014, by and among the CITY OF STOCKTON, a municipal corporation ("**Assignor**"), and PARKING AUTHORITY OF THE CITY OF STOCKTON, a public body, corporate and politic ("**Assignee**").

WITNESSETH:

WHEREAS, pursuant to that certain Master Lease dated February 26, 2008 and recorded by Memorandum of Master Lease on May 26, 2009 as Instrument No. 2009-078660 of Official Records of San Joaquin County, California (the "**Lease**"), between Assignor, as lessor, and Stockton City Center 16, LLC, a California limited liability company, as lessee ("**Lessee**"), Assignor subleased to Lessee that certain parcel of real property situated in San Joaquin County, State of California, commonly known as The Coy Parking Garage, and more particularly described in the Lease (the "**Site**");

WHEREAS, the Assignor 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, on or about November 15, 2013, the City filed its Plan for the Adjustment of Debts of the City of Stockton, California in the Bankruptcy Court (as amended or modified from time to time, including as supplemented by the Plan Supplement in Connection with the First Amended Plan for the Adjustment of Debts of City of Stockton, California, filed in the Bankruptcy Court from time to time, the "**Plan**");

WHEREAS, in connection with the Bankruptcy Case, on or about May 8, 2014, Assignor, Lessee and Wells Fargo Bank, National Association, as trustee (the "**Trustee**") under that certain Indenture of Trust, dated as of June 1, 2004 (the "**Indenture**"), by and between the Stockton Public Financing Authority, a joint exercise of powers authority organized and existing

under and by virtue of the laws of the State of California (the “**Financing Authority**”) and the Trustee, entered into that certain Settlement Agreement and Release (the “**SCC 16 Settlement**”), settling certain actions Trustee previously commenced seeking to obtain possession of the Site in connection with Assignor’s prior failure to make certain lease payments to the Financing Authority with respect to the Site;

WHEREAS, on the Effective date of the Plan, Assignor will transfer its fee simple interest in the Site to Assignee pursuant to a grant deed;

WHEREAS, Assignee therefore desires to acquire and assume all of Assignor’s right, title and interest, as lessor, in and to the Lease, and Assignor desires to assign and transfer all of the Assignor’s right, title and interest, as lessor, in and to the Lease, to Assignee pursuant to the terms and conditions hereinafter set forth;

WHEREAS, Assignee further desires to assume all of Assignor’s rights and obligations under the SCC 16 Settlement, including all rights of the Assignor to receive payment thereunder, and Assignor desires to assign and transfer all of its rights and obligations under the SCC 16 Settlement, including all of its rights to receive payment thereunder, to Assignee pursuant to the terms and conditions hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignor assigns and transfers to Assignee the entire, undivided right, title and interest of the lessor under the Lease to have and to hold the same from and after the date hereof, subject to the covenants, conditions and provisions contained in the Lease. Assignee hereby assumes and agrees to perform and observe all of the terms, covenants and conditions of the Lease on the part of the lessor, to be performed or observed, from and after the date hereof. Except where otherwise required by the context, all references in the Lease to the Assignor shall be deemed to be references to the Assignee.

2. Assignor assigns and transfers to Assignee all of Assignor’s rights, title and interest arising under the SCC 16 Settlement, including all of Assignor’s rights to receive payment thereunder, and hereby pledges such payments to Assignee and covenants and agrees to pay over to Assignee any such amounts at any time received by Assignor. Assignee hereby assumes and agrees to perform and observe all of the terms, covenants and conditions of the SCC 16 Settlement on the part of the Assignor, to be performed or observed, from and after the date hereof. Except where otherwise required by the context, all references in the SCC 16 Settlement to the Assignor shall be deemed to be references to the Assignee.

3. Assignee shall defend, indemnify and hold harmless Assignor from and against all losses, damages, liabilities, claims, suits, demands, judgments, costs, interest and expense (including, without limitation, reasonable attorneys’ fees) which Assignor may suffer or incur as a result of (i) entering into this Assignment, (ii) the discharge of Assignor’s former obligations under the SCC 16 Settlement, or (iii) Assignee’s use or occupation of the Site on or subsequent to the date hereof.

4. Assignor shall be fully and unconditionally released and discharged from its obligations arising from or connected with the Lease and the SCC 16 Settlement.

5. Assignee acknowledges that Assignor has not made any representations or warranties in connection with the Lease, the SCC 16 Settlement Agreement or the condition of the Site.

6. By their signatures below, Lessee, the Financing Authority, National Public Finance Guarantee Corporation, a New York stock insurance corporation ("NPFG") and the Trustee hereby acknowledge and consent to, for all purposes, the assignment and assumption of the Lease and the SCC 16 Settlement pursuant to the terms set forth herein.

7. This Assignment may be executed in counterparts and shall constitute an agreement binding on all parties notwithstanding that all parties are not signatories to the original or the same counterpart provided that all parties are furnished a copy or copies thereof reflecting the signature of all parties.

8. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. Assignor and Assignee shall execute and deliver such additional documents and take such additional actions as either may reasonably request to carry out the purposes of this Assignment. The language of this Assignment shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either Assignor or Assignee.

[Remainder of page intentionally left blank; signatures appear on next page]

IN WITNESS WHEREOF, this Assignment has been executed as of the day and year first above written.

ASSIGNOR:

CITY OF STOCKTON,
a municipal corporation

By: _____
Name: Kurt Wilson
Its: City Manager

STATE OF _____

COUNTY OF _____

On _____, 2014, before me, _____, a Notary Public, 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 of the Notary Public

ASSIGNEE:

PARKING AUTHORITY OF THE CITY OF STOCKTON,
a public body, corporate and politic

By: _____
Name: Kurt Wilson
Its: Parking Administrator

STATE OF _____

COUNTY OF _____

On _____, 2014, before me, _____, a Notary Public, 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 of the Notary Public

Acknowledgments of and consents to Assignment:

LESSEE:

STOCKTON CITY CENTER 16, LLC,
a California limited liability company,

By: Atlas Properties, Inc.,
Its: Manager

By: _____
Name: Edward A. Barkett
Its: President

STATE OF _____

COUNTY OF _____

On _____, 2014, before me, _____, a Notary Public, 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 _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of the Notary Public

FINANCING AUTHORITY:

STOCKTON PUBLIC FINANCING AUTHORITY,
a joint exercise of powers authority organized and existing under and by virtue of the laws of the
State of California

By: _____
Name: Kurt Wilson
Its: Executive Director

STATE OF _____

COUNTY OF _____

On _____, 2014, before me, _____, a Notary Public, 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
_____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of the Notary Public

NPFG:

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION,
a New York stock insurance corporation

By: _____
Name: _____
Its: _____

STATE OF _____

COUNTY OF _____

On _____, 2014, before me, _____, a Notary Public, 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 _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of the Notary Public

WELLS FARGO BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: _____
Its: _____

STATE OF _____

COUNTY OF _____

On _____, 2014, before me, _____, a Notary Public, 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 _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of the Notary Public

Exhibits E1 – E19

Deeds/ Bill of Sale

Exhibit	Name	Location	Total Spaces	Asset, Lot or Garage Type	Restrictions (if any)
E1	Misc. Equipment (Bill of Sale)	Within downtown parking district		Equipment	
E2	Lot B	NE Corner of California @ Channel	20	Permit Only Lot	
E3	Lot F	NW corner of Sutter at Market	78	Pay Public Lot	
E4	Lot J	E side of Sutter between Weber Main Street	41	Pay Public Lot	
E5	Lot K	W Side of American between Weber and Main	44	Pay Public Lot	
E6	Lot L	E side of American between Weber and Main	90	Pay Public Lot	
E7	Lot Z	S side of Lindsay at the Core at the corner of Hunter Street	40	City Staff Only	
E8	Civic Lot	NW Corner of Oak at Center	102	Free Lot, Pay per event	
E9	Freemont East Lot	N Side of Fremont between Van Buren and Madison	133	Public Lot, Pay per event	
E10	Freemont West Lot	N Side of Fremont between Lincoln and Van Buren	50	Pay per Event	
E11	Stadium North Lot	SE Corner of Fremont at Lincoln	182	Pay per event	
E12	Stadium West Lot	SE Corner of Harrison at Lindsay	325	Pay Per event, leased to Ports	
E14	Edison Lot	W side of Edison between Fremont and Lindsay	160	IFG & Ports Staff Parking	

Exhibit	Name	Location	Total Spaces	Asset, Lot or Garage Type	Restrictions (if any)
E15	Channel Garage	S side of Channel between San Joaquin & Sutter	331	Pay Garage	
E16	Coy Garage	S side of Channel between Hunter & San Joaquin	569	Pay Garage	Under Receivership
E17	Market Garage	S Side of Market between Sutter and California	782	Garage	Under Receivership
E18	Arena Garage	S side of Fremont between Van Buren & Monroe	591	Garage – Event Parking	Under Receivership
E19	EDD Lot (City)	135 W. Fremont Street, Stockton, California, 95202, excepting therefrom the portion representing the EDD Lot (State)	68	Event Use	City owned portion

Exhibit F

Installment Sale Agreement

[Attached separately to the Second Supplemental Plan Supplement as Exhibit 3.b]

Exhibit G

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
THE PARKING AUTHORITY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN JOAQUIN

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Indenture Trustee,

Plaintiff,

v.

THE PARKING AUTHORITY OF THE CITY
OF STOCKTON

Defendant.

CASE NO. _____

**DECLARATION OF ATTORNEY
CONCERNING DEFENDANT'S
CONFESSION OF JUDGMENT
STATEMENT**

[Code Civ. Proc., § 1132]

**DECLARATION OF ATTORNEY TO THE PARKING
AUTHORITY OF 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 Parking Authority of the City of Stockton, California (the
“*Parking Authority*”). I represent only the Parking Authority 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 Parking Authority and the proposed
Judgment, copies of which are annexed hereto as **Exhibits A** and **B**, respectively.

3. I have advised the Parking Authority 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 Parking Authority 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
THE PARKING AUTHORITY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN JOAQUIN

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Indenture Trustee,

Plaintiff,

v.

THE PARKING AUTHORITY OF THE CITY
OF STOCKTON

Defendant.

CASE NO. _____

**DEFENDANT'S CONFESSION OF
JUDGMENT STATEMENT
[Code Civ. Proc., § 1133]**

DEFENDANT'S CONFESSION OF JUDGMENT STATEMENT

1. The Parking Authority of the City of Stockton (the "***Parking Authority***"), confesses judgment in favor of the plaintiff, Wells Fargo Bank, National Association, as indenture trustee (the "***2004 Parking Bond Trustee***"), for the benefit of National Public Finance Guarantee Corporation ("***NPFG***") and the holders of the 2004 Parking Bonds (as defined below), and authorizes the entry of judgment against the Parking Authority in the amount appearing due and owing under the NPFG Settlement (as defined below), not to exceed (i) \$31,280,000 reflecting the principal amount of the 2004 Parking Bonds outstanding as of the Effective Date

(defined below), plus (ii) any accrued interest thereon, and plus (iii) the costs of collection, including, without limitation, reasonable attorneys' fees and legal costs.

2. The sum confessed for 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 June 1, 2004 (the "**2004 Parking Indenture**") by and between the Authority and the 2004 Parking Bond Trustee, the Authority issued its Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects) (collectively, the "**2004 Parking Bonds**") in the original aggregate principal amount of \$32,785,000 for the purpose of providing funds to finance the construction of the Edmund S. Coy Parking Structure (the "**Coy Parking Garage**") and the Stockton Events Center Garage (as described in the Parking Structure Lease Back) as well as to finance various capital improvements throughout the City.

b. Pursuant to that certain Site and Facility Lease (the "**Parking Structure Lease Out**") dated as of June 1, 2004, between the City (as lessor) and the Authority (as lessee), the City leased to the Authority (i) certain real property situated in San Joaquin County, State of California, as described on Exhibit A to the Parking Structure Lease Out (the "**Stockton Parking Site**"), and (ii) the Market Street Parking Garage (as described in the Parking Structure Lease Back), the Coy Parking Garage, and the Stockton Events Center Garage (collectively, with the Stockton Parking Site, the "**Leased Parking Facilities**").

c. Contemporaneously therewith, the City and the Authority entered into that certain Lease Agreement, dated as of June 1, 2004 (the "**Parking Structure Lease Back**"), pursuant to which the Authority leased to the City the Leased Parking Facilities.

d. Pursuant to the Parking Structure Lease Back, among other things, the City agreed to pay to the Authority, as rental for the use and occupancy of the Leased Parking Facilities, the Lease Payments (as defined in the Parking Structure Lease Back), which Lease Payments were denominated in principal and interest components payable at the times and in the amounts necessary to allow the Authority to make full and timely payments on the 2004 Parking Bonds from the Lease Payments.

e. Pursuant to the 2004 Parking Indenture, the Authority assigned to the 2004 Parking Bond Trustee all of the rights of the Authority under the Parking Structure Lease Back (other than certain rights expressly reserved by the Authority) and under the 2004 Parking Structure Lease Out (other than certain rights expressly reserved by the Authority). The rights assigned by the Authority pursuant to the 2004 Parking Indenture included, but were not limited to, the right to receive and collect all of the Lease Payments from the City under the 2004 Parking Structure Lease Back and the rights and remedies conferred on the Authority pursuant to the Lease Agreement.

f. NPMG, as successor to Financial Guaranty Insurance Company, insures the payment of principal of, and interest on, the 2004 Parking Bonds, when due, subject to the terms and conditions set forth in that certain Municipal Bond New Issue Insurance Policy No. 04010390.

- g. On February 26, 2008, the City and Stockton City Center 16, LLC (“**SCC 16**”) entered into that certain Master Lease, pursuant to which SCC 16 subleased certain retail premises located on the Leased Parking Facilities (the “**Subleased Space**”) from the City.
- h. On April 22, 2008, SCC 16 and the United States Postal Service (the “**USPS**”) entered into a sublease (the “**USPS Sublease**”), pursuant to which SCC 16 sub-subleased 4,080 square feet of the Subleased Space to the USPS.
- i. On June 17, 2008, SCC 16 and Pacific Gas & Electric Company (“**PG&E**”) entered into that a sublease (the “**PG&E Sublease**”), pursuant to which SCC 16 sub-subleased 12,613 square feet of the Subleased Space to PG&E.
- j. On April 19, 2012, as a result of the failure of the City to make a required Lease Payment when due, the California Superior Court for the County of San Joaquin (the “**California State Court**”) entered a judgment (the “**Judgment of Possession**”) in favor of the 2004 Parking Bond Trustee in an unlawful detainer suit against the City styled as *Wells Fargo Bank, National Association v. City of Stockton, Case No. 39-2012-00277662-CU-UD-STK*, awarding the 2004 Parking Bond Trustee possession of the Leased Parking Facilities, as well as the right to re-enter and re-let the Leased Parking Facilities or any part thereof for the account of the City, for the benefit of the holders of the 2004 Parking Bonds and NPMF.
- k. Contemporaneously therewith, the California State Court entered that certain Order Appointing Receiver (the “**Receivership Order**”), which appointed Kevin Whelan as post-judgment receiver of the Leased Parking Facilities (the “**Receiver**”). Pursuant to the Receivership Order, the Receiver is authorized to operate the Leased Parking Facilities and collect the revenues from such operation for the account of the City, for the benefit of the holders of the 2004 Parking Bonds and NPMF.
- l. On May 4, 2012, as a result of SCC 16’s failure to vacate the Subleased Space following notice from the 2004 Parking Bond Trustee of the Judgment of Possession, the 2004 Parking Bond Trustee commenced an unlawful detainer action against SCC 16 in the California State Court, styled *Wells Fargo Bank, National Association v. Stockton City Center 16, LLC, Case No. 39-2012-00280527-CU-UD-STK* (the “**SCC 16 Litigation**”), to obtain possession of the Subleased Space.
- m. On or about May 18, 2012, the Receiver entered into that certain Garage Management Agreement with Central Parking Systems, Inc. pursuant to which Central Parking Systems, Inc. agreed, among other things, to operate the Leased Parking Facilities on behalf of the Receiver.
- n. 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*.
- o. 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.

p. 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.

q. On or about May 8, 2014, the City, the 2004 Parking Bond Trustee, and SCC 16 entered into the SCC 16 Settlement, settling the SCC 16 Litigation.

r. 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).

s. 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*”).

t. Following negotiations, the City and NPFG executed a settlement relating to the 2004 Parking Bonds (the “*NPFG Settlement*”), which settlement is memorialized by various documents, including, without limitation, that certain Forbearance Agreement, dated as of [REDACTED], 2015 (the “*Forbearance Agreement*”).

u. Pursuant to the NPFG Settlement, the City agreed to, among other things, form the Parking Authority, which would, among other things, take title to, hold, and operate the Parking Assets (as defined in the Forbearance Agreement). The Parking Authority was formed on December 17, 2013.

v. Pursuant to the Forbearance Agreement, the Parking Authority agreed to pay the 2004 Parking Bond Trustee the Installment Payments, at the times, and in the manner and amounts provided in the Installment Sale Agreement (each as defined in the Forbearance Agreement).

w. The Forbearance Agreement became effective under its terms on [REDACTED], and the Plan became effective under its terms on [REDACTED] (the “*Effective Date*”).

x. The judgment is confessed pursuant to this *Defendant’s Confession of Judgment Statement* to secure the payment obligations of the Parking Authority 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 Parking Authority of the City of Stockton, California.

Dated: [REDACTED], 2015

Defendant, Parking Authority of the City of Stockton, California

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.

THE PARKING AUTHORITY OF THE CITY
OF STOCKTON

Defendant.

CASE NO. _____

JUDGMENT

JUDGMENT

In accordance with the Defendant's Confession of Judgment Statement (the "***Confession of Judgment***"), dated _____, filed by the Parking Authority of the City of Stockton, California (the "***Parking Authority***"), judgment is hereby entered against the Parking Authority 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 Stockton Public Financing Authority Lease Revenue Bonds (Series 2004) (Parking and Capital Projects) (the "***2004 Parking Bonds***") in the amount not to exceed (i) \$ 31,280,000 reflecting the principal amount of the 2004 Parking 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 H

No Adverse Effect Opinion

[DATE]

Stockton Public Financing Authority
Stockton, California

Wells Fargo Bank, National Association
San Francisco, California

National Public Finance Guarantee Corporation
New York, New York

Stockton Public Financing Authority Lease Revenue Bonds,
Series 2004 (Parking and Capital Projects)
Settlement Relating to *In re City of Stockton, California*

Ladies and Gentlemen:

Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects) (the “Bonds”) were issued in the original aggregate principal amount of \$32,785,000 by the Stockton Public Financing Authority (the “Issuer”) on June 25, 2004, pursuant to an Indenture of Trust, dated as of June 1, 2004 (the “Indenture”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Pursuant to a Site and Facility Lease, dated as of June 1, 2004 (the “Site and Facility Lease”), the City of Stockton (the “City”), as lessor, leased certain parcels of real property situated in San Joaquin County, State of California, and certain existing parking facilities to the Issuer, as lessee; and, pursuant to a Lease Agreement, dated as of June 1, 2004 (the “Lease Agreement” and, together with the Indenture and the Site Lease, the “Bond Documents”), the Issuer, as lessor, leased such parcels of real property situated in San Joaquin County, State of California, and the existing parking facilities and certain additional parking facilities (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. The City subsequently subleased a portion of such Leased Facilities to Stockton City Center 16, LLC (“SCC 16”) pursuant to a Master Lease, dated February 26, 2008 (the “SCC 16 Lease”), between the City and SCC 16. 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 (as further described in this paragraph, the “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 Parking Authority of the City of Stockton (the "Parking Authority"), 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; (ii) the Parking Authority, NPFG and the Trustee, as directed by NPFG pursuant to the terms of the Indenture, to enter into an Installment Sale Agreement, dated [____], 2014 (the "Installment Sale Agreement"), pursuant to which the Parking Authority will make certain installment payments (the "Installment Payments") to the Trustee and the Trustee will transfer to the Parking Authority certain possessory interests in City parking assets; and (iii) the City, SCC 16 and the Trustee to enter into a Settlement Agreement and Release, dated [____], 2014 (the "SCC 16 Settlement") pursuant to which SCC 16 is obligated to make certain payments to the Trustee as assignee of the City (the "Sublease Payments"). Installment Payments are to be paid from revenues of certain parking facilities located in and transferred by the City to the Parking Authority, including the Leased Facilities. Sublease Payments are to be paid by SCC 16 for use of certain of such parking facilities pursuant to the SCC 16 Lease and the SCC 16 Settlement. In furtherance of the Settlement, the City's right, title and interest under the Site and Facility Lease and its right title and interest under the Lease Agreement shall be assigned to the Parking Authority, and the City's obligations thereunder in each case assumed by the Parking Authority, pursuant to separate Assignment and Assumption of Lease Agreements, each dated [____], 2014, by and among the City, as assignor and the Parking Authority, as assignee (collectively, the "Lease Assignments"). The City's right, title and interest under the SCC 16 Lease and SCC 16 Settlement shall be assigned to the Parking Authority, and the City's obligations thereunder in each case assumed by the Parking Authority, pursuant to an Assignment and Assumption of Lease, dated [____], 2014, by and among the City, as assignor, the Parking Authority, as assignee and acknowledged by SCC 16, as lessee (the "SCC 16 Assignment" and together with the Lease Assignments, the "Assignments").

In connection with the Settlement, as bond counsel to the Issuer, we have reviewed the Indenture, the Site and Facility Lease, the Lease Agreement, the Forbearance Agreement, the Installment Sale Agreement, the Assignments, certificates of the Issuer, the Parking Authority, the Trustee, NPFG, opinions of the City Attorney 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 the payment defaults that occurred on September 1, 2012 and September 1, 2013, the filing of the Bankruptcy Case and the agreement by the Trustee and NPFG 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, the Installment Sale Agreement and the Assignments, 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 2.7(a) of the Forbearance Agreement. No attorney-client relationship has existed or exists between our firm and the Trustee or our firm and NPFG 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 2.7(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 I

Permitted Encumbrances

[Preliminary title reports to be attached at closing]

**Exhibits J1 – J5
Transfer Documents**

Exhibit	Facility/Asset Name	Location	Total Spaces	Lot or Garage Type	Form of Assignment
J1	SEB Garage	S side of Weber between Center and El Dorado	721	Pay garage and jury parking	Operator Agreement
J2	Lots N and O	Under crosstown freeway between El Dorado and Stanislaus	665		Lease Assignment
J3	Lots R and S	Under crosstown freeway between El Dorado and Stanislaus	374		Lease Assignment
J4	State Lot	31 E Channel Street	121	Evening/Weekend Use; free parking and pay for events	Lease Assignment
J5	Parking Meters	Within downtown parking district	1700	Meters	Operator Agreement

Exhibit K

Downtown Parking Facilities that Are Core Parking Assets

City Identifier	Location	Total Spaces	Lot or Garage Type	Lot Owner Prior to Effective Date
SEB Garage	S side of Weber between Center and El Dorado	721	Pay Garage & Jury Parking	City
Channel Garage	S Side of Channel between San Joaquin & Sutter	331	Pay Garage	City

Exhibit L

Implementation Plan

Deadline	Milestone
Effective Date	<ul style="list-style-type: none">• Parking Operator Retention Date shall have occurred• SP Plus Corporation shall have assumed or continued its operational control of the Leased Parking Facilities
April 1, 2015	<ul style="list-style-type: none">• SP Plus Corporation shall have assumed operational control of the Core Parking Assets identified on Exhibit K hereto

Exhibit M

Leases and Executory Contracts Authorized to Be Assumed and Assigned to the Parking Authority

Identifier	Agreement Name
State Lot (31 Channel Street)	Lease No. L-2583, between the City and the State of California, Department of General Services, dated April 3, 2013
Lots R and S	Lease No. SJX004-0600/0700-01, between the City and the State of California, Department of Transportation, dated May 8, 1997
Lots N and O	Lease No. SJX004-0900-02, between the City and the State of California, Department of Transportation, dated October 1, 2006
Parking Structure Lease Out	Site and Facility Lease, dated as of June 1, 2004, between the City and the Stockton Public Financing Authority
Parking Structure Lease Back	Lease Agreement, dated as of June 1, 2004, between the City and the Stockton Public Financing Authority
SCC 16 Lease	Master Lease between the City and Stockton City Center 16, LLC, dated February 26, 2008

Exhibit N

Disclosed Pending Litigation

Coalition for a Sustainable Delta, et al. v. City of Stockton, and County of San Joaquin, Case No. 2:09-CV-00466-JAM-KJN, pending in the United States District Court for the Eastern District of California

Exhibit O

Bond Counsel Opinion With Respect to Management Agreement

[DATE]

[FORM OF MANAGEMENT AGREEMENT NO ADVERSE EFFECT OPINION]

Stockton Public Financing Authority
Stockton, California

Wells Fargo Bank, National Association
San Francisco, California

National Public Finance Guarantee Corporation
New York, New York

[City of Stockton
Stockton, California]

[Parking Authority of the City of Stockton
Stockton, California]

Stockton Public Financing Authority Lease Revenue Bonds,
Series 2004 (Parking and Capital Projects)
Relating to [Parking Management Contract]

Ladies and Gentlemen:

Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects) (the “Bonds”) were issued in the original aggregate principal amount of \$32,785,000 by the Stockton Public Financing Authority (the “Issuer”) on June 25, 2004, pursuant to an Indenture of Trust, dated as of June 1, 2004 (the “Indenture”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Pursuant to a Site and Facility Lease, dated as of June 1, 2004 (the “Site and Facility Lease”), the City of Stockton (the “City”), as lessor, leased certain parcels of real property situated in San Joaquin County, State of California, and certain existing parking facilities to the Issuer, as lessee; and, pursuant to a Lease Agreement, dated as of June 1, 2004 (the “Lease Agreement” and, together with the Indenture and the Site Lease, the “Bond Documents”), the Issuer, as lessor, leased such parcels of real property situated in San Joaquin County, State of California, and the existing parking facilities and certain additional parking facilities (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. The City subsequently subleased a portion of such Leased Facilities to Stockton City Center 16, LLC (“SCC 16”) pursuant to a Master Lease, dated February 26, 2008 (the “SCC 16 Lease”), between the

City and SCC 16. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The City was 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 agreed to a settlement (as further described in this paragraph, the “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, called for (i) the City, the Parking Authority of the City of Stockton (the “Parking Authority”), 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 are to forbear from exercising any of their rights and remedies arising from the occurrence and continuation of certain defaults under the Bond Documents; (ii) the Parking Authority, NPFG and the Trustee, as directed by NPFG pursuant to the terms of the Indenture, to enter into an Installment Sale Agreement, dated [____], 2014 (the “Installment Sale Agreement”), pursuant to which the Parking Authority is to make certain installment payments (the “Installment Payments”) to the Trustee and the Trustee transferred to the Parking Authority certain fee and possessory interests in City parking assets, including the Leased Facilities; and (iii) the City, SCC 16 and the Trustee entered into a Settlement Agreement and Release, dated [____], 2014 (the “SCC 16 Settlement”) pursuant to which SCC 16 is obligated to make certain payments to the Trustee as assignee of the City (the “Sublease Payments”). Installment Payments are to be paid from revenues of certain parking facilities located in and transferred by the City to the Parking Authority, including the Leased Facilities. Sublease Payments are to be paid by SCC 16 for use of certain of such parking facilities pursuant to the SCC 16 Lease and the SCC 16 Settlement. In furtherance of the Settlement, the City’s right, title and interest under the Site and Facility Lease and its right, title and interest under the Lease Agreement has been assigned to the Parking Authority, and the City’s obligations thereunder in each case assumed by the Parking Authority, pursuant to separate Assignment and Assumption of Lease Agreements, each dated [____], 2014, by and among the City, as assignor and the Parking Authority, as assignee (collectively, the “Lease Assignments”). The City’s right, title and interest under the SCC 16 Lease and SCC 16 Settlement has been assigned to the Parking Authority, and the City’s obligations thereunder in each case assumed by the Parking Authority, pursuant to an Assignment and Assumption of Lease, dated [____], 2014, by and among the City, as assignor, the Parking Authority, as assignee and acknowledged by SCC 16, as lessee (the “SCC 16 Assignment” and together with the Lease Assignments, the “Assignments”).

The Parking Authority entered into a parking management contract, dated as of [____], (the “Parking Management Contract”), between the Parking Authority and [____]. Pursuant to the Parking Management Contract, [____] will operate the Leased Parking Facilities and certain other parking assets of the City as more particularly described in the Parking Management Contract.

As bond counsel to the Issuer, we have reviewed the Indenture, the Site and Facility Lease, the Lease Agreement, the Forbearance Agreement, the Installment Sale Agreement, the Assignments, the Parking Management Contract, certificates of the Issuer, the Parking Authority, the Trustee, NPFG, opinions of the City Attorney 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 the payment defaults that occurred on September 1, 2012 and September 1, 2013, the filing of the Bankruptcy Case and the agreement by the Trustee and NPFG 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 with respect to 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 Parking Management Contract in accordance with the provisions of the Forbearance Agreement and the Installment Sale Agreement, will not, in and of itself, adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

This opinion is furnished by us as bond counsel to the Issuer solely for purposes of Section 5.10 of the Installment Sale Agreement and Section 2.2(e) of the Forbearance Agreement. No attorney-client relationship has existed or exists between our firm and the Trustee or our firm and NPFG 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 Section 5.10 of the Installment Sale Agreement and Section 2.2(e) 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 P
2014 Receivership Order

APR 03 2014

Filed
ROSA JUNQUEIRO, CLERK

By PAMELA CONN
DEPUTY

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6 Attorneys for Plaintiff WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Indenture Trustee

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN JOAQUIN - UNLIMITED JURISDICTION

10
11 WELLS FARGO BANK, NATIONAL
ASSOCIATION, a National Banking
12 Association, as Indenture Trustee,

13 Plaintiff,

14 vs.

15 CITY OF STOCKTON, a California municipal
corporation and chartered city,

16 Defendant.

Case No.: 39-2012-00277662-CU-UD-STK

**~~PROPOSED~~ ORDER TERMINATING
RECEIVERSHIP**

Hearing Date: April 3, 2014
Hearing Time: 9:00 a.m.
Department: 13

Reservation No. 1914189

Complaint Filed: March 7, 2012
Trial Date: April 12, 2012

17
18
19 Plaintiff Wells Fargo Bank, National Association, as Indenture Trustee (the "Trustee"), filed
20 a Motion for Order Terminating Receivership (the "Motion"). The City of Stockton filed a joinder
21 to the Motion.

22 Upon consideration of the Motion and the Memorandum of Points and Authorities in
23 Support of the Motion (the "Memorandum of Points and Authorities") and any opposition thereto,
24 and finding that notice of the Motion was sufficient, and good cause appearing therefor,

25 **IT IS HEREBY ORDERED THAT:**

26 1. The Motion is granted.
27
28

APR 01 2014

2. The Receiver's possession and control over the receivership estate pursuant to the Order Appointing Receiver entered on April 19, 2012 is terminated as of the Effective Date¹ of the Plan and the Receiver is directed to turn over possession of the parking garages in the Receiver's control and possession to the newly created Parking Authority of the City of Stockton.

3. The Trustee shall notify the Receiver as soon as the Trustee determines when the Effective Date will occur, and shall file a notice of the Effective Date with this Court and serve such notice on the Receiver and counsel for the City not later than the third (3rd) business day following the occurrence of the Effective Date.

4. Within 120 days after the Effective Date, the Receiver shall file and serve his final accounting and an application for his formal discharge, as well as any other documents that may be required under applicable law, on all parties identified in California Rule of Court 3.1184.

5. Upon approval of the final accounting, the Receiver shall turn over any remaining funds in the receivership estate to the Trustee.

IT IS SO ORDERED.

ROGER ROSS

JUDGE OF THE SUPERIOR COURT

APR 03 2014

AGREED AS TO FORM AND CONTENT:

Thomas H. Keeling
FREEMAN FIRM
Attorneys for City of Stockton

Jeffrey A. Davis
MINTZ LEVIN COHN FERRIS GLOVSKY AND POPEO, P.C.
Attorneys for Wells Fargo Bank, as Indenture Trustee

¹ Capitalized terms used, but not otherwise defined herein, shall have the meanings ascribed to them in the Memorandum of Points and Authorities.

3. The Trustee shall notify the Receiver as soon as the Trustee determines when the Effective Date will occur, and shall file a notice of the Effective Date with this Court and serve such notice on the Receiver and counsel for the City not later than the third (3rd) business day following the occurrence of the Effective Date.

5. Upon approval of the final accounting, the Receiver shall turn over any remaining funds in the receivership estate to the Trustee.

JUDGE OF THE SUPERIOR COURT

Thomas H. Keeling
FREEMAN FIRM
Attorneys for City of Stockton

¹ Capitalized terms used, but not otherwise defined herein, shall have the meanings ascribed to them in the Memorandum of Points and Authorities.

b. INSTALLMENT SALE AGREEMENT

INSTALLMENT SALE AGREEMENT
(PARKING GARAGES AND DOWNTOWN PARKING DISTRICT FACILITIES)

Dated as of [_____], 2015

by and between

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION,

WELLS FARGO BANK, NATIONAL ASSOCIATION

and

PARKING AUTHORITY OF THE CITY OF STOCKTON

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**INSTALLMENT SALE AGREEMENT
(PARKING GARAGES AND DOWNTOWN PARKING DISTRICT FACILITIES)**

THIS INSTALLMENT SALE AGREEMENT (PARKING GARAGES AND DOWNTOWN PARKING DISTRICT FACILITIES) is made and entered into as of [_____], 2015 by and between NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION, a New York stock insurance corporation, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the law of the United States of America, as trustee under the Indenture, and PARKING AUTHORITY 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, as purchaser;

WITNESSETH:

WHEREAS, pursuant to the Site and Facility Lease, the City, as lessor, leased to the Financing Authority, as lessee, the Site and the Leased Parking Facilities;

WHEREAS, pursuant to the Lease Agreement, the Financing Authority, as lessor, leased back to the City, as lessee, the Site and the Leased Parking Facilities;

WHEREAS, for the purpose of providing funds to the City to finance the costs of certain capital projects, including construction of portions of the Leased Parking Facilities, the Financing Authority issued the Bonds, pursuant to the Indenture;

WHEREAS, pursuant to the Assignment Agreement, the Financing Authority assigned all of its rights under the Lease Agreement (other than certain retained rights) to the Trustee, including but not limited to the Financing Authority's right to receive Lease Payments (as defined in the Lease Agreement) and to exercise such rights and remedies conferred on it pursuant to the Lease Agreement as may be necessary or convenient to enforce payment of the Lease Payments;

WHEREAS, following the City's default on certain Lease Payments due under the Lease Agreement, the Trustee sought and, on April 19, 2012, the Superior Court of the State of California, County of San Joaquin (the "California State Court") awarded the Trustee possession of the Leased Parking Facilities in the case of *Wells Fargo Bank v. City of Stockton*, Case No. 39-2012-00277622-CU-UD-STK (the "2004 Parking Proceeding");

WHEREAS, the California State Court also entered that certain Order Appointing Receiver (the "2012 Receivership Order"), which appointed a post-judgment receiver of the Leased Parking Facilities who is authorized to operate the Leased Parking Facilities and collect the revenues from such operations (as further defined in Section 1.1 of this Agreement, the "Receiver");

WHEREAS, pursuant to the Garage Management Agreement, entered into as of May 18, 2012, by and between Central Parking Systems, Inc. and the Receiver, Central Parking Systems, Inc. agreed to manage the Leased Parking Facilities;

WHEREAS, the Indenture provides that, for all purposes of the Indenture provisions governing events of default and remedies, except the giving of notice of default to owners of the Bonds, NPFPG, as the insurer of the Bonds (as successor to Financial Guaranty Insurance Company), shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the 2004 Parking Bond Policy (as defined in the Forbearance Agreement), securing payment of principal of and interest on the Bonds, and as of the Effective Date, NPFPG is not in default under the 2004 Parking Bond Policy;

WHEREAS, the City is the debtor in the Bankruptcy Case;

WHEREAS, in connection with the Bankruptcy Case, the City has agreed to a settlement (the "Settlement") of the claims of NPFPG, which Settlement, among other things, calls for the Trustee to transfer to the Parking Authority all of its possessory rights, title and interest in the Site and the Leased Parking Facilities granted to it by the court in the 2004 Parking Proceeding with reference to the leaseholds established pursuant to the Lease Agreement and the Site Lease, and for the Parking Authority to make certain annual Installment Payments to the Trustee, for the benefit of NPFPG and the owners of the Bonds, for the purchase of such rights;

WHEREAS, on or about April 3, 2014, the California State Court entered the 2014 Receivership Order that, among other things, directed the Receiver to turn over possession and control of the Leased Parking Facilities to the Parking Authority on the Effective Date;

WHEREAS, pursuant to and in connection with the terms of that certain Forbearance Agreement, dated as of [_____] 1, 2015, by and between the City, the Financing Authority, the Parking Authority, NPFPG and the Trustee, the City has heretofore transferred to the Parking Authority all of its rights, title and interest in the Facilities and assigned to the Parking Authority all of the City's rights, title and interest, as lessee, pursuant to the Site Lease, and as lessor, pursuant to the Lease Agreement, and the Parking Authority has assumed all of the City's obligations under the Site Lease and Lease Agreement;

WHEREAS, additional terms of the Settlement are set forth in the Forbearance Agreement;

WHEREAS, on the Parking Operator Retention Date, the Parking Authority will enter into one or more Management Agreements in respect of operation and management of the Core Parking Assets and the After-Acquired Parking Assets;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Agreement;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration the parties hereto agree as follows:

ARTICLE I
DEFINITIONS, EXHIBITS AND SCHEDULE

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Agreement, have the meanings herein specified. Defined terms in the singular shall include the plural as well as the singular and vice versa. 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.

“2004 Parking Proceeding” means the case of *Wells Fargo Bank v. City of Stockton*, Case No. 39-2012-00277622-CU-UD-STK, in the Superior Court of the State of California.

“2012 Receivership Order” has the meaning ascribed to it in the Recitals.

“2014 Receivership Order” has the meaning ascribed to it in the Forbearance Agreement.

“After-Acquired Parking Assets” means any parking assets (including, without limitation, surface parking lots, parking meters, metered spaces, and other parking garages) within the Downtown Parking District created, constructed, acquired, leased or licensed by the City or the Parking Authority, or in which the City or the Parking Authority has a direct or indirect interest (other than liens, encumbrances or assessments), arising on, or following, the Effective Date.

“Agreement” means this Installment Sale Agreement (Parking Garages and Downtown Parking District Facilities) by and among the Trustee, NPFG, and the Parking Authority, dated as of [_____] 1, 2015, and any duly authorized and executed amendment or supplement hereto.

“Assignment Agreement” means the Memorandum of Assignment of Lease, dated as of June 1, 2004, by and between the Financing Authority and the Trustee.

“Ball Park Agreement” means that certain Events Center Ball Park License Agreement, dated March 2, 2004, by and between the City and the Ports, as amended and supplemented.

“Bankruptcy Case” means Case No. 2012-32118 in the Bankruptcy Court, styled *In re City of Stockton, California*, commenced pursuant to the petition filed by the City under chapter 9 of Title 11 of the United States Code.

“Bankruptcy Court” means the United States Bankruptcy Court for the Eastern District of California, Sacramento Division.

“Bonds” means the Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects), originally issued by the Financing Authority pursuant to the Indenture on June 25, 2004 in the initial aggregate principal amount of \$32,785,000.

“California State Court” has the meaning ascribed to it in the Recitals.

“Catch-Up Payments” has the meaning ascribed to it in the Forbearance Agreement.

“City” means the City of Stockton, a municipal corporation and charter city organized and existing under and by virtue of the laws of the State of California.

“Confirmation Order” means the order, in form and substance reasonably satisfactory to NFPG and the Trustee, entered by the Bankruptcy Court confirming the Plan.

“Contracts” means all contracts of the Parking Authority authorized and executed by and/or assigned to or assumed by the Parking Authority and which are secured by a pledge of and lien on Revenues (or any portion thereof), including leases, installment sale contracts and similar obligations.

“Core Parking Assets” means (i) the Leased Parking Facilities, (ii) the Site, and (iii) the Downtown Parking Facilities identified on Exhibit E attached to this Agreement and made a part hereof.

“Debt” means all revenue bonds, notes, warrants or Contracts of the Parking Authority authorized, executed, issued and delivered by the Parking Authority, the payments of which are secured by a pledge of and lien on the Net Revenues.

“Debt Service” means, for any period in question and for any Debt, an amount equal to the sum of (a) all interest payable during such period on Debt and (b) all principal, sinking fund, or redemption premium payments payable on any Debt during such period.

“Defeasance Deposit” has the meaning ascribed to such term in Section 4.3(d) of this Agreement.

“Downtown Parking District” means the area shown in Figure 1 of Exhibit C attached to this Agreement and made a part hereof, and located within the boundaries as further described in such Exhibit C.

“Downtown Parking Facilities” means the parking facilities (including, without limitation, surface parking lots, parking meters, metered spaces, and other parking garages) owned, leased or licensed by the City or the Parking Authority or in which the City or the Parking Authority holds a direct or indirect interest (other than liens, encumbrances or assessments) within the Downtown Parking District as of the Effective Date, other than the Leased Parking Facilities, the Site, and the Excluded Parking Assets.

“EDD Lot (City)” means the parking lot located at 135 W. Fremont Street, Stockton, California, 95202, excepting therefrom the portion representing the EDD Lot (State).

“EDD Lot (State)” means approximately 69 spaces in the parking lot located at 135 W. Fremont Street, Stockton, California, 95202 leased by the City, as lessee, from the State of California, as lessor.”

“Effective Date” means the date on which the Plan becomes effective.

“Excluded Parking Assets” means the parking facilities set forth on Exhibit D, attached to this Agreement and made a part hereof.

“Facilities” means the Site, the Leased Parking Facilities, the Downtown Parking Facilities, and the After-Acquired Parking Assets.

“Federal Securities” means any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) cash; and

(b) direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the payment of principal of and interest on which is unconditionally guaranteed by, the United States of America.

“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.

“Financing Authority” means the Stockton Public Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State.

“Fiscal Year” means any period of twelve (12) consecutive months established by the Parking Authority as its fiscal year and shall initially mean the period commencing July 1 of one year and ending on June 30 of the following year.

“Forbearance Agreement” means the Forbearance Agreement, dated as of [____], 2015, by and between the City, the Financing Authority, the Parking Authority, NPFG and the Trustee.

“Indenture” means the Indenture, dated as of June 1, 2004, by and between the Financing Authority and the Trustee.

“Independent Counsel” means an attorney or law firm of national standing in the field of public finance.

“Independent Engineer” means a consulting engineering firm or engineer that is not an employee of, or otherwise controlled by, the Trustee, NPFG, the Parking Authority or the City, and which has been approved by the Trustee and NPFG provided such approval shall not be unreasonably withheld or delayed.

“Independent Financial Consultant” means a firm of certified public accountants, a consulting engineering firm or engineer, or other firm experienced in financial matters pertaining to public agencies that is not an employee of, or otherwise controlled by, the Trustee, NPFG, the

Parking Authority or the City, and which has been approved by the Trustee and NPFG provided such approval shall not be unreasonably withheld or delayed.

“Installment Payment” means an Installment Payment required to be paid by the Parking Authority to the Trustee, for the account of NPFG and the owners of the Bonds, under Section 4.3 of this Agreement on the dates and in the amounts set forth in Schedule I attached to this Agreement and made a part hereof.

“Insurance and Condemnation Fund” means the fund by that name established and held by the Parking Authority pursuant to Article VI hereof.

“Lease Agreement” means the Lease Agreement, dated as of June 1, 2004, between the Financing Authority, as lessor, and the City, as lessee.

“Lease Payment” has the meaning ascribed to such term in the Lease Agreement.

“Leased Parking Facilities” means the City’s Market Street Parking Garage, located at Fremont and Van Buren Streets in the City of Stockton, the Edmund S. Coy Parking Garage, located at Hunter and Channel Streets in the City of Stockton and the Stockton Events Center Parking Structure, located at Fremont and Van Buren Streets in the City of Stockton, adjacent to the arena component of the Stockton Events Center, all as more particularly described in Exhibit B attached to this Agreement and made a part hereof.

“Management Agreement” means a management agreement between the Parking Authority and an Operator for the operation of all or a portion of the Facilities.

“Maximum Annual Debt Service” means, as of any date of computation, the greatest amount required in the then current or any future Fiscal Year to pay the Debt Service on the obligation in question.

“Net Proceeds” has the meaning ascribed to such term in the Indenture.

“Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Expenses for such Fiscal Year.

“Non-Core Parking Assets” means the Downtown Parking Facilities that are not Core Parking Assets or After-Acquired Assets.

“NPFG” means National Public Finance Guarantee Corporation, a New York stock insurance corporation, as the insurer of the Bonds (as successor to Financial Guaranty Insurance Company), or any successor thereto.

“NPFG Representative” means any person authorized to act on behalf of NPFG under or with respect to this Agreement.

“Operation and Maintenance Expenses” means (1) scheduled Installment Payments; (2) reasonable and necessary costs spent or incurred for maintenance and operation of the Facilities calculated in accordance with generally accepted accounting principles, including (among other

things) (a) the reasonable expenses of management and repair, including all fees, charges and other invoices of an Operator, and other expenses necessary to maintain and preserve the Facilities in good repair and working order, (b) the reasonable administrative costs of the Parking Authority and the City that are reasonably charged directly or apportioned to the Facilities, including but not limited to, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, utilities and services, insurance, taxes (including parking taxes), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums; and (3) all reasonable and necessary costs of the Parking Authority and the City or charges (other than debt service payments) required to be paid by either to comply with the terms of the Agreement, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

“Operator” means a professional operator, person, firm or corporation with staff experienced in the management and operation of parking facilities similar to the Facilities who is managing and operating all or a portion of the Facilities pursuant to a Management Agreement and who is retained in accordance with Section 2.2(e) of the Forbearance Agreement.

“Optional Prepayment Price” has the meaning ascribed to it in Section 4.3(b) of this Agreement.

“Parking Authority” means the Parking Authority of the City of Stockton, a public body corporate and politic organized and existing under and by virtue of the laws of the State.

“Parking Consultant” means a consulting firm or other consultant, experienced in implementing parking studies and providing operational and other advice to owners and operators of parking facilities, that is not an employee of, or otherwise controlled by, the Trustee, NPFG, the Parking Authority, the Authority or the City, and which has been approved by the Trustee and NPFG provided such approval shall not be unreasonably withheld or delayed.

“Parking Law” means Part 2 of Division 18 of the Streets and Highways Code of the State of California, being Sections 32500 et seq.

“Parking Operator Retention Date” means the earliest date on which the Parking Authority satisfies the conditions precedent and obtains all regulatory or other approvals necessary for the effectiveness of the Management Agreement or Management Agreements with respect to all of the Core Parking Assets and After-Acquired Parking Assets and provides written evidence thereof to the Trustee, the Receiver, and NPFG.

“Parking Representative” means the Parking Administrator or any other person designated in writing to the Trustee and NPFG by the Parking Administrator to act on behalf of the Parking Authority with respect to this Agreement.

“Permitted Encumbrances” means the easements, encroachments, and other title exceptions with respect to the Facilities described on Exhibit I to the Forbearance Agreement.

“Permitted Liens” means the following encumbrances: (i) liens for taxes or other assessments or other governmental charges or levies, if any, not then delinquent, or which the Parking Authority may, pursuant to provisions of Article V hereof, permit to remain unpaid; (ii)

pledges or deposits securing obligations under workers' compensation, unemployment insurance, social security or public liability laws or similar legislation incurred in the ordinary course of business, in amounts not to exceed \$50,000 in the aggregate; (iii) pledges or deposits securing bids, tenders, contracts (other than contracts for the payment of money) or leases to which the Parking Authority is a party as lessee made in the ordinary course of business; (iv) statutory liens of landlords and workers', mechanics', suppliers', carriers', warehousemen's or other similar liens arising in the ordinary course of business and securing indebtedness not yet due and payable, in amounts not to exceed \$50,000 in the aggregate; (v) zoning restrictions, easements, rights of way, licenses, mineral rights, drilling rights, or other restrictions on the use of real property or other minor irregularities in title (including, without limitation, leasehold title) thereto existing as of the date hereof so long as the same do not materially impair the use, value or marketability of such real property, leases or leasehold estates; (vi) Permitted Encumbrances; and (vii) such other liens as shall be approved by the Trustee at the direction of NPFG in its sole and absolute discretion.

"Plan" means the First Amended Plan for the Adjustment of Debts of 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).

"Ports" means 7th Inning Stretch, LLC, a California limited liability company.

"Ports West Lot" means the lot containing approximately 27 spaces located on the west side of the stadium at the end of Lincoln Street in the City of Stockton.

"Ports West Lot Revenues" means the net revenues assigned by the City to the Parking Authority as set forth in Section 2.2(h) of the Forbearance Agreement.

"Receiver" prior to the Effective Date, means Kevin J. Whelan and following the Effective Date, means Kevin J. Whelan or any other receiver appointed as receiver for that portion of the Facilities comprising the Stipulated Receivership.

"Revenues" means, for any period of calculation, the Ports West Lot Revenues and all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Facilities, and, to the extent that the EDD Lot (State) is not a Facility during such period of calculation, the EDD Lot (State), including, without limiting the generality of the foregoing, (1) all income, rents, rates, charges, fines, penalties, collections and other fees, business interruption insurance proceeds or other moneys derived by the Parking Authority (and the City, from the EDD Lot (State), during the period that the EDD Lot (State) is not a Facility) from the ownership or operation of the Facilities, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles of the Parking Authority (and the City, from the EDD Lot (State), during the period that the EDD Lot (State) is not a Facility) and the proceeds thereof plus (2) the earnings on and income derived from the investment of amounts described in clause (1), but excluding in all cases (x) any proceeds of grants or loans or other debt obligations received by the Parking Authority and (y) customer deposits or any other deposits or advances subject to refund until such deposits or advances have

become the property of the Parking Authority (and the City, with respect to the EDD Lot (State), during the period that the EDD Lot (State) is not a Facility).

“Site” means those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A attached to this Agreement and made a part hereof.

“Site and Facility Lease” means the Site and Facility Lease, dated as of June 1, 2004 between the City, as lessor, and the Financing Authority, as lessee.

“State” means the State of California.

“Term of this Agreement” or “Term” means the time during which this Agreement is in effect, as provided for in Section 4.2 of this Agreement.

“Termination Event” has the meaning ascribed to such term in Section 6.1 of the Forbearance Agreement.

“Transferred Interests” has the meaning ascribed to such term in Section 4.1 of this Agreement.

“Trustee” means Wells Fargo Bank, National Association, as trustee under the Indenture.

“Trustee Representative” means any person authorized to act on behalf of the Trustee under or with respect to this Agreement.

Section 1.2 Exhibits and Schedule. The following Exhibits and Schedule are attached to, and by reference made a part of, this Agreement:

EXHIBIT A: Site Boundaries.

EXHIBIT B: Leased Parking Facilities.

EXHIBIT C: Downtown Parking District.

EXHIBIT D: Excluded Parking Assets.

EXHIBIT E: Downtown Parking Facilities that are Core Parking Assets.

SCHEDULE I: Schedule of Installment Payments and Prepayment Amounts

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Parking Authority. The Parking Authority represents, covenants, and warrants to the Trustee and NPFG as follows:

(a) The Parking Authority is a public body corporate and politic, duly organized and existing under the Constitution and laws of the State, and is empowered, among other things, to rent, lease, maintain, repair, manage and operate the Facilities.

(b) The Constitution and laws of the State of California authorize the Parking Authority to enter into this Agreement and to enter into the transactions contemplated thereby and to carry out its obligations under the Agreement, and the Parking Authority has duly authorized and executed this Agreement.

(c) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions or any restriction or any agreement or instrument to which the Parking Authority is now a party or by which the Parking Authority is bound, or constitutes a default under any of the foregoing.

(d) The Parking Authority has duly authorized and executed this Agreement in accordance with the laws of the State of California, and the Agreement is the legal, valid, and binding obligation of the Parking Authority, enforceable against the Parking Authority in accordance with its terms.

(e) Not later than ninety (90) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Trustee and NPFG), commencing with the Fiscal Year 2014-15, the Parking Authority shall furnish, or cause to be furnished, to the Trustee and NPFG unaudited fund trial balances of the Parking Authority as of the end of the close of such Fiscal Year.

(f) Promptly upon receipt by the Parking Authority and in no event later than two hundred ten (210) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Trustee and NPFG), commencing with the Fiscal Year 2014-15, the Parking Authority shall furnish, or cause to be furnished, to the Trustee and NPFG detailed certified reports of audit, based on an examination sufficiently complete, prepared by an independent certified public accountant, covering the operations of the Facilities for such Fiscal Year. Such audit report shall include statements of the status of each account pertaining to the Facilities, showing the amount and source of all deposits therein, the amount and purpose of withdrawals therefrom and the balance therein at the beginning and end of such Fiscal Year. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include statements (i) as to whether or not Revenues for such Fiscal Year were equal to at least 1.0 times budgeted Operation and Maintenance Expenses for such Fiscal Year (including all Installment Payments due and payable in such Fiscal Year), and (ii) if any Debt is outstanding, as to whether or not Net Revenues for such Fiscal Year were equal to at least 1.25 times Maximum Annual Debt Service for such Fiscal Year calculated as provided in Section 4.7 hereof.

(g) After entering into this Agreement the only bonds, notes, warrants or other obligations or indebtedness of the Parking Authority secured by a pledge of Net

Revenues that may be issued, entered into and outstanding are obligations created in accordance with the terms of this Agreement.

(h) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of the Parking Authority, threatened against or affecting the Parking Authority or affecting the corporate existence of the Parking Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the entering into of this Agreement or in any way contesting or affecting the transaction contemplated hereby or the validity or enforceability of this Agreement or contesting the powers of the Parking Authority or its authority to execute and deliver this Agreement.

(i) The Parking Authority has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Parking Authority's execution of this Agreement was authorized.

(j) The Parking Authority covenants to and for the benefit of NPFG and the owners of the Bonds that it will (i) not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Bonds to be includable in gross income of the holders thereof for federal income tax purposes; and (ii) 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 Bonds will be excluded from the gross income, for federal income tax purposes, of the Owners pursuant to section 103 of the Code.

(k) Prior to the Effective Date, no Debt was outstanding.

Section 2.2 Representations, Covenants and Warranties of the Trustee. The Trustee represents, covenants and warrants to the Parking Authority as follows:

(a) The Trustee is a national banking association duly organized, existing and in good standing under and by virtue of the laws of the United States of America; has power to enter into this Agreement; and has duly authorized the execution and delivery of the Agreement.

(b) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

Section 2.3 Representations, Covenants and Warranties of NPFG. NPFG represents, covenants and warrants to the Parking Authority as follows:

(a) NPFG is a New York stock insurance corporation duly organized, existing and in good standing under and by virtue of the laws of the State of New York; has power to enter into this Agreement; and has duly authorized the execution and delivery of the Agreement.

(b) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which NPFG is now a party or by which NPFG is bound, or constitutes a default under any of the foregoing.

ARTICLE III
[RESERVED]

ARTICLE IV
SALE AND PURCHASE OF POSSESSORY INTEREST IN THE LEASED PARKING
FACILITIES; TERM OF THIS AGREEMENT; INSTALLMENT PAYMENTS

Section 4.1 Sale and Purchase of Possessory Interests in the Leased Parking Facilities. The Trustee, at the direction of NPFG, hereby sells, bargains and conveys all of its possessory rights, title and interest in the Site and the Leased Parking Facilities granted to it by the court in the 2004 Parking Proceeding with reference to the leaseholds established pursuant to the Lease Agreement and the Site Lease (collectively, the “Transferred Interests”) and, unless a Termination Event occurs and is continuing and subject to the terms and provisions of the Forbearance Agreement, agrees not to exercise further any rights of possession and repossession, entry and re-entry, and re-letting of the Site and Leased Parking Facilities assigned to it or otherwise within its power to direct or effect, jointly or severally, pursuant to the Lease Agreement, the Site and Facility Lease, the Assignment Agreement or the Indenture, and the Parking Authority hereby purchases and acquires such possessory rights, title and interest in the Site and the Leased Parking Facilities from the Trustee, upon the terms and conditions set forth in this Agreement. The Parking Authority, the Trustee, and NPFG further agree that such possessory rights, title and interest in the Site and the Leased Parking Facilities shall be conveyed to and vested in the Parking Authority upon the Effective Date. On such date, the Trustee shall take all actions necessary to vest in the Parking Authority all of the Trustee’s possessory rights, title and interest in the Site and the Leased Parking Facilities.

Section 4.2 Term of Agreement. Notwithstanding Section 4.1, the Term of this Agreement shall commence as of the date hereof and shall end on March 1, 2047, or such earlier or later date on which the Parking Authority shall have paid in full all Installment Payments and other amounts due hereunder.

Section 4.3 Installment Payments.

(a) Obligation to Pay; Time of Payment. In addition to any Catch-Up Payments that may be required to be paid to NPFG pursuant to Section 4.1(k) of the Forbearance Agreement, commencing as of the Effective Date, the Parking Authority shall pay to the Trustee, to be held in trust for the benefit of NPFG and the owners of the Bonds, subject to the terms and conditions of this Agreement and, in particular, of this Article IV, the Installment Payments set forth in Schedule I hereto for the purchase price of the Trustee's possessory rights, title and interest in the Site and the Leased Parking Facilities described in Section 4.1 of this Agreement. The Installment Payments shall be (i) due on February 25 and August 25 of each year, commencing August 25, 2014, as set forth in Schedule I hereto and (ii) payable solely from Revenues as hereinafter provided; provided that, notwithstanding anything to the contrary in this Agreement or the Forbearance Agreement, a failure to have paid any Installment Payment due prior to the Effective Date shall not constitute an event of default, a Termination Event or other default of any kind under this Agreement or the Forbearance Agreement and the City's only obligation with respect to any such Installment Payments shall be to pay the Catch-Up Payment relating thereto as calculated pursuant to the terms of the Forbearance Agreement.

(b) Option to Prepay. Subject to the terms and conditions of this Section, the Parking Authority may prepay, in whole, but not in part, the Installment Payments. Said option may be exercised by the Parking Authority on any February 25 or August 25 during the Term of this Agreement, at the prepayment price (the "Optional Prepayment Price") equal to the sum of (i) the prepayment price for the applicable period set forth on Schedule II attached hereto, (ii) all Installment Payments previously due in accordance with the schedule of Installment Payments set forth on Schedule I attached hereto remaining unpaid and any applicable interest thereon, as of the date of the prepayment, and (iii) all amounts previously due and payable in accordance with the terms of the SCC 16 Settlement (as defined in the Forbearance Agreement) that remain unpaid as of the date of the prepayment. The Parking Authority shall give written notice to the Trustee and NPFG of the exercise of such option to prepay at least thirty (30) days prior to making such prepayment. Upon the prepayment by the Parking Authority of the Installment Payments as set forth herein, all remaining rights of the Trustee and NPFG under the SCC 16 Settlement shall be deemed to have been assigned and transferred to the Parking Authority, and the Parking Authority shall be entitled to exercise any rights and remedies available to the Trustee under the SCC 16 Settlement. The prepayment by the Parking Authority pursuant to this Section 4.3(b) shall be deemed a prepayment of the Lease Payments (as such term is defined in the Lease Agreement) by the Financing Authority pursuant to Section 4.4 of the Lease Agreement and shall be applied to redeem Bonds pursuant to Section 4.01 of the Indenture.

(c) Payment in Lawful Money; No Set-Off. Each Installment Payment and the interest thereon, if any, shall be paid by the Parking Authority in lawful money of the United States, which at the time of payment is legal tender for the payment of public and private debts to or upon the order of the Trustee to the Trustee at its address designated in Section 10.1 or at such other place as the Trustee shall designate in writing to the Parking Authority. Any Installment Payment not paid when due as set forth in Schedule I shall bear interest in accordance with this Agreement at a rate per annum of 5%. Notwithstanding any

dispute between the Parking Authority and the Trustee, or any other party, the Parking Authority shall make or cause to be made each and all Installment Payments and interest thereon, if any, when due and shall not withhold or permit to be withheld any Installment Payments or interest thereon, if any, pending the final resolution of any such dispute, and the Parking Authority shall not assert or permit to be asserted any right of set-off or counter-claim against its obligation to make Installment Payments and interest thereon, if any, as set forth herein.

(d) Deposit to Secure Payment of All Installment Payments.

Notwithstanding any other provision of this Agreement, the Parking Authority may on any date secure the payment of the Installment Payments by an irrevocable deposit in favor of the Trustee, in trust, of an amount and the amount of earnings calculated to accrue on any investments of such amounts in Federal Securities, including Refcorp interest strips, CATS, TIGRS and STRPS, or defeased municipal bonds rated “AA+” or higher by S&P or “Aa1” or higher by Moody’s (or any combination thereof), to maturity or applicable redemption date, that will be sufficient to pay the Optional Prepayment Price (as defined in subsection (b) above) with respect to the February 25 or August 25 on which such prepayment will occur (collectively, the “Defeasance Deposit”). In connection with such Defeasance Deposit, the Parking Authority shall (i) provide the Trustee and NPFG 30 days’ prior written notice of its intent to make a Defeasance Deposit; (ii) provide the Trustee and NPFG with the certification of an Independent Financial Consultant, chosen by the Parking Authority, calculating the necessary Defeasance Deposit pursuant to the terms of this Section 4.3(d); and (iii) execute any and all documents required by the Trustee and NPFG to evidence the Trustee’s security interest in the Defeasance Deposit. The holder of the Defeasance Deposit shall be the Trustee or a bank or other financial institution approved by the Trustee and NPFG. In the event of a deposit pursuant to this subsection, all obligations of the Parking Authority under this Agreement, and all security provided by this Agreement for said obligations, shall cease and terminate, excepting only the obligation of the Parking Authority to make, or cause to be made, the prepayment and any applicable Installment Payments and interest thereon from the deposit made by the Parking Authority pursuant to this subsection. Such deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments and interest thereon, if any, in accordance with the provisions of this Agreement. Upon such deposit, the Trustee shall execute or cause to be executed any and all documents as may be necessary to evidence the release of any security provided for by this Agreement.

Section 4.4 [Reserved.]

Section 4.5 Special Obligation of the Parking Authority; Termination Event. The Parking Authority’s obligation to pay the Installment Payments shall be a special obligation, limited solely to Revenues. Under no circumstances shall the Parking Authority be required to advance any moneys derived from any source of income other than Revenues. No other funds or property of the Parking Authority shall be liable for the payment of the Installment Payments or any interest thereon. The obligation of the Parking Authority to make Installment Payments and the interest thereon, if any, does not constitute an indebtedness within the meaning of any constitutional or statutory debt limit or restriction. The Installment Payments are Operation and Maintenance Expenses of the Parking Authority and will be paid on parity with all such Operation and Maintenance Expenses.

The general funds of the Parking Authority (other than the Revenues) and the City are not liable for, and neither the faith and credit nor the taxing power of the City is pledged to, the payment of the Installment Payments or the interest thereon, if any. The Parking Authority has no taxing power.

Until such time as all of the Installment Payments and the interest thereon, if any, shall have been fully paid or prepaid or secured, the Parking Authority (i) will not suspend, abate or discontinue any payments provided for in Section 4.3 hereof; (ii) will perform and observe all other agreements contained in this Agreement and the Forbearance Agreement; and (iii) will not terminate the Term of this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage or defect to the Facilities, the taking by eminent domain of title to or temporary use of all or any part of the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States or of the State of California or any political subdivision of either thereof or any failure of the Trustee or NPFG to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement other than as set forth in the Forbearance Agreement. Nothing contained in this Section shall be construed to release the Trustee or NPFG from the performance of any of the agreements on their part contained herein or in the Forbearance Agreement and, in the event the Trustee or NPFG shall fail to perform any such agreements on their part, the Parking Authority may institute such action against NPFG or the Trustee, as applicable, as the Parking Authority may deem necessary to compel performance so long as such action does not abrogate the obligations of the Parking Authority contained in the first sentence of this paragraph. Notwithstanding the foregoing provisions of this Section 4.5, the Parking Authority may, at the Parking Authority's own cost and expense and in the Parking Authority's own name, prosecute or defend any action or proceeding or take any other action involving third persons which the Parking Authority deems reasonably necessary in order to secure or protect the Parking Authority's rights of possession, occupancy and use hereunder, and in such event the Trustee and NPFG agree to cooperate fully with the Parking Authority and to take such action as is necessary to effect the substitution of the Parking Authority for one or both of the Trustee and NPFG in such action or proceeding if the Parking Authority shall so request.

The obligations of the Parking Authority to make the Installment Payments and the interest thereon, if any, from Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional. Until such time as all of the Installment Payments due hereunder shall have been paid in full (or provision for the payment thereof shall have been made pursuant to this Agreement), the Parking Authority will not discontinue or suspend the payment of any Installment Payments or the interest thereon, if any, required to be made by it under this Agreement when due, whether or not the Facilities or any part thereof is operating or operable or defective, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever; provided that, notwithstanding anything to the contrary in this Agreement, the amount of any Lease Payment or portion thereof paid by the Parking Authority under the Lease Agreement from and after the Effective Date shall be credited

to and reduce in equal amount the Parking Authority's obligation to make Installment Payments pursuant to this Agreement.

Following waiver of the Termination Event and reinstatement of the Forbearance Agreement pursuant to the terms of the Forbearance Agreement, the remaining amounts due as set forth on Schedule I shall be recalculated by an Independent Financial Consultant, chosen by the Parking Authority, to account for the delay in payment (without addition of any interest or other fees or charges for such period of time as the Termination Event continued) and, at the option of the Parking Authority, extended by an amount of time less than or equal to the period during which the Termination Event continued.

Section 4.6 Pledge of Revenues; Application of Revenues.

(a) Pledge of Revenues. The Parking Authority hereby agrees that the payment of the Installment Payments and the interest thereon, if any, shall be, and hereby are, secured by a pledge of and charge and a first lien upon the Revenues, senior to all other liens or encumbrances on the Revenues or any portion thereof, and, except as herein otherwise provided, all of the Revenues are hereby pledged, charged, assigned, and set over by the Parking Authority to the Trustee for the purpose of securing payment of the Installment Payments and the interest thereon, if any, provided that such amounts shall be payable on parity with all other Operation and Maintenance Expenses. The Revenues and any interest earned on the Revenues shall be held in trust by the Parking Authority for the security and payment of the Installment Payments and the interest thereon, if any, and all other Operation and Maintenance Expenses. The Parking Authority agrees that none of the Revenues will be used for any other purposes unless and until the then required payments of the Installment Payments and the interest thereon, if any, and all other Operation and Maintenance Expenses have been made. The Parking Authority hereby further covenants that it will not encumber or create a lien on Revenues superior to or on parity with the pledge of the Revenues created hereunder and the pledge of Revenues hereunder shall constitute a first and prior lien on all of the Revenues. In accordance with Section 5451 of Title 1, Chapter 5.5 of the California Government Code, this pledge shall constitute a first and prior lien on and security interest in all of the Revenues for the payment of Installment Payments and the interest thereon, if any, on parity with all other Operation and Maintenance Expenses, which shall immediately attach to the Revenues and be effective, binding and enforceable against the Parking Authority, its successors, creditors and all others asserting rights therein relating to the Installment Payments, to the extent set forth in this Agreement, irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

(b) Use and Withdrawal of Revenues. Revenues shall be set aside and expended by the Parking Authority in the following order of priority, each such use to be fully paid or provided for prior to the application to the next item in the below list:

(i) Operation and Maintenance Expenses Including Installment Payments. The Installment Payments and interest on the Installment Payments, if any, shall be paid or provided for from time to time when, in accordance with the terms of this Agreement, they become due and payable. All other Operation and Maintenance Expenses shall be paid from time to time as they arise. In the event

of any insufficiency of Revenues to make the payments described in this paragraph, moneys shall be applied ratably to Operation and Maintenance Expenses, including Installment Payments, based on the respective principal amounts without any discrimination or preference; provided that the Trustee, at the direction of NPFG, may at any time consent to the payment of any other Operation and Maintenance Expenses prior to Installment Payments.

Following a determination by the Parking Authority that the Parking Authority will have in such Fiscal Year Revenues sufficient for payment of all of the amounts referenced in clause (i) above:

(ii) General Parking Authority Purposes. For any lawful purpose of the Parking Authority, including, but not limited to, any costs of capital improvements to the Facilities and Debt Service, if any.

Section 4.7 Rate Covenant.

(a) The Parking Authority shall, on or before June 1 of each Fiscal Year, determine, based upon preliminary results from such Fiscal Year and projected results for the following Fiscal Year, fix rents, rates, fees and other charges for the following Fiscal Year at levels projected to produce (i) Revenues that will be equal to at least 1.0 times budgeted Operation and Maintenance Expenses for such Fiscal Year (including all Installment Payments to become due and payable), and (ii) Net Revenues that, less budgeted Operation and Maintenance Expenses, will be equal to at least 1.25 times Debt Service (if applicable) for such Fiscal Year. The Parking Authority shall notify the Trustee and NPFG on or before the beginning of each Fiscal Year of the results of such determination for such Fiscal Year. The Parking Authority may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section 4.7(a).

(b) If, on or before June 1 of each Fiscal Year, the Parking Authority determines that the rents, rates, fees and other charges fixed for such year will be insufficient to produce Revenues in the amounts required by Section 4.7(a) for such Fiscal Year, or the Parking Authority determines that no level of rates, fees and other charges to be fixed for the following Fiscal Year will be sufficient to produce Revenues in the amounts required by Section 4.7(a), then, notwithstanding anything to the contrary in this Agreement, such failure shall not constitute a breach of the provisions of Section 4.7(a) provided the Parking Authority takes all of the following actions:

(i) employs a Parking Consultant to make recommendations as to a revision of the rents, rates, fees and other charges imposed by the Parking Authority or the methods of operating the Facilities to increase Revenues or decrease Operation and Maintenance Expenses for subsequent Fiscal Years such that the requirements of Section 4.7(a) are satisfied (or, if in the opinion of the Parking Consultant, the attainment of such level is impracticable, to the highest practicable ratio thereof);

(ii) provides copies of the recommendations of the Parking Consultant to the Trustee and NPFG within the earlier of (x) ninety (90) days of the retention of the Parking Consultant, or (y) five (5) business days following the receipt by the Parking Authority of the Parking Consultant's recommendations; and

(iii) complies in all material respects with the recommendations of the Parking Consultant as described in Section 4.7(b)(ii) within the time frames recommended by the Parking Consultant or such other time frames as may be agreed to in writing by NPFG.

(c) The Parking Authority shall coordinate with all Operators to implement an overall parking strategy that optimizes Revenues, including, without limitation, the setting of rents, rates, fees and other charges fixed with respect to the use and operation of each of the Facilities.

(d) Notwithstanding the foregoing, the Parking Authority shall not be excused from taking any action or performing any duty or making any payment required under this Agreement, the Indenture, the Forbearance Agreement or any other documents, instruments, or agreements executed in connection therewith, and no other event of default shall be waived, by the operation of the provisions of this subsection 4.7(b).

Section 4.8 Limitations on Debt. The Parking Authority will not issue or incur any bonds or obligations of any kind or nature payable from or enjoying a lien on the Revenues unless all of the following conditions are met:

(a) The Parking Authority is in full compliance with all of the covenants and undertakings in connection with this Agreement and all debt and other obligations of the Parking Authority then outstanding and payable from Revenues or Net Revenues.

(b) The issuance of Debt shall have been duly authorized, including, but only to the extent required by law, at an election held pursuant to applicable law.

(c) The Net Revenues for the last Fiscal Year for which audited financial statements are available when added to the estimated amount of the increase in the Revenues (including any increase due to any increase in rates which is scheduled to take effect prior to or simultaneous with the issuance and delivery of such Debt) for the first twelve-month period in which improvements, extensions, additions, or betterments of the Facilities to be financed with the proceeds of the Debt then proposed to be issued will be in operation (such estimated amount to be evidenced by a certificate of an Independent Financial Consultant), are equal to at least 1.1 times the Maximum Annual Debt Service on all Debt then outstanding plus the Debt then proposed to be issued. Any such lien on Revenues shall be made expressly subordinate to the first and prior lien on the security interest on Revenues securing the payment of Installment Payments (and interest thereon) as set forth herein.

(d) If the additional Debt is to be issued solely for the purpose of refunding a portion of the Installment Payments or other Debt then outstanding then, for the purpose of making the calculation required under the foregoing paragraph, the Maximum Annual Debt Service on the Installment Payments and any Debt outstanding in any future years shall take into consideration only the Installment Payments and Debt that will remain outstanding after

the issuance of such Debt; provided that if before the issuance and delivery of such Debt the Installment Payments will have been retired, nothing herein contained shall limit or restrict the issuance of any such Debt.

(e) Debt may be issued only for the purpose of improving, extending, reconstructing, maintaining, or repairing the Facilities or acquiring or constructing After-Acquired Parking Assets, or for the purpose of prepaying the Installment Payments or any Debt then outstanding, or for any combination of such purposes.

ARTICLE V MAINTENANCE OF FACILITIES; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1 Operation and Maintenance of Facilities; Utilities, Taxes and Assessments. Subject to the terms and conditions of this Agreement, the Parking Authority covenants to operate or cause to be operated, the Facilities for the purposes set forth in the Parking Law and in this Agreement in an efficient and economical manner, and in accordance with customary standards and business practices applicable to similar facilities, including standards of cleanliness, safety, sanitation and sightly condition. The Parking Authority further covenants to operate, maintain and preserve or cause to be operated, maintained and preserved, the Facilities in good repair and working order, including by performing all routine maintenance necessary to maintain such standards. In operating and maintaining the Facilities, including by means of one or more Management Agreements as set forth in Section 5.10 of this Agreement, the Parking Authority shall use its best efforts to generate Revenues sufficient to comply with the rate covenant set forth in Section 4.7 hereof. The Parking Authority shall engage or cause to be engaged such janitorial, security, and parking enforcement services as it reasonably determines are necessary in connection with its obligations under this Agreement.

The Parking Authority covenants that in order fully to preserve and protect the priority and security of the Installment Payments and the interest thereon, if any, the Parking Authority shall pay and discharge all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Revenues or any part thereof or on any funds in the hands of the Parking Authority equal or superior to the priority of payment of the Installment Payments and the interest thereon, if any, or which might impair the security of the Installment Payments and the interest thereon, if any. The Parking Authority shall also pay from Revenues any taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Facilities or upon any part thereof or upon any of the Revenues therefrom, and duly observe and conform to all valid requirements of any governmental authority relative to any such properties; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Parking Authority shall be obligated to pay only such installments as are required to be paid during the Term of this Agreement as and when the same become due. The Parking Authority shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by the Trustee or NPFG or their successors.

The Parking Authority may, at the Parking Authority's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; provided that prior to such nonpayment the Parking Authority shall furnish the Trustee and NPFG with the opinion of Independent Counsel acceptable to the Trustee and NPFG to the effect that, by nonpayment of any such items, the Facilities or any part thereof will be subject to loss or forfeiture, otherwise, the Parking Authority shall promptly pay such taxes, assessments or charges, or provide the Trustee and NPFG with full security against any loss which may result from nonpayment, in form satisfactory to the Trustee and NPFG.

Section 5.2 Modification of Facilities. The Parking Authority shall, at its own expense, have the right to make additions, modifications and improvements to the Facilities. Such additions, modifications and improvements shall not in any way damage the Facilities or cause it to be used for purposes other than those authorized under the Parking Law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section 5.2, shall have a value at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements. All such additions, modifications and improvements shall comply with all building, electrical, plumbing, health and fire codes of the City and the County of San Joaquin. The Parking Authority covenants not to use, or to permit the use of, the Facilities in any manner that will constitute waste, nuisance or unreasonable annoyance to owners or occupants of adjacent properties.

Section 5.3 General Liability Applicable to Bodily Injury and Property Damage to Third Parties. The Parking Authority shall maintain or cause to be maintained, throughout the Term of this Agreement, insurance policies, including a standard comprehensive general liability insurance policy or policies, in protection of the Parking Authority and the City, their officers, agents, and employees. Any such policy or policies shall name the Parking Authority and the Trustee as an additional loss payee. Said policy or policies shall insure said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation and maintenance of the Facilities. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person or of two or more persons in a single accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$1,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the Parking Authority. Such coverage may in the alternative be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.4 Errors and Omissions Insurance. The Parking Authority shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Agreement a

policy of errors and omissions insurance for the protection of the members of the Parking Authority. Such coverage may in the alternative be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority.

Section 5.5 All-Risk Property Coverage. The Parking Authority shall procure and maintain, or cause to be procured and maintained throughout the Term of this Agreement, insurance against loss or damage to any insurable structures constituting any part of the Facilities (excluding, for example, metered parking spaces of streets, roads and other public thoroughfares) by fire and lightning, with extended coverage insurance. Any such policy or policies shall name the Trustee as an additional loss payee. A maximum deductible amount of \$50,000 for any one loss shall be allowable. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of such Facilities. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Parking Authority. Such coverage may in the alternative be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable with respect to similar assets of the City insured under a similar program by such joint powers authority. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof.

Section 5.6 Workers Compensation. The Parking Authority shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Agreement a policy of workers compensation with employer's liability limits not less than five hundred thousand dollars (\$500,000) per accident. Such coverage may in the alternative be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority.

Section 5.7 Business Automobile Liability. The Parking Authority shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Agreement a policy of business automobile liability insurance with limits not less than one million dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired auto coverage, as applicable. Any such policy or policies shall name the Trustee as an additional loss payee. Such coverage may in the alternative be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority.

Section 5.8 Insurance Proceeds; Form of Policies. All proceeds of the insurance required by Section 5.5 hereof shall be payable to the Parking Authority for deposit into the Insurance and Condemnation Fund as provided in Section 6.2(a) hereof. The Parking Authority shall pay or cause to be paid when due the premiums for all insurance policies required by this Agreement. All such policies shall provide that the Trustee and NPFG shall be given thirty (30)

days' notice of each expiration thereof, and any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee and NPFG shall not be responsible for the sufficiency of any insurance herein required, and the Trustee and NPFG shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise, or settlement of any loss agreed to by them. The Parking Authority shall cause to be delivered to the Trustee and NPFG annually on or before September 1 a Certificate of a Parking Authority Representative stating that the insurance policies or self-insurance required by this Agreement are in full force and effect and that all required premiums, if any, have been paid or an insurance certificate evidencing such coverage. Promptly following the request of the Trustee or NPFG, the Parking Authority shall cause to be delivered to the Trustee and NPFG a copy of any insurance obtained pursuant to this Agreement.

Any insurance policies obtained in satisfaction of the requirements of Sections 5.3, 5.5 and 5.7 shall provide the following:

- (i) If obtained by a person other than the Parking Authority, name as additional insured the Parking Authority and as additional loss payee the Trustee and, as applicable, their officers, agents and employees.
- (ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.
- (iii) All policies shall provide thirty (30) days advance written notice to the Parking Authority, NPFG and the Trustee of cancellation.
- (iv) Should any of the required insurance be provided under a claims-made form, the Operator or the Parking Authority, as applicable, shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three (3) years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.
- (v) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above. Should any required insurance obtained by an Operator lapse during the term of this Agreement, Operator requests for payments originating after such lapse shall not be processed until the Parking Authority receives satisfactory evidence of reinstate coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Parking Authority shall, at its sole option, obtain the necessary insurance on behalf of the Operator or, within 60 days of such non-reinstatement, employ a replacement Operator.

Notwithstanding anything to the contrary in this Agreement, any policy of insurance or coverage required pursuant to this Agreement may in the alternative be obtained from a joint powers authority authorized and existing under the laws of the State, provided that any liability retention by the Parking Authority with respect to such coverage shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority.

Section 5.9 Advances. If the Parking Authority fails to perform any of its obligations under this Article, the Trustee may, but shall have no obligation, to take such action as may be necessary to cure such failure, including the advancement of money, and the Parking Authority shall be obligated to repay all such advances as soon as possible, with interest thereon at the lesser of the rate of twelve percent (12%) per annum or the maximum legal rate of interest for public agencies from the date of the advance to the date of repayment.

Section 5.10 Parking Management. The Parking Authority shall employ one or more Operators to operate all of the Core Parking Assets (including, without limitation, the Leased Parking Facilities) and the After-Acquired Parking Assets, pursuant to one or more Management Agreements, as provided in the Forbearance Agreement. Concurrently with entering into each such Management Agreement, the Parking Authority shall deliver to the Trustee and NPFG an opinion, in form and content acceptable to the Trustee and NPFG, of nationally recognized bond counsel acceptable to the Trustee and NPFG that the execution and delivery by the Parking Authority of such Management Agreement will not cause interest on the Bonds to become includable in the gross income of the holders thereof for federal income tax purposes. The Parking Authority may elect, in its reasonable business judgment and after consultation with NPFG, to employ one or more Operators to operate all or a portion of the Non-Core Parking Assets or to self-manage all or a portion of the Non-Core Parking Assets. Subsequent to the Parking Operator Retention Date, the Parking Authority shall provide notice to the Trustee and NPFG within fifteen (15) days prior to appointing or replacing any Operator.

The Parking Authority shall remain obligated to discharge all of its duties under this Agreement following appointment of an Operator; provided that the Parking Authority shall not be liable, and the Trustee and NPFG hereby waive all claims against the Parking Authority, for any damages relating from the gross negligence or willful misconduct of any such Operator (other than any gross negligence or willful misconduct of the Operator that the Parking Authority allows to continue or fails to rectify after receiving written notice thereof from the Trustee or NPFG).

Section 5.11 Installation of Parking Authority's Equipment. The Parking Authority may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or personal property in or upon the Facilities. All such items shall remain the sole property of the Parking Authority, in which the Trustee and NPFG shall not have any interest, and may be modified or removed by the Parking Authority at any time, provided that the Parking Authority shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Subject to the provisions of Section 4.8 hereof, nothing in this Agreement shall prevent the Parking Authority from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof.

Section 5.12 Records and Accounts. The Parking Authority covenants that it shall keep proper books of records and accounts of the Facilities, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Facilities and Revenues. Said books shall at all times be subject to the inspection by NPFG or the Trustee.

ARTICLE VI
DAMAGE, DESTRUCTION AND EMINENT DOMAIN;
USE OF NET PROCEEDS

Section 6.1 Eminent Domain. If all or any part of the Facilities shall be taken by eminent domain proceedings (or sold to a government agency threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be deposited in the Insurance and Condemnation Fund pursuant to Section 6.2(b) hereof and shall be applied and disbursed by the Parking Authority as follows:

(a) If the Parking Authority reasonably determines that such eminent domain proceedings have not materially affected the operation of the Parking Authority or the ability of the Parking Authority to meet any of its obligations under this Agreement, and if the Parking Authority determines that such proceeds are not needed for repair or rehabilitation of the Facilities, upon delivery to the Trustee and NPFG of a certificate of an Independent Engineer or Independent Financial Consultant to the effect that such taking will not have a material effect on the Facilities and that the rate covenant of the Parking Authority set forth in Section 4.7 of this Agreement, based on projections of said engineer or financial consultant, will continue to be satisfied following such taking, the City shall apply such proceeds to the prepayment of Installment Payments in the manner provided in Article IV hereof.

(b) If the Parking Authority reasonably determines that such eminent domain proceedings have not materially affected the operation of the Facilities or the ability of the Parking Authority to meet any of its obligations under the Agreement, and if the Parking Authority reasonably determines that such proceeds are needed for replacement, repair or rehabilitation of the Facilities, the Parking Authority shall pay from said proceeds such amounts as the Parking Authority may reasonably expend for such replacement, repair or rehabilitation, upon the filing with the Trustee and NPFG of a certificate of an Independent Engineer or Independent Financial Consultant to the effect that such replacement, repair or rehabilitation will not have a material effect on the Facilities and that the rate covenant of the Parking Authority set forth in Section 4.7 of this Agreement, based on projections of said engineer or financial consultant, will continue to be satisfied following such repair, replacement or rehabilitation.

(c) If less than all of the Facilities shall have been taken in such eminent domain proceedings, and if the Parking Authority reasonably determines that such eminent domain proceedings have materially affected the operation of the Facilities or the ability of the Parking Authority to meet any of its obligations under the Agreement, or if all of the Facilities shall have been taken in such eminent domain proceedings, then the Parking Authority shall apply all such proceeds to the prepayment of Installment Payments in the manner provided in Article IV hereof.

Section 6.2 Application of Net Proceeds.

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Facilities, or any part thereof, by fire or other casualty shall be deposited by the Parking Authority in a separate fund known as the Insurance and Condemnation Fund (the “Insurance and Condemnation Fund”) promptly upon receipt thereof, and, if the Parking Authority Representative notifies the Trustee and NPFG in writing of the Parking Authority’s determination, and a certificate of an Independent Engineer and/or Independent Financial Consultant, to the effect that the replacement, repair, or restoration of the Facilities, or any part thereof, is not economically feasible or in the best financial interest of the Parking Authority, the Trustee and NPFG, based on projections of said engineer or financial consultant, then such Net Proceeds shall be promptly transferred to the Trustee and applied to the prepayment of the Installment Payments in accordance with Section 4.3(b) or Section 4.3(d) hereof. All such Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred shall be applied to the prompt replacement, repair, or restoration of the damaged or destroyed portions of the Facilities by the Parking Authority. Any balance of the Net Proceeds of any insurance award remaining after the replacement, repair or restoration of the damaged or destroyed portion of the Facilities has been completed and final accounting therefore been made (including claims by an insurer for reimbursement or recoupment of such proceeds) shall be transferred to the Parking Authority as Revenues.

(b) From Eminent Domain Award. The net proceeds of any eminent domain award or settlement resulting from any event described in Section 6.1 hereof shall be deposited in the Insurance and Condemnation Fund and shall be held and applied in the same manner as Net Proceeds as set forth in Section 6.2(a) hereof.

ARTICLE VII
DISCLAIMER OF WARRANTIES; INDEMNIFICATION

Section 7.1 Disclaimer of Warranties. THE TRUSTEE AND NPFG MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE FACILITIES OR ANY PART THEREOF OR AS TO THE FITNESS OF THE FACILITIES FOR THE USE CONTEMPLATED BY THE PARKING AUTHORITY OF THE FACILITIES OR ANY PARTS THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT OR ANY PARTS THEREOF. IN NO EVENT SHALL THE TRUSTEE OR NPFG BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE ACQUISITION, CONSTRUCTION, EXISTENCE, FURNISHING OR FUNCTIONING OF THE FACILITIES OR THE PARKING AUTHORITY’S USE OF THE FACILITIES.

The Parking Authority acknowledges that the Parking Authority is not relying on the Trustee or NPFG having made any inquiry as to the condition of the Site and the Leased Parking Facilities. The Parking Authority acknowledges and agrees that the Parking Authority will be purchasing the Trustee’s possessory interest in the Site and the Leased Parking Facilities based solely upon its inspection and investigations of the Site and the Leased Parking Facilities and

that the Parking Authority will be purchasing the possessory interest “AS IS” and “WITH ALL FAULTS” based upon the condition of the Site and the Leased Parking Facilities as of the date of this Agreement. By accepting the possessory interest hereunder, the Parking Authority hereby releases the Trustee and NPFG, each of their affiliates and each of their respective shareholders, members, partners, officers, directors, employees, servants, agents and counsel their directors and officers, and their successors, (collectively, the “Indemnified Parties”) from any and all liability in connection with any claims which the Parking Authority may have against the Indemnified Parties, and the Parking Authority hereby agrees not to assert any claims for damage, loss, compensation, contribution, cost recovery or otherwise against the Indemnified Parties, whether in tort, contract, or otherwise, relating directly or indirectly to the condition of the Site and the Leased Parking Facilities.

Section 7.2 Indemnification. The Parking Authority shall and hereby agrees to indemnify and save harmless the Indemnified Parties from and against any and all claims, losses, damages, penalties and liabilities, including legal fees and expenses, arising out of or in connection with (i) the acquisition, construction, use, maintenance, condition, management, disposition or sale of the Facilities, or from any work or thing done on the Facilities by the Parking Authority, (ii) any breach or default on the part of the Parking Authority in the performance of any of its obligations under this Agreement, and (iii) the Trustee’s interest in the Transferred Interests, the Transferred Interests, and the Trustee’s possession of the Facilities and/or sale of the Transferred Interests pursuant to the terms hereof. No indemnification is made under this Section or elsewhere in this Agreement for willful misconduct, gross negligence, or breach of duty under this Agreement by the Trustee or NPFG, or their officers, employees or successors. The indemnity provided for in this Section shall survive termination of this Agreement.

ARTICLE VIII NO ASSIGNMENT

Section 8.1 No Assignment of this Agreement. This Agreement may not be assigned by the Parking Authority to any other party.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined. The following shall be “events of default” under this Agreement, and the terms “event of default” and “default” shall mean, whenever they are used in this Agreement, any one or more of the following events:

- (i) Failure by the Parking Authority to pay any Installment Payment or the interest thereon or other payment required to be paid hereunder at the time specified herein for payment; provided that, if the Parking Authority has, in good faith, taken actions to increase Revenues or otherwise increased rates, fees and charges, or to reduce Operation and Maintenance Expenses, and an Independent Engineer certifies that such actions, expense reductions or rate increases are expected to result in payment in full of the next succeeding Installment Payment on the date on which it will become due pursuant to Schedule I, together with any

previously unpaid Installment Payments and accrued interest to be due and payable on such date, then such failure will not be an event of default under this Agreement.

(ii) Failure by the Parking Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Parking Authority by the Trustee or by the Trustee at the direction of NPFG; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee and NPFG shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Parking Authority within the applicable period and diligently pursued until the default is corrected.

(iii) The filing by the Parking Authority of a voluntary petition in bankruptcy, or failure by the Parking Authority promptly to obtain relief from any execution, garnishment or attachment, or adjudication of the Parking Authority as a bankrupt, or assignment by the Parking Authority for the benefit of creditors, or the entry by the Parking Authority into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Parking Authority in any proceedings instituted under the provisions of the Federal Bankruptcy Statute, as amended, or under any similar acts which may hereafter be enacted.

(iv) An event of default shall have occurred and be continuing with respect to any Debt which requires or permits the immediate acceleration thereof.

(v) A Termination Event (as that term is defined in Section 6.1 of the Forbearance Agreement) shall occur under the Forbearance Agreement.

Section 9.2 Remedies on Default. Whenever any event of default referred to in Section 9.1 hereof shall have occurred and be continuing, the Trustee, at the direction of NPFG, shall without any further demand or notice:

(a) declare all the unpaid Installment Payments, together with accrued interest thereon, if any, to be immediately due and payable, whereupon the same shall become due and payable;

(b) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the Parking Authority to charge and collect rates and charges for services provided by the Facilities sufficient to meet all requirements of this Agreement;

(c) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments and the interest thereon, if any, then due or thereafter to become due during the Term of this Agreement, or enforce performance and

observance of any obligation, agreement or covenant of the Parking Authority under this Agreement;

(d) partially foreclose the lien on the Revenues granted hereby in any manner and for any amounts secured hereby then due and payable as determined by NPFG and the Trustee in their sole discretion including, without limitation, the following circumstances: (i) in the event Parking Authority defaults beyond any applicable grace period in the payment of one or more Installment Payments, the Trustee, at the direction of NPFG, may foreclose the lien on the Revenues granted hereby to recover such delinquent payments, or (ii) in the event the Trustee, at the direction of NPFG, elects to accelerate less than the entire outstanding balance of the Installment Payments, the Trustee, at the direction of NPFG, may foreclose the lien on the Revenues granted hereby to recover so much of the Installment Payments as the Trustee, at the direction of NPFG, may elect to accelerate and such other sums secured hereby as the Trustee, at the direction of NPFG, may elect. Notwithstanding one or more partial foreclosures, the Revenues shall remain subject to the lien and security interest created hereby to secure payment of sums secured hereby and not previously recovered; and/or

(e) take or exercise all or any one or more of the rights, powers, privileges and other remedies available NPFG and the Trustee, as applicable, against the Parking Authority under this Agreement or any of the other documents, instruments or agreements executed and delivered by, or applicable to, the Parking Authority or at law, in equity or otherwise, at any time and from time to time, whether or not all or any of the Installment Payments shall be declared due and payable, and whether or not the Trustee shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of this Agreement or any of the other documents, instruments or agreements executed and delivered in connection herewith. Any such actions taken by the Trustee or NPFG shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Trustee and NPFG may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Trustee or NPFG permitted by law, equity or contract or as set forth herein or in the other documents, instruments and agreements executed in connection herewith. Without limiting the generality of the foregoing, the Parking Authority agrees that if an event of default is continuing, all liens and other rights, remedies or privileges provided to the Trustee and NPFG, as applicable, shall remain in full force and effect until the Trustee and NPFG have exhausted all of their remedies against the Parking Authority and the Revenues, the lien on the Revenues granted hereby has been foreclosed, sold and/or otherwise realized, and the Installment Payments and all other amounts due or to become due hereunder have been paid in full.

Section 9.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or NPFG is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission 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 thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee and/or NPFG to exercise any remedy reserved to it in

this Article IX, it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses. In the event a party to this Agreement should default under any of the provisions hereof and the non-defaulting party 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 non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Liability Limited to Revenues. Notwithstanding any provision of this Agreement, the Parking Authority's liability to pay the Installment Payments and the interest thereon, if any, and other amounts hereunder shall be limited solely to Revenues as provided in Sections 4.5 and 4.6 hereof. In the event that the Revenues shall be insufficient at any time to pay any Installment Payment or interest thereon, if any, in full, the Parking Authority shall not be liable to pay or prepay such Installment Payment or interest other than from the Revenues, but shall be liable to pay to the Trustee, for the benefit of NPFG and the owners of the Bonds, the amount of any deficiency in the payment of Installment Payments, but solely from Revenues thereafter received.

ARTICLE X MISCELLANEOUS

Section 10.1 Notices. All notices, certifications or other communications provided for in this Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below. All such notices, certifications, or other communications which are given by mail shall be deemed to have been received forty-eight (48) hours after deposit in the United States mail in registered or certified form with postage fully prepaid and addressed as follows:

If to the Parking Authority:

Parking Authority of the City of Stockton
425 North El Dorado Street
Stockton, CA 95202-1997
Attention: Parking Administrator
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 NPFG:

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.

The Trustee, NPFG and the Parking Authority, by notice given hereunder, may designate different addresses to which subsequent notices, certifications or other communications will be sent.

Section 10.2 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Trustee, NPFG, and the Parking Authority and their respective successors.

Section 10.3 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4 Amendments, Changes and Modifications. This Agreement may be amended or any of its terms modified with the prior written consent of the Parking Authority, the Trustee, and NPFG.

Section 10.5 Net Contract. This Agreement shall be deemed and construed to be a “net contract,” and the Parking Authority hereby agrees that the Installment Payments and the interest thereon, if any, shall be an absolute net return to the Trustee, free and clear of any expenses, charges or set-offs whatsoever (except as provided herein).

Section 10.6 Further Assurances and Corrective Instruments. The Trustee and the Parking Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Facilities or for carrying out of the expressed intention of this Agreement.

Section 10.7 Rights, Privileges and Immunities of the Trustee. The Trustee is acting under this Installment Sale Agreement solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including without limitation Article VIII thereof. NPFG’s right to direct the Trustee, from and after the Effective Date, is subject to the terms and conditions of the Indenture, including without limitation the condition that NPFG has not failed to comply with its payment obligations under the 2004 Parking Bond Policy (as defined in the Forbearance Agreement).

Section 10.8 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.9 Applicable Law; Waiver of Jury Trial. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. 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 AMONG NPFG, THE TRUSTEE AND THE PARKING AUTHORITY 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 10.10 Trustee and Parking Authority Representatives. Whenever under the provisions of this Agreement the approval of the Trustee, NPFG or the Parking Authority is required, or the Trustee, NPFG or the Parking Authority is required to take some action at the request of the other, such approval or such request shall be given for NPFG by the NPFG Representative, for the Trustee by the Trustee Representative, and for the Parking Authority by the Parking Authority Representative, and any party hereto shall be authorized to rely upon any such approval or request. Any approval or request given by NPFG, the Trustee or the Parking Authority shall be in writing, and such writing shall provide that the approval or request is given by the NPFG Representative, Trustee Representative or Parking Authority Representative, as applicable.

Section 10.11 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION

By: _____
Authorized Officer

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

PARKING AUTHORITY OF THE CITY
OF STOCKTON

By: _____
Parking Administrator

EXHIBIT A
DESCRIPTION OF THE SITE

Market Street Parking Garage

ALL THAT CERTAIN REAL PROPERTY IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SAID REAL PROPERTY BEING LOTS 1, 3, 5, 7, 9, 11, 13, 14, 15 AND 16 OF BLOCK 23, EAST OF CENTER STREET, OF THE OFFICIAL MAP OF THE CITY OF STOCKTON, APPROVED AND ADOPTED BY THE CITY COUNTY OF THE CITY OF STOCKTON IN JULY 23, 1893, THE NORTHERLY 1 FOOT OF LOTS 2 AND 4 OF SAID BLOCK 23, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 23, EAST OF CENTER STREET; THENCE EASTERLY 303.00 FEET ALONG THE NORTHERLY BOUNDARY OF SAID BLOCK 23 TO THE NORTHEAST CORNER OF SAID BLOCK 23; THENCE SOUTHERLY 202.00 FEET ALONG THE EASTERLY BOUNDARY OF SAID BLOCK 23 TO THE SOUTHEAST CORNER OF SAID LOT 16; THENCE WESTERLY 202.00 FEET ALONG THE SOUTHERLY BOUNDARIES OF LOTS 16 AND 14 TO THE NORTHEAST CORNER OF SAID LOT 4; THENCE SOUTHERLY ONE (1) FOOT ALONG THE EASTERLY BOUNDARY OF SAID LOT 4 TO A POINT; THENCE WESTERLY 101.00 FEET ALONG A LINE PARALLEL WITH AND 1.00 FOOT PERPENDICULAR TO THE SOUTHERLY LINE OF SAID LOT 14 TO THE WESTERLY BOUNDARY LINE OF SAID BLOCK 23; THENCE NORTHERLY 203.00 FEET ALONG THE WESTERLY BOUNDARY OF SAID BLOCK 23 TO THE POINT OF BEGINNING.

Edmund S. Coy Parking Structure Site

PARCEL 1:

THE WEST ONE-HALF OF THE NORTH 25 FEET OF LOT 3 AND THE NORTH 25 FEET OF LOT 1, IN BLOCK 64, EAST OF CENTER STREET, IN THE CITY OF STOCKTON, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 2:

THE SOUTHERLY TEN (10) FEET OF SAID PORTION OF CHANNEL STREET ADJOINING THE NORTHERLY BOUNDARY OF SAID BLOCK 64, THE SOUTH LINE OF THE SOUTHERLY TEN (10) FEET OF SAID PORTION OF CHANNEL STREET BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 64; THENCE EASTERLY 303.00 FEET ALONG THE NORTHERLY BOUNDARY OF SAID BLOCK 64 TO THE NORTHEAST CORNER OF SAID BLOCK 64 AND THE POINT OF TERMINATION OF SAID SOUTH LINE.

PARCEL 3:

THE NORTH 75 FEET OF EACH OF LOTS 9 AND 11 IN BLOCK 64 EAST OF CENTER STREET, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 4:

THE EAST 40 FEET OF LOT 7; THE SOUTH 25 FEET OF EACH OF LOTS 9 AND 11, AND THE NORTH 25 FEET OF THE EAST 140 FEET OF LOT 14 IN BLOCK 64 EAST OF CENTER STREET ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

Stockton Events Center Parking Structure Site

ALL THAT CERTAIN REAL PROPERTY IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SAID REAL PROPERTY BEING PARCEL 2 OF PARCEL MAP, STOCKTON EVENTS CENTER, RECORDED IN BOOK 23, PAGE 15, SAN JOAQUIN COUNTY RECORDS, AND SAID PROPERTY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 2, THENCE ALONG THE BOUNDARY OF SAID PARCEL 2 THE FOLLOWING EIGHT (8) COURSES:

- 1) SOUTH 11 DEGREES 34'46" EAST, 86.01 FEET;
 - 2) SOUTH 78 DEGREES 25'14" WEST, 32.84 FEET;
 - 3) SOUTH 11 DEGREES 34'46" EAST, 43.70 FEET;
 - 4) SOUTH 78 DEGREES 25'14" WEST, 298.76 FEET;
 - 5) ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 546.00 FEET, A CENTRAL ANGLE OF 12 DEGREES 30'48" AND AN ARC LENGTH OF 119.25 FEET;
 - 6) NORTH 78 DEGREES 25'14" EAST, 32.73 FEET;
 - 7) NORTH 33 DEGREES 24'58" EAST, 17.68 FEET; AND
 - 8) NORTH 78 DEGREES 25'14" EAST, 306.99 FEET TO THE POINT OF BEGINNING.
- BASIS OF BEARINGS IS THE SOUTHERLY LINE OF FREMONT STREET, BEARS NORTH 78 DEGREES 25'14" EAST, AS SHOWN ON SAID PARCEL MAP, STOCKTON EVENTS CENTER.

EXHIBIT B
LEASED PARKING FACILITIES

Market Street Garage

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

Edmund S. Coy Parking Structure

Located at N. Hunter Street and E. Channel Street in downtown Stockton, this six-story parking structure provides approximately 575 parking spaces to the Central Business District to accommodate parking for existing retail, commercial and office development in Downtown Stockton. The structure has approximately 7,500 square feet of ground-level commercial/retail fronting E. Channel Street and was constructed using a single-threaded helix design.

Stockton Events Center Parking Structure

This structure is located in the vicinity of Fremont and Van Buren Streets in downtown Stockton. The seven-story parking structure provides approximately 600 parking spaces on the north shore of the Stockton Channel to accommodate sports fans, concert-goers and event attendees. The structure has approximately 7,500 square feet of ground-level commercial/retail space fronting Fremont Street and was constructed using a single-threaded helix design.

EXHIBIT C
DOWNTOWN PARKING DISTRICT

Boundary Map of City of Stockton Downtown Parking District

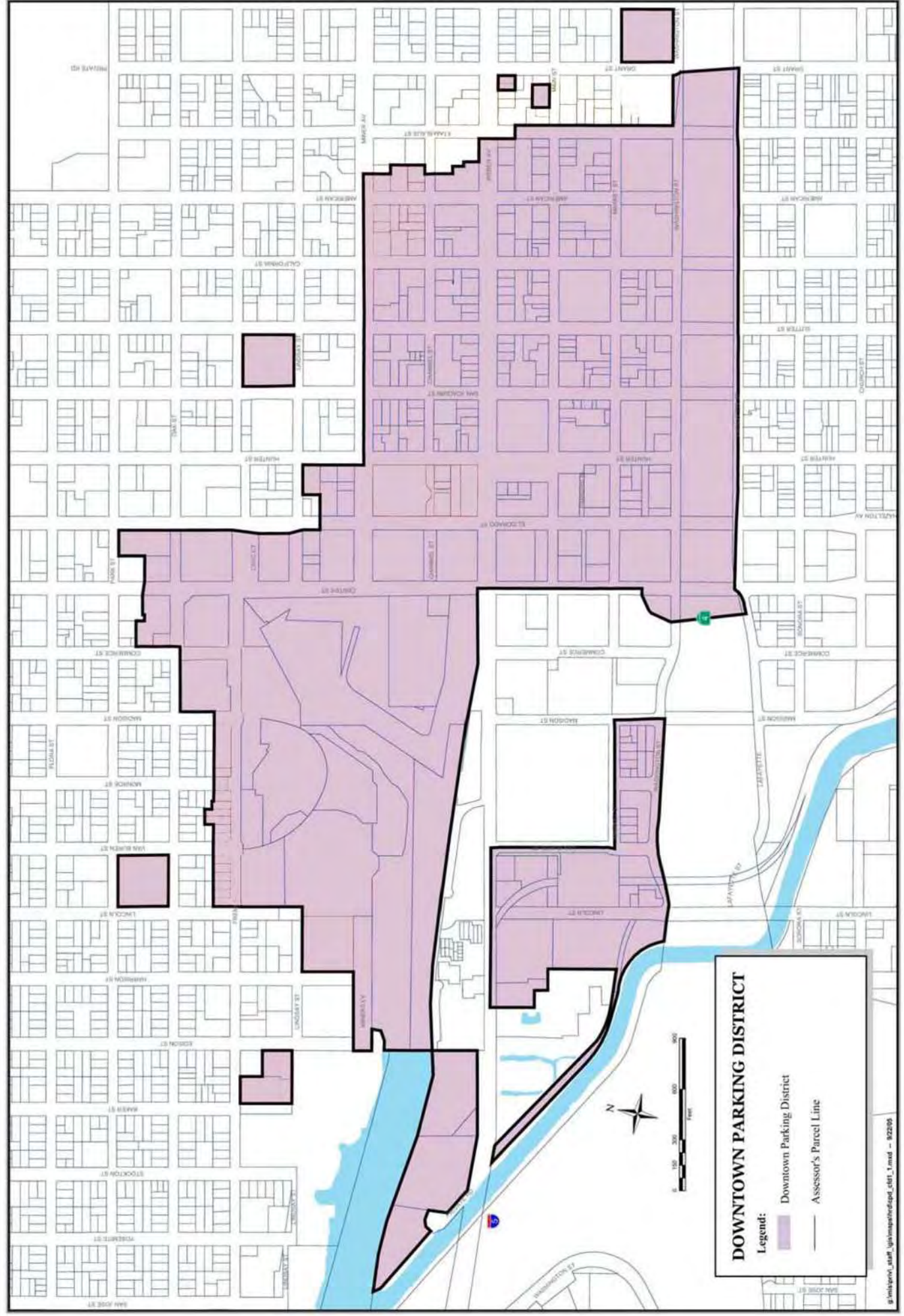


EXHIBIT D

EXCLUDED PARKING ASSETS

1. The parking garage and facilities and other real property located at 400 E. Main Street, in the City of Stockton, California.
2. The Ports West Lot while it is operated by the Ports pursuant to the Ball Park Agreement.

EXHIBIT E

DOWNTOWN PARKING FACILITIES THAT ARE CORE PARKING ASSETS

City Identifier	Location	Total Spaces	Lot or Garage Type	Lot Owner Prior to Effective Date
SEB Garage	S side of Weber between Center and El Dorado	721	Pay Garage & Jury Parking	City
Channel Garage	S Side of Channel between San Joaquin & Sutter	331	Pay Garage	City

SCHEDULE I
INSTALLMENT PAYMENTS

City of Stockton
Parking Enterprise Fund
Projected Payment Schedule
Gross Debt Service Schedule

Date	Principal	Coupon	Yield	Dollar Price	Accreted Interest	Periodic		Fiscal Year	Scheduled		Remaining Principal	Optional Prepayment
						Debt Service	Debt Service		Debt Service	Debt Service		
06/01/14												
08/25/14	700,187.63	-	5.000	98.847	8,114.87	708,302.50	708,302.50		708,302.50	25,632,234.62	26,340,537.12	
02/25/15	683,109.68	-	5.000	96.443	25,192.82	708,302.50	708,302.50	1,416,605.00	708,302.50	24,949,124.94	25,657,427.44	
08/25/15	666,448.47	-	5.000	94.091	41,854.03	708,302.50	708,302.50		708,302.50	24,282,676.47	24,990,978.97	
02/25/16	650,193.63	-	5.000	91.796	58,108.87	708,302.50	708,302.50	1,416,605.00	708,302.50	23,632,482.84	24,340,785.34	
08/25/16	634,335.25	-	5.000	89.557	73,967.25	708,302.50	708,302.50		708,302.50	22,998,147.59	23,706,450.09	
02/25/17	618,863.65	-	5.000	87.373	89,438.85	708,302.50	708,302.50	1,416,605.00	708,302.50	22,379,283.94	23,087,586.44	
08/25/17	603,769.42	-	5.000	85.242	104,533.08	708,302.50	708,302.50		708,302.50	21,775,514.52	22,483,817.02	
02/25/18	589,043.34	-	5.000	83.163	119,259.16	708,302.50	708,302.50	1,416,605.00	708,302.50	21,186,471.18	21,894,773.68	
08/25/18	645,077.90	-	5.000	81.134	149,996.11	795,074.01	795,074.01		795,074.01	20,541,393.28	21,336,467.29	
02/25/19	629,344.29	-	5.000	79.155	165,729.72	795,074.01	795,074.01	1,590,148.02	795,074.01	19,912,048.99	20,707,123.00	
08/25/19	616,504.24	-	5.000	77.225	181,819.77	798,324.01	798,324.01		798,324.01	19,295,544.75	20,093,868.76	
02/25/20	601,467.55	-	5.000	75.341	196,856.46	798,324.01	798,324.01	1,596,648.02	798,324.01	18,694,077.20	19,492,401.21	
08/25/20	589,234.26	-	5.000	73.504	212,404.75	801,639.01	801,639.01		801,639.01	18,104,842.94	18,906,481.95	
02/25/21	574,862.69	-	5.000	71.711	226,776.32	801,639.01	801,639.01	1,603,278.02	801,639.01	17,529,980.25	18,331,619.26	
08/25/21	563,207.27	-	5.000	69.962	241,813.04	805,020.31	805,020.31		805,020.31	16,966,772.98	17,771,793.29	
02/25/22	549,470.51	-	5.000	68.255	255,549.80	805,020.31	805,020.31	1,610,040.62	805,020.31	16,417,302.47	17,222,322.78	
08/25/22	538,365.45	-	5.000	66.591	270,103.79	808,469.24	808,469.24		808,469.24	15,878,937.02	16,687,406.26	
02/25/23	525,234.59	-	5.000	64.967	283,234.65	808,469.24	808,469.24	1,616,938.48	808,469.24	15,353,702.43	16,162,171.67	
08/25/23	514,653.70	-	5.000	63.382	297,333.44	811,987.14	811,987.14		811,987.14	14,839,048.73	15,651,035.87	
02/25/24	502,101.18	-	5.000	61.836	309,885.96	811,987.14	811,987.14	1,623,974.28	811,987.14	14,336,947.55	15,148,934.69	
08/25/24	492,019.53	-	5.000	60.328	323,555.87	815,575.40	815,575.40		815,575.40	13,844,928.02	14,660,503.42	
02/25/25	480,019.05	-	5.000	58.856	335,556.35	815,575.40	815,575.40	1,631,150.80	815,575.40	13,364,908.97	14,180,484.37	
08/25/25	470,412.89	-	5.000	57.421	348,822.54	819,235.43	819,235.43		819,235.43	12,894,496.08	13,713,731.51	
02/25/26	458,939.41	-	5.000	56.020	360,296.02	819,235.43	819,235.43	1,638,470.86	819,235.43	12,435,556.67	13,254,792.10	
08/25/26	449,786.13	-	5.000	54.654	373,182.53	822,968.66	822,968.66		822,968.66	11,985,770.54	12,808,739.20	
02/25/27	438,815.73	-	5.000	53.321	384,152.93	822,968.66	822,968.66	1,645,937.32	822,968.66	11,546,954.81	12,369,923.47	
08/25/27	430,093.80	-	5.000	52.021	396,682.75	826,776.55	826,776.55		826,776.55	11,116,861.01	11,943,637.56	
02/25/28	419,603.70	-	5.000	50.752	407,172.85	826,776.55	826,776.55	1,653,553.10	826,776.55	10,697,257.31	11,524,033.86	
08/25/28	411,292.61	-	5.000	49.514	419,367.99	830,660.60	830,660.60		830,660.60	10,285,964.70	11,116,625.30	
02/25/29	401,261.09	-	5.000	48.306	429,399.51	830,660.60	830,660.60	1,661,321.20	830,660.60	9,884,703.61	10,715,364.21	
08/25/29	393,341.32	-	5.000	47.128	441,281.02	834,622.34	834,622.34		834,622.34	9,491,362.29	10,325,984.63	
02/25/30	383,747.63	-	5.000	45.979	450,874.71	834,622.34	834,622.34	1,669,244.68	834,622.34	9,107,614.66	9,942,237.00	
08/25/30	376,200.59	-	5.000	44.857	462,462.71	838,663.30	838,663.30		838,663.30	8,731,414.07	9,570,077.37	
02/25/31	367,024.97	-	5.000	43.763	471,638.33	838,663.30	838,663.30	1,677,326.60	838,663.30	8,364,389.10	9,203,052.40	
08/25/31	359,832.97	-	5.000	42.696	482,952.12	842,785.09	842,785.09		842,785.09	8,004,556.13	8,847,341.22	

Date	Principal	Coupon	Yield	Dollar Price	Accreted Interest	Periodic Debt Service	Fiscal Year Debt Service	Scheduled Debt Service	Remaining Principal	Optional Prepayment
02/25/32	351,056.55	-	5.000	41.654	491,728.54	842,785.09	1,685,570.18	842,785.09	7,653,499.58	8,496,284.67
08/25/32	344,202.73	-	5.000	40.638	502,786.58	846,989.31		846,989.31	7,309,296.85	8,156,286.16
02/25/33	335,807.54	-	5.000	39.647	511,181.77	846,989.31	1,693,978.62	846,989.31	6,973,489.31	7,820,478.62
08/25/33	329,275.84	-	5.000	38.680	522,001.78	851,277.62		851,277.62	6,644,213.47	7,495,491.09
02/25/34	321,244.72	-	5.000	37.737	530,032.90	851,277.62	1,702,555.24	851,277.62	6,322,968.75	7,174,246.37
08/25/34	315,019.85	-	5.000	36.816	540,631.84	855,651.69		855,651.69	6,007,948.90	6,863,600.59
02/25/35	307,336.44	-	5.000	35.918	548,315.25	855,651.69	1,711,303.38	855,651.69	5,700,612.46	6,556,264.15
08/25/35	301,403.86	-	5.000	35.042	558,709.38	860,113.24		860,113.24	5,399,208.60	6,259,321.84
02/25/36	294,052.55	-	5.000	34.188	566,060.69	860,113.24	1,720,226.48	860,113.24	5,105,156.05	5,965,269.29
08/25/36	288,398.40	-	5.000	33.354	576,265.63	864,664.03		864,664.03	4,816,757.65	5,681,421.68
02/25/37	281,364.29	-	5.000	32.540	583,299.74	864,664.03	1,729,328.06	864,664.03	4,535,393.36	5,400,057.39
08/25/37	275,975.36	-	5.000	31.747	593,330.47	869,305.83		869,305.83	4,259,418.00	5,128,723.83
02/25/38	269,244.26	-	5.000	30.972	600,061.57	869,305.83	1,738,611.66	869,305.83	3,990,173.74	4,859,479.57
08/25/38	264,107.98	-	5.000	30.217	609,932.48	874,040.46		874,040.46	3,726,065.76	4,600,106.22
02/25/39	257,666.32	-	5.000	29.480	616,374.14	874,040.46	1,748,080.92	874,040.46	3,468,399.44	4,342,439.90
08/25/39	252,770.74	-	5.000	28.761	626,099.05	878,869.79		878,869.79	3,215,628.70	4,094,498.49
02/25/40	246,605.60	-	5.000	28.059	632,264.19	878,869.79	1,757,739.58	878,869.79	2,969,023.10	3,847,892.89
08/25/40	241,939.30	-	5.000	27.375	641,856.41	883,795.71		883,795.71	2,727,083.80	3,610,879.51
02/25/41	236,038.34	-	5.000	26.707	647,757.37	883,795.71	1,767,591.42	883,795.71	2,491,045.46	3,374,841.17
08/25/41	231,590.47	-	5.000	26.056	657,229.67	888,820.14		888,820.14	2,259,454.99	3,148,275.13
02/25/42	225,941.92	-	5.000	25.420	662,878.22	888,820.14	1,777,640.28	888,820.14	2,033,513.07	2,922,333.21
08/25/42	221,702.15	-	5.000	24.800	672,242.91	893,945.06		893,945.06	1,811,810.92	2,705,755.98
02/25/43	216,294.78	-	5.000	24.196	677,650.28	893,945.06	1,787,890.12	893,945.06	1,595,516.14	2,489,461.20
08/25/43	212,253.25	-	5.000	23.605	686,919.23	899,172.48		899,172.48	1,383,262.89	2,282,435.37
02/25/44	207,076.34	-	5.000	23.030	692,096.14	899,172.48	1,798,344.96	899,172.48	1,176,186.55	2,075,359.03
08/25/44	207,138.95	-	5.000	22.468	714,791.49	921,930.44		921,930.44	969,047.60	1,890,978.04
02/25/45	202,086.78	-	5.000	21.920	719,843.66	921,930.44	1,843,860.88	921,930.44	766,960.82	1,688,891.26
08/25/45	198,320.89	-	5.000	21.385	729,048.16	927,369.05		927,369.05	568,639.93	1,496,008.98
02/25/46	193,483.80	-	5.000	20.864	733,885.25	927,369.05	1,854,738.10	927,369.05	375,156.13	1,302,525.18
08/25/46	189,893.84	-	5.000	20.355	743,022.59	932,916.43		932,916.43	185,262.29	1,118,178.72
02/25/47	185,262.29	-	5.000	19.858	747,654.14	932,916.43	1,865,832.86	932,916.43	-	932,916.43
Totals	26,332,422.25				28,735,322.49	55,067,744.74	55,067,744.74			

EXHIBIT 4

DBW SETTLEMENT DOCUMENT

Proposed Supplemental Agreement for the Stockton Marina DBW Loan

Current Status

1. Stockton's \$10.8 million loans from DBW are in default and the City is in bankruptcy proceedings.
2. DBW and the City concur that it is in the interest of both boaters and the community at large to maintain operation of the Stockton Marina in a manner which preserves the capital investment made and promotes recreational boating.
3. DBW and the City agree that it is in the best interests of both parties to come to an agreement on the loan repayment, to avoid litigation in bankruptcy.

Supplemental Agreement

1. The intent of this agreement is to provide for principal recovery by DBW of the \$10.8 million Stockton Marina planning and construction loans that City of Stockton received from DBW.
2. Parties agree that past accrued interest on the Stockton Marina loans will be waived by DBW and no penalties or interest will accrue to the loans as long as the City continues its cooperation with DBW as outlined in this Agreement..
3. Prior to the adoption of the annual Marina budget by the City Council, the City agrees to timely provide DBW with a copy of the proposed budget in order to give DBW the time to provide the City with its input prior to the budget's adoption; as part of this process, the City further agrees to give meaningful consideration to DBW's input regarding the preparation of the City's budgets for Marina operations, and the City agrees to meet with DBW staff if requested during the preparation of the City's annual budget, and further agrees to give meaningful consideration to suggestions from DBW on budget issues,. The City also agrees to give meaningful consideration to DBW's suggestions regarding the selection of an appropriate Marina operating entity, and regarding the City's efforts to increase Marina revenues.
4. The City agrees to make annual principal repayments to DBW from Stockton Marina gross revenues after operating costs, necessary for maintenance and operation of the marina facility are paid. "Operating Costs" shall be as defined by GAAP: OpEx (Operational expenditure) refers to expenses incurred in the course of ordinary business, such as sales, general and reasonable administrative expenses (and excluding cost of goods sold, taxes, depreciation and interest). The City may at its sole discretion supplement Marina operations with an annual subsidy from the General Fund (currently approximately \$140,000 per year), but is not obligated to do so. The City's General Fund is not obligated to repay the loan. The City agrees to make its best efforts to repay the \$10.8 million DBW loan as soon as possible dependent on the availability of the Stockton Marina gross revenues as defined above.

5. If at any time DBW is dissatisfied with the City's operation of the Marina and/or the City's progress regarding repayment of the \$10.8 million loan principal, upon no less than 120 days notice to the City, DBW may take possession of the Marina, collect marina gross revenues as defined in Section 4 of this Supplemental Agreement, and use those revenues to repay the remainder of the principal from the City's \$10.8 million loan received from DBW, to the extent that revenues are available after payment of operating costs as defined in Section 4 above. The City will not be obligated to maintain any General Fund subsidy.. DBW may also, in its sole discretion, choose to return possession of the marina to the City.
6. The City shall annually submit to DBW the City's Audited Financial Statements which shall include detailed reporting and notes for the Marina Enterprise Fund. These statements may be submitted electronically.

EXHIBIT 5

PRICE SETTLEMENT DOCUMENTS

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and among INTERFAITH COUNCIL OF SAN JOAQUIN and GEORGE BAKER, on behalf of Richard Price, George Baker, Stanford Cobbs, Dwain Henderson, Lucinda Watson, Lance White and Interfaith Council of San Joaquin (PRICE JUDGMENT CREDITORS), and Debtor CITY OF STOCKTON, CALIFORNIA and the CITY COUNCIL OF THE CITY OF STOCKTON (CITY).

1. RECITALS

This Settlement Agreement (Price Settlement Agreement) is entered into based upon the following facts:

- 1.1 On or about January 13, 2006, a Judgment Pursuant to Settlement Agreement was entered by the U.S. District Court, Eastern District, in *Richard Price, et al. v. City of Stockton, California, et al.*, Case No. Civ. S-02-0065 LKK KJM. That case was filed by the PRICE JUDGMENT CREDITORS against the CITY, the former Stockton Redevelopment Agency, and other parties (Defendants) on or about January 10, 2002. The PRICE JUDGMENT CREDITORS, Plaintiffs in Case No. S-02-0065, alleged in their complaint that Defendants had violated certain state and federal redevelopment, relocation assistance, and fair housing laws. The parties settled the action pursuant to a settlement agreement, dated as of January 9, 2006. A true and correct copy of the Judgment Pursuant to Settlement Agreement and Settlement Agreement (without exhibits to the Settlement Agreement) are attached hereto as Exhibit A (collectively referred to herein as Price Judgment).
- 1.2 Among other things, the Price Judgment requires the construction of 340 lower income housing units to replace units that were demolished as a result of redevelopment (Replacement Units), the creation of a \$1.45 million relocation assistance fund to pay the relocation assistance claims of eligible persons who were displaced as a result of redevelopment (Relocation Fund), and a preference for a Replacement Unit for certain eligible displaced persons.
- 1.3 As of January 13, 2006, Defendants were credited with the construction of 155 units at the Hotel Stockton, subject to certain restrictions, leaving a balance of 185 Replacement Units that were required to be completed by December 31, 2010. Of the 185 Replacement Units, 100 Replacement Units are required under the Price Judgment to be available to and occupied by Extremely Low Income households, and 85 units are to be available to and occupied by households with incomes at or below 60% of the area median income. The Replacement Units are required to remain affordable at the requisite income levels for a period of not less than 55 years; the units may not be restricted for seniors only; and long-term affordability covenants must be recorded with the San Joaquin County Recorder.
- 1.4 The Relocation Fund was required under the Price Judgment to be distributed to eligible displaced persons by January 13, 2011. Any remaining balance of the Relocation Fund

SETTLEMENT AGREEMENT BETWEEN CITY AND PRICE JUDGMENT
CREDITORS (2/18/14)

that was not distributed to eligible displaced persons by that date was required to be set aside in a restricted fund of the former Stockton Redevelopment Agency to be used exclusively for the construction of housing units that are affordable to extremely low income households. As of January 13, 2011, the balance of the Relocation Fund that had not been distributed was \$994,348.00.

- 1.5 In 2010 and 2011, the parties to the Price Judgment engaged in meet and confer discussions in an effort to resolve an alleged breach of the PRICE JUDGMENT by Defendants involving the Replacement Units and the Relocation Fund. Before those negotiations were completed, the California Legislature enacted Health & Safety Code §§34161 *et seq.* effective June 29, 2011 to dissolve redevelopment agencies.
- 1.6 On or about February 1, 2012, the former Stockton Redevelopment Agency was dissolved by operation of law pursuant to California Health & Safety Code §34161 *et seq.* The City of Stockton became the Successor Agency and the Housing Successor of the former Redevelopment Agency pursuant to City Council Resolution No. 11-0251 dated August 23, 2011. On or about February 1, 2012, the assets, functions and obligations of the former Redevelopment Agency transferred to the City, in its capacity as Successor Agency. The Successor Agency and the CITY are separate and distinct public entities pursuant to California Health & Safety Code §34173(g).
- 1.7 On or about June 28, 2012, the CITY, a Municipal Corporation, filed a Voluntary Petition for bankruptcy pursuant to Chapter 9 of the Bankruptcy Code in *In re City of Stockton, California*, U.S. Bankruptcy Court, E.D. of California, Case No. 12-32118 (Bankruptcy Proceeding). The Successor Agency is not a party to the Bankruptcy Proceeding.
- 1.8 The PRICE JUDGMENT CREDITORS and the CITY participated in mediation in the Bankruptcy Proceeding conducted by Judge Elizabeth Perris. The Parties desire to fully settle and resolve the PRICE JUDGMENT CREDITORS' claims against the CITY on the terms and conditions set forth herein, and to include this Price Settlement Agreement in an Amended Plan for Adjustment.
- 1.9 This Price Settlement Agreement is subject to approval by the City Council which is expected on or about January 28, 2014.
- 1.10 INTERFAITH COUNCIL OF SAN JOAQUIN and GEORGE BAKER are authorized to execute a supplement, modification, or amendment of the Settlement Agreement pursuant to paragraph VIII.4.E of Ex. A to the PRICE JUDGMENT.

2. DEFINITIONS

- 2.1 "BANKRUPTCY PROCEEDING" means the Chapter 9 proceeding filed by the City of Stockton, California, known as *In re City of Stockton, California*, U.S. Bankruptcy Court, E.D. of California, Case No. 12-32118.
- 2.2 "CITY" means the City of Stockton, California, a municipal corporation, and the City Council of the City of Stockton.

- 2.3 "DATE OF APPROVAL" means the date on which the last of the parties has executed this Agreement.
- 2.4 "EXTREMELY-LOW INCOME" means a household with an income up to 30% of the area median income, pursuant to Health & Safety Code § 50106.
- 2.5 "PRICE JUDGMENT" means the Judgment Pursuant to Settlement Agreement and Settlement Agreement (Exhibit A hereto) entered in the action known as *Richard Price, et al. v. City of Stockton, California, et al.*, Case No. Civ. S-02-0065 LKK KJM.
- 2.6 "PRICE JUDGMENT CREDITORS" means Richard Price, George Baker, Stanford Cobbs, Dwain Henderson, Lucinda Watson, Lance White and Interfaith Council of San Joaquin.
- 2.7 "SUCCESSOR AGENCY" means the City of Stockton, in its capacity as Successor Agency to the former Stockton Redevelopment Agency pursuant to California Health & Safety Code §34161 *et seq.*

SETTLEMENT TERMS AND CONDITIONS

3. RECITALS AND DEFINITIONS INCORPORATED.

- 3.1 The above recitals and definitions are incorporated into and made a part of this Price Settlement Agreement.

4. REPLACEMENT UNITS.

- 4.1 **Completed and Pipeline Units.** There is disagreement between the parties to this Price Settlement Agreement as to the number of units the CITY has produced that may be counted toward fulfillment of the remaining obligation for 185 Replacement Units. With regard to the units the CITY would desire to apply to the satisfaction of this obligation, there are units that have already been built or are otherwise subject to final and binding agreements with third-parties ("Completed Units"), and others that are planned or in progress, but are not yet the subject of final executed agreements ("Pipeline Units"). A table of the Completed Units and Pipeline Units reflecting the name of each development, number of units at each development, and affordability levels of units that the CITY desires to count is attached hereto as Exhibit B. The parties to this Price Agreement agree to resolve their disagreement as to the Pipeline Units and Completed Units that may be counted toward the remaining obligation pursuant to the provisions of sections 4.2 and 4.3, respectively, to this agreement.
- 4.2 **Pipeline Units.** These units include Bradford Apartments (3 Extremely Low Income units), Zettie Miller's Haven (61 Extremely Low Income units), and any other units that the CITY may substitute in the future to achieve the remaining Replacement Units. As to these units, or any other units in new developments or projects that the CITY seeks to

count, in order that they may be eligible to be counted towards the CITY's production obligation, the CITY will do the following:

- 4.2.1. The CITY will ensure that the terms described in the Amended Regulatory Agreement Template attached hereto as Exhibit C, with the exception described in paragraph 4.2.3 below, will be included in all regulatory agreements for any Pipeline Units the CITY proposes to count as Replacement Units under this Price Settlement Agreement. The CITY will provide the PRICE JUDGMENT CREDITORS' counsel with a copy of the proposed regulatory agreement for each Pipeline development it wishes to count for counsel's review before the regulatory agreement is executed by the CITY and the developer.
- 4.2.2. The applicable regulatory agreement(s) will provide for rent at the required rent levels for 55 years. The required rent levels are those set forth for each development in Exhibit B. The required rent level for any units that are substituted for units identified on Exhibit B must be the same rent level applicable to the development listed on Exhibit B that is substituted.
- 4.2.3. The CITY will make its best efforts to include the preference provision contained in Exhibit C in the regulatory agreement(s) referred to in paragraph 4.2.1. If it is unable to do so, the Persons listed on the "Price Preference List" addressed in paragraph 5.1 below will only be entitled to a preference for the Pipeline Units the CITY desires to count towards its Replacement Unit obligation if the development receives funding that imposes a preference right for displaced persons.
- 4.2.4. The Pipeline Units will be counted towards the CITY's Replacement Unit obligation when the regulatory agreement(s) described in paragraph 4.2.1 above has been executed and recorded with the San Joaquin County Recorder's office. A copy of the recorded Regulatory Agreement will be promptly provided to the PRICE JUDGMENT CREDITORS' counsel.
- 4.3 **Completed Units.** The developments that are considered to be completed because they have recorded regulatory agreements include: Winslow Village (31 Extremely Low Income units and 3 60% units), Villa Montecito Townhomes (7 Extremely Low Income units and 20 60% units), Marquis Place (2 Extremely Low Income and 10 60% units), Wysteria (7 Extremely Low Income units and 52 60% units), Gleason Park Apartments (11 Extremely Low Income units), Vintage Plaza (3 Extremely Low Income units), San Joaquin Apartments (7 Extremely Low Income units), Sutter Street Apartments (3 Extremely Low Income units), and Casa de Esperanza (17 Extremely Low Income units). The parties to this Price Settlement Agreement agree that the recorded regulatory agreements for Villa Montecito Townhomes, San Joaquin Apartments, Sutter Street Apartments, and Casa de Esperanza are satisfactory, and that those units count toward the remaining Replacement Units obligation.

4.3.1. The following Completed Units do not have recorded regulatory agreements with the CITY ensuring the affordability levels set forth in Exhibit B: Marquis Place, Wysteria, Gleason Park, and Vintage Plaza. These developments have recorded regulatory agreements with the state pursuant to tax credit requirements, however, that ensure the same affordability levels set forth in Exhibit B. With respect to these developments, the CITY will use its best efforts to enter into an amended regulatory agreement as described in paragraph 4.2.1 above to be executed and recorded with the San Joaquin County Recorder. The CITY will provide the PRICE JUDGMENT CREDITORS' counsel with a copy of the proposed amended regulatory agreement for each of the developments identified in this paragraph for counsel's review before the amended regulatory agreement is executed by the CITY and the developer. The CITY will make its best efforts to have such amended regulatory agreements executed and recorded within three months from execution of this Price Settlement Agreement. When the regulatory agreement described in paragraph 4.2.1 above has been executed and recorded with the San Joaquin County Recorder's office for any development identified in this paragraph, a copy of the recorded amended regulatory agreement will be promptly provided to the PRICE JUDGMENT CREDITORS' counsel. If despite its best efforts, the City is not successful in having the amended regulatory agreement executed and recorded for each of the developments identified in this paragraph, the Completed Units for that development will be counted toward the remaining Replacement Units obligation on the basis of the development's tax credit regulatory agreement referred to above.

4.3.2. The following Completed Units do not have recorded regulatory agreements with the City ensuring the affordability levels set forth in Exhibit B: Winslow Village (31 Extremely Low Income units). For the Winslow Village units to be counted, the CITY will amend the regulatory agreement to ensure that those units are secured at the affordability levels set forth in Exhibit B for 55 years from the date of the recordation of the original regulatory agreement. The CITY will provide the PRICE JUDGMENT CREDITORS' counsel with a copy of the proposed amended regulatory agreement for Winslow Village for counsel's review before the amended regulatory agreement is executed by the CITY and the developer. The 31 Extremely Low Income units attributable to Winslow Village will be counted toward the CITY's remaining Replacement Units obligation when the regulatory agreement described in paragraph 4.2.1 above has been executed and recorded with the San Joaquin County Recorder's office. A copy of the recorded amended regulatory agreement will be promptly provided to the PRICE JUDGMENT CREDITORS' counsel.

5. PRICE PREFERENCE FOR REPLACEMENT UNITS.

5.1. CITY and counsel for PRICE JUDGMENT CREDITORS will work together to draft, within three months of execution of this Price Settlement Agreement, a list of persons entitled to "preference". This preference list will be based on the last updated Displaced

Person Identification List referred to in the Price Judgment (the "Preference List") which will be modified to remove names pursuant to the grounds set forth in paragraph 5.4.

- 5.2. To the extent a preference is applicable to a development, the preference to be provided is a one-time right to secure an applicable available unit. The CITY will make its best efforts to require applicable developers to notify the CITY when a person on the Preference List secures a unit.
- 5.3. The CITY may remove names from the Preference List, as appropriate, but the CITY has no obligation to do so, or to otherwise update the Preference List. If the CITY removes names from the Preference List it will provide the revised Preference List to counsel for PRICE JUDGMENT CREDITORS, and retain documentation verifying the reason for removal. The CITY will retain the Preference List in the Economic Development Department of the CITY.
- 5.4. Appropriate cause for removing names from the Preference List includes: a) the individual has secured a Replacement Unit that is counted pursuant to paragraphs 4.2 or 4.3 above, and the CITY has provided documentation of that fact to plaintiffs' counsel; or b) the individual is deceased.
- 5.5. The CITY will provide the Preference List by e-mail to applicable developers and to service and support agencies by July 1, 2014 or thirty calendar days following the parties having agreed on the Preference List, whichever is later, and will communicate to those whom the CITY provides the Preference List, its purpose. Counsel for PRICE JUDGMENT CREDITORS will provide the CITY with a list of service and support agencies by June 1, 2014, including the agency e-mail contact information, to whom the Preference List should be provided. Thereafter, the CITY will make its best efforts to re-circulate the Preference List by e-mail to the agencies and applicable developments on an annual basis for the next 30 years. If for any reason the CITY fails to distribute the Preference list, the PRICE JUDGMENT CREDITORS' sole remedy is to remind the CITY, and the CITY will distribute the Preference List at that time or show that it has distributed the Preference List.

6. OUTREACH NOTICES.

- 6.1. The CITY will send a General Notice of Replacement Units to the service and support agencies referred to in paragraph 5.5 above that identifies the Replacement Units counted towards the CITY's Replacement Unit obligation by July 1, 2014 or thirty calendar days following the parties having agreed on the Preference List, whichever is later. It also will retain that Notice in the Economic Development Department of the CITY and post it on the CITY's website. Thereafter, the CITY will make its best efforts to re-circulate the General Notice of Replacement Units to the service and support agencies referred to in paragraph 5.5 on an annual basis for the next 30 years. If for any reason the CITY fails to send the General Notice of Replacement Units, the PRICE JUDGMENT CREDITORS' sole remedy is to remind the CITY, and the CITY will send the Notice at that time or show that it has sent the Notice.

- 6.2. For units that are newly constructed or rehabilitated that the CITY desires to count towards its Replacement Unit obligations, the CITY will make its best efforts to negotiate a requirement that the developers place advertisements in the Record or minority newspapers advertising the availability of affordable units when the units are first offered for rent.
- 6.3. For units that are newly constructed or rehabilitated that will count toward the CITY's Replacement Unit obligations, the CITY will send a Notice of Availability of those units to the service and support agencies described in paragraph 5.5. The Notice of Availability will be sent reasonably in advance of the application process.

7. SHORTAGE OF REPLACEMENT UNITS.

- 7.1. The CITY believes that upon recordation of the amended regulatory agreements for Completed Units, recordation of regulatory agreements for the Pipeline Units, and construction of the Pipeline Units that it will have met its Replacement Unit obligation as set out in the Price Judgment. However, there remains uncertainty surrounding the execution and recording of amended regulatory agreements and the viability of the projects supplying the Pipeline Units.
- 7.2. The CITY shall provide a written update to PRICE JUDGMENT CREDITORS' counsel on its progress toward achieving its goals for unit production by December 31, 2014. Should the CITY have failed to meet its Replacement Unit obligation by July 15, 2015, the parties will meet and confer in good faith in an effort to come to agreement as to how the CITY's obligation then outstanding is to be addressed. If the parties are unable to reach agreement on how to address the CITY's obligations, the PRICE JUDGMENT CREDITORS reserve their right to enforce the outstanding Replacement Unit obligation; however, any remedy may not include any requirement for the CITY to expend general funds to meet any remaining obligation.

8. RENT INFORMATION.

- 8.1. The CITY will continue to monitor rents on an annual basis as required by funding sources. On an annual basis the CITY will post HUD's schedule of maximum allowable rents applicable to federally funded affordable housing developments on its website.

9. RELOCATION ASSISTANCE PAYMENTS.

- 9.1. The CITY's obligations with regard to the relocation assistance provisions of the Price Judgment shall be extinguished upon execution of this agreement.

10. ATTORNEYS' FEES AND COSTS.

10.1. Any claim for attorneys' fees or costs by attorneys for the PRICE JUDGMENT CREDITORS will be subject to bankruptcy laws applicable to unsecured creditors.

11. EFFECTUATION OF THIS PRICE SETTLEMENT AGREEMENT AND RESERVATION OF RIGHTS.

11.1. As to the SUCCESSOR AGENCY, the parties shall not seek to alter its obligations under the Price Judgment by amendment of its terms, and the PRICE JUDGMENT CREDITORS reserve their rights with respect to the SUCCESSOR AGENCY.

11.2. As to the CITY, the terms of this Price Settlement Agreement will be incorporated in an Amended Plan of Adjustment to be filed in the Bankruptcy Proceeding and, except as provided herein, the CITY will be released from any further obligations arising from the Price Judgment.

12. OTHER PROVISIONS.

12.1. **Breach.** In the event that any Party to this Price Settlement Agreement believes that another Party is in breach of any of the terms set forth in this Price Settlement Agreement, the Party asserting a breach shall give written notice to the other Party of the breach, which notice shall set forth with reasonable particularity the alleged breach and action required to remedy the alleged breach. The Parties shall meet, confer, and attempt to resolve the alleged breach within sixty (60) days of such notice. If the Parties cannot resolve the alleged breach within such time, any party may seek enforcement of this Price Settlement Agreement. The notice in this subsection shall be effective upon personal service or receipt by overnight courier or other mailed service providing for evidence of delivery/receipt, or by facsimile with evidence of completion of transmission, or by email with acknowledgement of receipt, to the attorney of Party to whom notice is to be given.

12.2. **Notice.** Any notices, progress reports, or other documents required to be provided pursuant to this Price Settlement Agreement shall be sent to the parties by mail or e-mail to the addresses set forth below, or to any subsequent address or person provided by counsel for the CITY or counsel for PRICE JUDGMENT CREDITORS:

PRICE JUDGMENT CREDITORS:

Denise Mendez
California Rural Legal Assistance, Inc.
145 E. Weber Avenue
Stockton, CA 95202
dmendez@crla.org

Ilene Jacobs
California Rural Legal Assistance, Inc.
511 D Street, P.O. Box 2600
Marysville, CA 95901
ijacobs@crla.org

Stephanie Haffner
Western Center on Law & Poverty
3701 Wilshire Blvd., Suite 208
Los Angeles, CA 90010
shaffner@wclp.org

Deborah Collins
The Public Interest Law Project
449-15th Street, Suite 301
Oakland, CA 94612
dcollins@pilpca.org

CITY:

Micah Runner
Economic Development Director
City of Stockton
425 N. El Dorado Street, 3rd Floor
Stockton, CA 94590
Attention: Director, Economic Development Department
Michah.Runner@stocktongov.org

John Luebberke
City Attorney
425 N. El Dorado Street, 2nd Floor
Stockton, CA 94590
John.Luebberke@stocktongov.org

- 12.3. No Admission of Liability.** Nothing in this Price Settlement Agreement may be used or construed by the Parties or by any other person or entity as an admission of liability or fault.
- 12.4. Effective Date; Counterparts.** This Price Settlement Agreement shall be effective as of the Date of Approval. This Price Settlement Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Price Settlement Agreement.

- 12.5. Integration.** This Price Settlement Agreement embodies the entire agreement and understanding which exists between the Parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, and undertakings. No supplement, modification, or amendment of this Price Settlement Agreement shall be binding unless executed in writing by the parties or their assigns. No waiver of any of the provisions of this Price Settlement Agreement shall be deemed, or shall constitute, a waiver of any other provisions whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 12.6. Gender/Tense.** Whenever required by the context hereof, the singular shall be deemed to include the plural, and the plural shall be deemed to include the singular, and the masculine, feminine and neuter genders shall each be deemed to include the other.
- 12.7. Headings.** The headings in this Price Settlement Agreement are inserted for convenience only and shall not be used to define, limit, or describe the scope of this Price Settlement Agreement or any of the obligations herein. All attachments that are labeled Exhibits are attached hereto and incorporated herein by reference.
- 12.8. California Law.** This Price Settlement Agreement shall be construed, interpreted, and governed by the laws of California without regard to the choice of law provisions thereof.
- 12.9. Additional Documents and Good Faith Cooperation.** All Parties agree to cooperate fully in good faith and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the terms and intent of this Price Settlement Agreement.
- 12.10. No Inducement.** The Parties acknowledge, warrant and represent that no promises, inducements or agreements not expressly contained herein have been made to enter into this Price Settlement Agreement and that this Price Settlement Agreement, including all Releases herein, constitute the entire agreement between the Parties, are contractual and binding and are not merely recitals.
- 12.11. Advice of Counsel.** Each Party warrants and represents that prior to executing this Price Settlement Agreement, said Party has relied upon the advice of legal counsel of said Party's choice. The Price Settlement Agreement, its text and other consequences and risks have been explained to the Parties by their respective counsel and the Parties warrant and represent that they understand and accept the terms of this Price Settlement Agreement and intend, by their signatures, to enter into and be bound hereby.
- 12.12. Authority of Signatories.** Each signatory to this Settlement Agreement represents and covenants that he or she possesses the necessary capacity and authority to sign and enter into this Price Settlement Agreement and to bind the Party on whose behalf he or she is a signatory.

12.13. **No Waiver.** The failure of the Parties, or either of them, to insist upon strict adherence to any term of this Settlement Agreement on any occasion shall not be considered a waiver thereof, or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Settlement Agreement.

12.14. **Binding On Successors.** This Price Settlement Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, and the Parties' successors, devisees, executors, heirs, administrators, managers, officers, representatives, assigns, insurers, and employees.

12.15. **Exhibits.** The following exhibits are attached hereto and incorporated herein by this reference: Exhibit A is the Judgment Pursuant to Settlement Agreement and Agreement (without exhibits to the Settlement Agreement) (PRICE JUDGMENT); Exhibit B is the City's Replacement Housing Requirement Table; and Exhibit C is the City's Proposed Amended Regulatory Agreement Template.

IN WITNESS WHEREOF, the undersigned agree and stipulate to the terms and conditions stated above:

CITY:

DATED: 10/15/14

CITY OF STOCKTON AND CITY COUNCIL

By: 

KURT WILSON
CITY MANAGER

PRICE JUDGMENT CREDITORS:

DATED: _____

INTERFAITH COUNCIL OF SAN JOAQUIN

By: _____

SETTLEMENT AGREEMENT BETWEEN CITY AND PRICE JUDGMENT
CREDITORS (2/18/14)

12.13. No Waiver. The failure of the Parties, or either of them, to insist upon strict adherence to any term of this Settlement Agreement on any occasion shall not be considered a waiver thereof, or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Settlement Agreement.

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IN WITNESS WHEREOF, the undersigned agree and stipulate to the terms and conditions stated above:

CITY:

DATED: _____

CITY OF STOCKTON AND CITY COUNCIL

By: _____
KURT WILSON
CITY MANAGER

PRICE JUDGMENT CREDITORS:

DATED: 19 Oct 2014

INTERFAITH COUNCIL OF SAN JOAQUIN

By: Gueneth L Bruno

DATED: 9-23-14

George Baker
GEORGE BAKER

APPROVED AS TO FORM:

DATED: _____

PAUL HASTINGS LLP
CALIFORNIA RURAL LEGAL ASSISTANCE
CALIFORNIA AFFORDABLE HOUSING LAW
PROJECT OF THE PUBLIC INTEREST LAW
PROJECT
WESTERN CENTER ON LAW & POVERTY

By: _____
DEBORAH COLLINS
Attorneys for PRICE JUDGMENT
CREDITORS

DATED: _____

By: _____
JOHN LUEBBERKE, CITY ATTORNEY
Attorney for CITY OF STOCKTON and
CITY COUNCIL

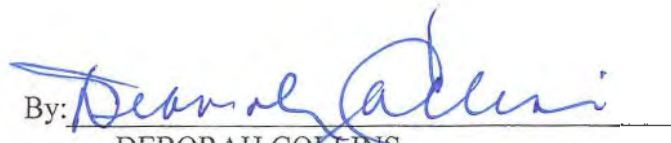
DATED: _____

GEORGE BAKER

APPROVED AS TO FORM:

DATED: 10-30-14

PAUL HASTINGS LLP
CALIFORNIA RURAL LEGAL ASSISTANCE
CALIFORNIA AFFORDABLE HOUSING LAW
PROJECT OF THE PUBLIC INTEREST LAW
PROJECT
WESTERN CENTER ON LAW & POVERTY

By: 

DEBORAH COLLINS
Attorneys for PRICE JUDGMENT
CREDITORS

DATED: _____

By: _____
JOHN LUEBBERKE, CITY ATTORNEY
Attorney for CITY OF STOCKTON and
CITY COUNCIL

DATED: _____

GEORGE BAKER

APPROVED AS TO FORM:

DATED: _____

PAUL HASTINGS LLP
CALIFORNIA RURAL LEGAL ASSISTANCE
CALIFORNIA AFFORDABLE HOUSING LAW
PROJECT OF THE PUBLIC INTEREST LAW
PROJECT
WESTERN CENTER ON LAW & POVERTY

By: _____
DEBORAH COLLINS
Attorneys for PRICE JUDGMENT
CREDITORS

DATED: 9/24/14

By: _____
JOHN LUEBBERKE, CITY ATTORNEY
Attorney for CITY OF STOCKTON and
CITY COUNCIL

**EXHIBIT A: JUDGMENT PURSUANT TO SETTLEMENT
AGREEMENT AND AGREEMENT (PRICE JUDGMENT)**

(U.S. District Court, Eastern District, in *Richard Price, et al. v. City of Stockton,
California, et al.*, Case No. Civ. S-02-0065 LKK KJM)

PRICE SETTLEMENT AGREEMENT

In re City of Stockton, California, U.S. Bankruptcy Court, E.D. of California, Case No. 12-32118

1 SHIRLEY R. EDWARDS, SBN 151399
2 KRISTINA L. BURROWS, SBN 221363
3 AMY Y. CHOI, SBN 229501
4 STEPHANIE E. HAFNER, SBN 194192
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15 INTEREST LAW PROJECT
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17 Oakland, California 94612
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23 Oakland, California 94612
24 Telephone: (510) 891-9794, Ext. 125
25
26 Attorneys for Plaintiffs
27
28

(List of Counsel Continued on Next Page)

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA

—o0o—

22 RICHARD PRICE, et al.,
23 Plaintiffs,
24
25 } CASE NO. CIV.S-02-0065 LKK KJM
26 } JUDGMENT PURSUANT TO
27 } SETTLEMENT AGREEMENT
28 }
CITY OF STOCKTON, CALIFORNIA, et
al.,
Defendants.

Judgment Pursuant to Settlement Agreement

1 DEANNA R. KITAMURA, SBN 162039
2 RICHARD ROTHCHILD, SBN 67366
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22 1225 19th Street NW, Suite 600
23 Washington, DC 20036-2456
24 Telephone: (202) 728-1888
25
26
27
28

Judgment Pursuant to Settlement Agreement
2

The above-entitled case having been submitted for entry of judgment by counsel for the respective parties, to the Honorable Lawrence K. Karlton, Judge of the U.S. District Court, Eastern District of California, based on a written Settlement Agreement attached as Exhibit A to the parties' January 11, 2006 filing. Neither this Judgment Pursuant to Stipulation, nor the Settlement Agreement, is a finding on the merits and shall not be construed as an admission of a violation of any state or federal statutory or common law. The Court, having considered the Settlement Agreement:

IT IS HEREBY ADJUDGED, ORDERED AND DECREED that

1. The terms of the Settlement Agreement attached hereto as Exhibit A are entered as the Judgment in the above-entitled case. The parties are hereby ordered to comply with the terms of the Settlement Agreement.
2. This Court retains jurisdiction with respect to the implementation of all terms and conditions set forth in the Settlement Agreement.
3. Effective as of the date of entry of this Judgment, the orders entered by this Court on May 2, 2002, June 14, 2002, February 7, 2005, and August 9, 2005 shall have no further force or effect.

DATED: January 12, 2006

/s/Lawrence K. Karlton
Lawrence K. Karlton
Senior Judge
U.S. District Court

EXHIBIT A
SETTLEMENT AGREEMENT

1 SHIRLEY R. EDWARDS, SBN 151399
2 KRISTINA L. BURROWS, SBN 221363
3 AMY Y. CHOI, SBN 229501
4 STEPHANIE E. HAFNER, SBN 194192
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(List of Counsel continued on next page)

18 UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF CALIFORNIA

19
20
21 RICHARD PRICE, et al.,
22
23 vs.
24 CITY OF STOCKTON, CALIFORNIA, et
25 al
26
27
28

Case No. CV-S-02-0065 LKK:KM
SETTLEMENT AGREEMENT
Defendants.

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Settlement Agreement

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1	I. RECITALS
2	A. Parties.
3	1. <u>Original Parties.</u> Plaintiffs/Petitioners RICHARD PRICE, GEORGE
4	BAKER, STANFORD COBBS, DWAIN HENDERSON, LUCINDA WATSON, LANCE
5	WHITE and INTERFAITH COUNCIL OF SAN JOAQUIN, formerly known as STOCKTON
6	METRO MINISTRY, INC. (hereafter "Plaintiffs"), and Defendants/Respondents CITY OF
7	STOCKTON, CITY COUNCIL, REDEVELOPMENT AGENCY, DEPARTMENT OF
8	HOUSING AND REDEVELOPMENT, GARY PODESTO, ANN JOHNSTON, GLORIA
9	NOMURA, LESLIE MARTIN, RICHARD NICKERSON, LARRY RUSHFALLER, and
10	GARY GIOVANETTI, in their official capacities as elected members of the Stockton City
11	Council and duly authorized members of the Redevelopment Agency, MARK LEWIS, in his
12	official capacity as City Manager and Executive Director of the Redevelopment Agency, and
13	STEVE PINKERTON, in his official capacity as the Director of Redevelopment of the City of
14	Stockton (formerly Director of the Department of Housing and Redevelopment) (hereafter
15	"Defendants") are the original parties in this action.
16	2. Successor Parties.
17	The parties stipulate that Edward J. Chavez, Steve J. Bestolardes, Dan J. Chapman, Clem
18	Lee, and Rebecca G. Nabors, current elected members of the Stockton City Council and
19	Stockton Redevelopment Agency, be substituted in their official capacities as defendants, in
20	place of Gary Podesto, Ann Johnston, Gloria Nomura, Richard Nickerson, and Larry Rushfaller,
21	who no longer hold office. Any reference to the "Defendants" in this Agreement shall refer to
22	the original defendants as set forth in Part I above except that Edward J. Chavez, Steve J.
23	Bestolardes, Dan J. Chapman, Clem Lee, and Rebecca G. Nabors shall be substituted for Gary
24	Podesto, Ann Johnston, Gloria Nomura, Richard Nickerson, and Larry Rushfaller as Defendants.
25	Plaintiffs and Defendants agree to the following settlement to resolve all causes of action
26	in the above captioned matter.
27	B. Procedural Background and Intent of the Parties.
28	
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The action was filed on January 10, 2002. As set out in the Complaint and Answer herein, a significant dispute exists as to whether the City complied with its statutory relocation assistance and replacement housing obligations under the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §§5301 et seq. ("Section 104(d)"); Uniform Real Property Acquisition and Relocation Assistance Act, 42 U.S.C. §§4601 et seq. ("URA"); California Relocation Assistance Act, Govt. C. §7260 et seq.; California Community Redevelopment Law, Health & Safety Code §33000 et seq. ("CRL"); and state and federal fair housing laws, including whether it complied with relocation assistance and replacement housing obligations with respect to the vacating and/or closure of eleven residential hotels and properties located in the West End Urban Renewal Project Area ("West End") and the displacement of lower income persons from those residential properties. The City denies that it violated the law as alleged by Plaintiffs, but all parties wish to resolve this matter without further litigation. This Agreement is entered into with the intent of resolving all currently pending issues regarding Plaintiffs' claims; the validity of the City's actions; the preliminary injunction orders entered on May 2, 2002, June 14, 2002, and August 9, 2003; the City's appeal to the Ninth Circuit from those orders filed on or about May 29, 2002 and August 30, 2003; and the orders enforcing the preliminary injunction entered on April 14, 2004 and February 7, 2005.

II. DEFINITIONS

Where used in this Agreement, the following terms shall have the following meanings:

"Actual Rent" means the rent charged for a unit to which a Displaced Person relocates or has relocated, plus the cost of utilities not included in the rent.

"Actual Unit" means the unit to which a Displaced Person actually relocates or has relocated.

"Adjusted Monthly Income" means the annual household income of the Displaced Person as defined in 24 C.F.R. §§5.100 and 5.603, minus the mandatory deductions set forth in 24 C.F.R. §5.611(a), divided by twelve (12).

"Agency" means the Redevelopment Agency of the City of Stockton, and its officers, employees, and agents.

"Agreement" means this document (consisting of a caption, a table of contents, pages 1 through 38, and Exhibits 1 through 10 attached hereto) and the Stipulated Judgment incorporating the terms of the Agreement.

"Affordable Housing Code" as used in Part VI of the Agreement, shall refer to the current definition contained in Health & Safety Code § 50052.5, as further defined in 25 California Code of Regulations § 6920.

"Affordable Rent", as used in Part VI of the Agreement, shall refer to the current definition contained in Health & Safety Code § 50053, as further defined in 25 California Code of Regulations § 6918.

"City" means the City of Stockton, its Redevelopment Agency, Department of Housing and Redevelopment, Mark Lewis, in his official capacity as City Manager and Executive Director of the Redevelopment Agency, and Steve Pinkerton, in his official capacity as the Director of Redevelopment of the City of Stockton, and their officers, employees, agents, successors, and assigns, provided however, that Mark Lewis, Steve Pinkerton, their employees, agents, successors, and assigns shall have no liability for the financial obligations set forth in this Agreement. In the event Mark Lewis or Steve Pinkerton cease to be employed by the City of Stockton or its Redevelopment Agency, the obligations of such individuals to perform pursuant to the Agreement shall transfer to their successors and assigns.

"Comparable Rent" means the rent charged, plus the cost of utilities not included in the rent, for a decent, safe and sanitary unit that is comparable in size and functionally equivalent to the unit from which a Displaced Person was displaced.

"Comparable Replacement Unit" means a unit that meets the requirements of the URA, Section 104(d), Government Code §7260, et seq., and their implementing regulations for a comparable replacement unit. Where a conflict exists between state law and the aforesaid federal laws, the amount of relocation benefits will be calculated pursuant to Section 104(d) or

1 the URA, depending on whether the Displaced Person elects to receive benefits under Section
2 104(d) or the URA.
3 "Comparable Section 8 Unit" means a Comparable Replacement Unit to which the City
4 referred a Displaced Person where the landlord agreed to participate in the Section 8 Housing
5 Choice Voucher Program ("Section 8") and to rent the unit to the Displaced Person for an
6 amount that would not result in the Displaced Person paying more than 30% of their Adjusted
7 Monthly Income towards the rent and utilities, and the Public Housing Authority (PHA).
8 approved the unit.
9
10 "Complaint" shall refer to the Complaint for Declaratory and Injunctive Relief (Eastern
11 District of California Case No. S-02-65 LKK/KJM) filed by Plaintiffs on January 10, 2002.
12
13 "CRL" means the California Community Redevelopment Law, Health and Safety Code
14 §§ 33000 et seq.
15
16 "Current" when used in connection with statutory provisions means as of the Date of
17 Approval of this Agreement.
18
19 "Date of Approval" means January 9, 2006.
20
21 "Day or Days" means calendar days unless otherwise expressly provided in the
22 Agreement.
23
24 "Displaced Person" means any lower income occupant of the Commercial, Cosmos,
25 Earle, El Teocolo, Hunter Apartments, James, Land, La Verta, Mariposa, Steve's, Terry and
26 Toni Hotels located in the West End who was required to move between June 1, 2001 and June
27 14, 2002 in connection with Defendants' code enforcement activities, with the exception of
28 Brian Davis, Diana Waid, Jack Lee, and plaintiffs Richard Price, George Baker, Stanford Cobs,
Dwain Henderson, Lucinda Watson, and Lance White.

1 "Extremely Low Income" means a household income at or below 30% of the Area
2 Median Income as annually published by the California Department of Housing and Community
3 Development pursuant to Health & Safety Code §50106.
4
5 "General Relief" means the welfare assistance program administered by San Joaquin
6 County pursuant to the Welfare & Institutions Code.
7
8 "General Relief Displaced Person" means a Displaced Person that received General
9 Relief between June 1, 2001 and the Date of Approval.
10
11 "Monitoring" means the collection of information about the continued affordability of a
12 Replacement Unit and taking steps to insure that affordability is maintained as required by law,
13 pursuant to the provisions of the CRL, including but not limited to Health & Safety Code §§
14 33418 and 33334.3.
15
16 "Plaintiffs' Local Counsel" means California Rural Legal Assistance, Inc., Stockton,
17 California (CRLA), or such successor or substitute as may be designated by CRLA. At the
18 discretion of Plaintiffs' Local Counsel, CRLA may be assisted by the California Affordable
19 Housing Law Project of the Public Interest Law Project and/or Western Center on Law &
20 Poverty, Inc.
21
22 "RHP" means a replacement housing payment, calculated pursuant to the applicable
23 Category set forth in Part III of this Agreement, that is made to a Displaced Person to make a
24 residential unit affordable for a period of 42 or 60 consecutive months depending on whether the
25 Displaced Person elects to receive benefits under Section 104(d) of the Housing and Community
26 Development Act ("Section 104(d)") or the URA.
27
28 "RHP Period" means the period of 42 or 60 months that a Displaced Person receives an
RHP pursuant to their election to receive benefits under Section 104(d) or the URA.
"Relocation Assistance Fund" means the \$1,455,000 fund to be established by the City
and/or Agency pursuant to Part III.A.1 of this Agreement.

1 "Replacement Unit" shall mean a unit constructed pursuant to Health & Safety Code
2 §33413(a) in order to replace a lower income residential unit demolished, converted, or removed
3 from the housing market.

4 "Reporting" means providing information to the public, the City Council, the State
5 Controller's Office, the State Department of Housing and Community Development, and others
6 as required by the CRL, including but not limited to reporting pursuant to Health & Safety Code
7 §§ 33080, *et seq.*, 33334.10, 33606, and 33490.

8 III. RELOCATION ASSISTANCE BENEFITS POLICIES

9 To resolve the policy disputes concerning City's obligation to provide relocation
10 assistance benefits to Displaced Persons, the parties agree as follows:

11 A. Relocation Assistance Fund.

12 1. Establishment of Fund. The City and/or Agency shall establish a
13 Relocation Assistance Fund in the amount of \$1,455,000. The Fund shall be designated
14 immediately after Date of Approval and shall remain in place for five (5) years from Date of
15 Approval (hereinafter referred to as "Fund Period"). Except as otherwise provided in this
16 Agreement, the Fund shall be used exclusively to implement the Relocation Assistance Benefits
17 Policies and Procedures set forth in Parts III and IV of this Agreement.

18 2. Disposition of Balance of Fund. Within thirty (30) days after expiration of
19 the Fund Period and final payment to the Special Master appointed pursuant to Part III.B of this
20 Agreement, the City and/or Agency shall deposit the balance of the Relocation Assistance Fund
21 that has not been expended into the Agency's Low and Moderate Income Housing Fund, and
22 said amount shall be used exclusively for the construction of residential units that are affordable
23 to, and occupied by, Extremely Low Income persons and families. As used herein, the term
24 "expended" means that the funds have been paid out and/or are committed to be paid out
25 pursuant to claims determinations by the Special Master to resolve relocation assistance claims.
26 3. Documentation to Counsel for Plaintiffs. Within thirty (30) days after
27 expiration of the Fund Period, Defendants shall provide Plaintiffs' Local Counsel and the
28

1 Oakland Office of Western Center on Law and Poverty, or their designee, with documentation
2 that the balance of the Relocation Assistance Fund has been deposited to the Agency's Low and
3 Moderate Income Housing Fund, pursuant to Part III A.2, together with documentation approved
4 by the legislative body of the Redevelopment Agency that the funds will be used exclusively for
5 the construction of residential units that are affordable to, and occupied by, Extremely Low
6 income persons and families.

7 B. Appointment of Special Master. The parties agree to the appointment of a
8 Special Master, subject to the provisions set forth in this paragraph, to implement the Relocation
9 Assistance Benefits Policies and Procedures set forth in Parts III and IV of this Agreement.

10 1. Designated Special Master. The Special Master shall be Associated Right of
11 Way, and Karen Eddelman of Associated Right of Way, shall have primary responsibility for
12 implementation of Parts III and IV of this Agreement. In the event Associated Right of Way
13 and/or Karen Eddelman cannot or will not serve as Special Master, the parties shall negotiate in
14 good faith for a qualified replacement Special Master. If the parties are unable to agree upon an
15 alternate Special Master within ten (10) days of determining that Associated Right of Way and/or
16 Karen Eddelman cannot or will not serve, the parties agree to mediation before JAMS, at
17 defendants' expense, to select a replacement Special Master.

18 2. Special Master Compensation. The City and/or Agency shall pay the
19 contract fee of the Special Master for work performed pursuant to Parts III and IV of this
20 Agreement from the Relocation Assistance Fund referred to in Part III A, above, provided
21 however, that the contract fee shall not exceed that amount set forth in a memorandum of
22 understanding signed and dated December 5, 2005 by counsel for plaintiffs and defendants. The
23 Relocation Assistance Fund shall not be used to pay for any services of the Special Master that
24 are unrelated to Parts III and IV of this Agreement. The City and/or Agency shall make
25 arrangements with the Special Master for prompt payment of the Special Master's invoices from
26 the Relocation Assistance Fund, and subject to the parties' memorandum of understanding
27 referred to herein.
28

1 3. Cooperation with Special Master. The City and/or Agency shall provide the
2 Special Master with all past and pending claimant files and such other information as the Special
3 Master deems necessary to allow the Special Master to carry out its tasks. The City and/or
4 Agency shall make arrangements for prompt payment of relocation assistance benefits and
5 compensation to the Special Master from the Relocation Assistance Fund, pursuant to claims
6 determinations by the Special Master, and subject to the \$1,455,000 limitation of such Fund less
7 the Special Master's contract fee. The parties to this Agreement shall each appoint a
8 representative to jointly consult with the Special Master concerning any questions of procedure
9 or substance that may arise and on which the Special Master may wish to consult the parties.
10 Plaintiffs designate Deborah Collins of the California Affordable Housing Law Project as such
11 representative. Defendants designate Lee Rosenthal of Goldfarb & Lipman as such
12 representative. Nothing in this provision shall be construed to restrict claimants from
13 representation in the relocation assistance and appeal process by a representative or counsel of
14 their choice.

15 4. Discretion of Special Master. The Special Master shall retain the discretion
16 to take any such steps that are necessary and appropriate to carry out the provisions of Sections
17 III and IV of this Agreement.

18 5. Reports to City and Plaintiffs' Counsel. Commencing September 1, 2006
19 and annually thereafter to and including September 1, 2011, the Special Master shall provide
20 Plaintiffs' Local Counsel and the Oakland Office of Western Center on Law and Poverty, or their
21 designee (hereinafter Plaintiffs' Counsel), with a written report setting forth the amount of
22 deposits made by Defendants into the Relocation Assistance Fund, the amount of expenditures
23 from said Fund, the amount and basis for each claim against the Fund, and the amount paid on
24 each claim. The Special Master shall also provide periodic reports to the City as specified in the
25 contract between the City and the Special Master, and shall simultaneously provide a copy of
26 such periodic reports to Plaintiffs' Local Counsel and the Oakland Office of Western Center on
27 Law and Poverty. City shall provide Plaintiffs' Local Counsel and the Oakland Office of
28

1 Western Center on Law and Poverty with a copy of the contract between the City and the Special
2 Master within fourteen (14) days of execution of the contract.

3 C. RHP Policies. Commencing as of the Date of Approval, the Special Master shall
4 apply the RHP policies set forth in the RHP Category below that applies to each Displaced
5 Person covered by this Part III.C in order to calculate, recalculate, determine and/or redetermine
6 the RHP for all past, pending and future relocation assistance claims by Displaced Persons.

7 1. CATEGORY A (Recalculation of RHP for Non-Section 8 Displaced Persons).
8 a. Eligibility for Recalculation. Except for the claims jointly reviewed and
9 recalculated by Plaintiffs' and Defendants' counsel pursuant to the Order Enforcing Preliminary
10 Injunction, entered February 7, 2005, any Displaced Person who is receiving an RHP as of the
11 Date of Approval that either moved to an Actual Unit prior to May 2002 or was not referred to a
12 Comparable Replacement Unit ("CRU") after May 2002 and did not receive Section 8 assistance
13 at the time of their relocation will have their RHP recalculated by the Special Master, pursuant to
14 the provisions of Part IV.B of this Agreement, to determine if the Displaced Person is entitled to
15 an increased RHP. A Displaced Person that receives an RHP that was referred to a CRU after
16 May 2002 and did not receive Section 8 at the time of their relocation will not have their claim
17 recalculated, but will continue to receive the RHP previously determined by the City until
18 expiration of the RHP Period applicable to their claim.

19 b. Method of RHP Recalculation. The RHP of each eligible Displaced Person
20 shall be recalculated by the Special Master by applying a Comparable Rent factor of \$450
21 instead of the \$350 Comparable Rent factor previously applied by the City in determining the
22 Displaced Person's original RHP.

23 c. Comparable Rent Gap Remedy. If there is a gap between the RHP
24 previously determined by the City ("original RHP") and the recalculated RHP ("Comparable
25 Rent Gap"), the Displaced Person shall continue to receive the original RHP until expiration of
26 the RHP Period applicable to their claim plus one of the following: (i) A Comparable Rent Gap
27 Payment not to exceed \$100 per month times 42 or 60 months, depending on the Displaced
28 Person's election to receive benefits under Section 104(d) or the URA; or (ii) If the \$100

1 Comparable Rent Gap Payment is insufficient to make the Actual Unit to which the Displaced
2 Person relocated affordable, the Displaced Person shall have the option to move to a CRU to
3 which they are referred by the Special Master where the Actual Rent will not exceed 30% of the
4 Displaced Person's current Adjusted Monthly Income plus an RHP without the Comparable Rent
5 Gap Payment.

6 If the Displaced Person elects to move pursuant to subparagraph III.A.1.c.ii, the amount
7 of the RHP will be determined by applying the applicable Section 104(d) or URA RHP formula,
8 provided however, that (i) the "rent and utilities" factor shall be the Actual Rent for the CRU to
9 which the Displaced Person is referred; and (ii) if the Displaced Person's current income is
10 General Relief, the RHP will be that portion of the Actual Rent for the CRU that is not paid for
11 by the County plus any reduction in the "personal needs" portion of the Displaced Person's
12 General Relief assistance that results from such move.

13 **d. Manner of Comparable Rent Gap Payment.** The Special Master may, with
14 the consent of the Displaced Person, make a "back" payment to the Displaced Person to cover a
15 Comparable Rent Gap Payment for the period during which the Displaced Person has been
16 receiving an RHP, and such payment, together with the original RHP, shall count towards
17 satisfaction of the original RHP Period.

18 If the Special Master does not make a "back" Comparable Rent Gap Payment or the
19 Displaced Person does not consent to such "back" payment, the Special Master shall make the
20 Comparable Rent Gap Payment prospectively, commencing from the first of the month
21 following the date of recalculation, provided however, that such payments may be disbursed
22 evenly, together with the original RHP, over the remaining months of the original RHP Period.

23 If the RHP and the Comparable Rent Gap Payment are made to the Displaced Person's
24 landlord as monthly rent payments, including payments for any utilities charged by the landlord
25 ("monthly rent charge"), and the RHP and the Comparable Rent Gap Payment together would
26 exceed that monthly rent charge, the amount that exceeds the monthly rent charge shall be
27 calculated for the remaining months of the original RHP Period and such amount shall be paid in
28 one payment directly to the Displaced Person.

1 Nothing in this Part III.A.1 shall require the Special Master to continue paying the
2 original RHP beyond the original RHP Period commencing from the date of the Displaced
3 Person's receipt of the original RHP.

4 **e. Effect of Recalculation on the Original RHP.** In the event any error(s) made
5 by the City in determining the original RHP is discovered in the course of recalculating the RHP
6 by the Special Master, any error that would result in a reduction of the original RHP shall have
7 no effect on the original RHP or calculation of the Comparable Rent Gap Payment unless the
8 error(s) was caused by the Displaced Person having provided erroneous information to the City
9 at the time the original RHP was determined. In the latter event, the Special Master may correct
10 the amount of the original RHP and reduce prospective RHP payments for the balance of the
11 RHP period based on the corrected information, provided however, that the Special Master may
12 not recover for the City any previous overpayment of the RHP or credit any overpayment of the
13 RHP against any future RHP or Comparable Rent Gap payment.

14 **f. Provision of Additional Information.** The Special Master may request and
15 the Displaced Person may provide any additional information that is necessary to apply the terms
16 of this Part III.C.1, provided however, that a Displaced Person falling within Category A shall
17 not be required to submit a new application, re-apply for an RHP in order to have their RHP
18 recalculated, or submit or verify information that the Displaced Person previously provided to
19 the City.

20 **g. Exclusive RHP Remedy.** If a Displaced Person's RHP is recalculated
21 pursuant to Category A or the Displaced Person falls within Category A but is ineligible for
22 recalculation because they were referred to a CRU after May 2002, such Displaced Person is not
23 eligible to receive an RHP benefit pursuant to any other RHP Category set forth in this Part III.

24 **2. CATEGORY B (Recalculation of RHP for Section 8 Participants).**

25 **a. Eligibility for Recalculation.** Except for the claims jointly reviewed and
26 recalculated by Plaintiffs' and Defendants' counsel pursuant to the Order Enforcing Preliminary
27 Injunction, entered February 7, 2005, a Displaced Person that receives Section 8 assistance as of
28 the Date of Approval and that moved to a Section 8 Unit before May 2002 or was not referred to

a Comparable Section 8 Unit by the City after May 2002 will have their RHP recalculated by the Special Master, pursuant to the provisions of Part IV.B of this Agreement, to determine if the Displaced Person is entitled to an increased RHP. A Displaced Person that receives an RHP that was referred to a Comparable Section 8 Unit after May 2002 will not have their claim recalculated by the Special Master, but will continue to receive the RHP previously determined by the City until expiration of the RHP Period applicable to their claim.

b. Method of RHP Recalculation. The RHP of each eligible Displaced Person shall be recalculated pursuant to the Section 104(d) or URA formula based on the Displaced Person's election to receive benefits under Section 104(d) or the URA, provided however, that (i) the "rent and utilities" factor shall be the lower of the Actual Rent or a Comparable Rent of \$450, and (ii) the Displaced Person's income shall be based on the income and Section 8 payment at the time the Displaced Person relocated to the Section 8 Unit.

c. Section 8 Rent Gap Remedy. If there is a gap between the RHP previously determined by the City ("original RHP") and the recalculated RHP ("Section 8 Rent Gap"), the Displaced Person shall continue to receive the original RHP until expiration of the RHP Period applicable to their claim plus the Section 8 Rent Gap Payment.

d. Manner of Section 8 Rent Gap Payment. The Special Master, with the consent of the Displaced Person, may make a "back" payment to the Displaced Person to cover a Section 8 Rent Gap Payment for the period during which the Displaced Person has been receiving an RHP, and such payment, together with the original RHP, shall count towards satisfaction of the original RHP Period.

If the Special Master does not make a "back" Section 8 Rent Gap Payment or the Displaced Person does not consent to such "back" payment, the Special Master shall make the Section 8 Rent Gap Payment prospectively, commencing from the first of the month following the date of recalculation, provided however, that such payments may be disbursed evenly, together with the original RHP, over the remaining months of the original RHP Period.

If the RHP and the Section 8 Rent Gap Payment are made to the Displaced Person's landlord as monthly rent payments, including payments for any utilities charged by the landlord

("monthly rent charge"), and the RHP and the Section 8 Rent Gap Payment together would exceed that monthly rent charge, the amount that exceeds the monthly rent charge shall be calculated for the remaining months of the original RHP Period and such amount shall be paid in one payment directly to the Displaced Person.

Nothing in this Part III.A.2 shall require the Special Master to continue paying the original RHP beyond the original RHP Period commencing from the date of the Displaced Person's receipt of the original RHP.

e. Effect of Recalculation on the Original RHP. In the event any error(s) made by the City in determining the original RHP is discovered in the course of recalculating the RHP by the Special Master, any error that would result in a reduction of the original RHP shall have no effect on the original RHP or calculation of the Section 8 Rent Gap Payment unless the error(s) was caused by the Displaced Person having providing erroneous information to the City at the time the original RHP was determined. In the latter event, the Special Master may correct the amount of the original RHP and reduce prospective RHP payments for the balance of the RHP period based on the corrected information, provided however, that the Special Master may not recover for the City any previous overpayment of the RHP or credit any overpayment of the RHP against any future RHP or Section 8 Rent Gap payment.

f. Provision of Additional Information. The Special Master may request and the Displaced Person may provide any additional information that is necessary to apply the terms of this Part III.C.2, provided however, that a Displaced Person falling within Category B shall not be required to submit a new application, re-apply for an RHP in order to have their RHP recalculated, or submit or verify information that the Displaced Person previously provided to the City.

g. Exclusive RHP Remedy. If a Displaced Person's RHP is recalculated pursuant to Category B or the Displaced Person falls within Category B but is ineligible for recalculation because they were referred to a Comparable Section 8 Unit after May 2002, such Displaced Person is not eligible to receive an RHP benefit pursuant to any other RHP Category set forth in this Part III.

1 3. CATEGORY C (RHP for Persons Receiving General Relief).
2 Except as set forth in Parts III.C.1 and III.C.2 of this Agreement, a General Relief
3 Displaced Person who is receiving General Relief at the time of their application or re-
4 application pursuant to the Enforcement Order dated February 7, 2005 or this Agreement and
5 that meets the other terms and conditions set forth in this Part III.C.3 shall be eligible to draw an
6 RHP from the Relocation Assistance Fund, as follows:
7 a. Maximum Amount of RHP. General Relief Displaced Persons with past or
8 pending relocation assistance claims, or who file new claims, are eligible to receive a maximum
9 RHP of Seven Thousand Five Hundred Dollars (\$7,500.00). A General Relief Displaced Person
10 may seek a withdrawal from the Relocation Assistance Fund for such RHP during such time
11 period, in such amounts, and for such purposes as set forth in this Part III.C.3. The Special
12 Master shall establish a process for General Relief Displaced Persons to seek a withdrawal for an
13 RHP from the Relocation Assistance Fund.
14 b. General Relief RHP Period. The maximum period for which a General
15 Relief Displaced Person is eligible to draw an RHP from the Relocation Assistance Fund shall be
16 (i) *for new claims*, forty two (42) months commencing One Hundred Twenty (120) calendar days
17 from the date Notice or Re-Notice to Displaced Persons is posted and mailed by the Special
18 Master pursuant to Part IV.C of this Agreement; or (ii) *for past or pending claims*, forty-two (42)
19 months commencing from the date the Special Master issues a determination or redetermination
20 on a past or pending claim that the Special Master determines falls within Category C of Part
21 III.C of this Agreement. The Special Master shall have the discretion to adjust the
22 commencement date of the forty two (42) month period to August 1, 2005 for a General Relief
23 Displaced Person that is drawing an RHP as of the Date of Approval if the Special Master
24 determines that the Displaced Person received adequate notice of this or her rights to draw an
25 RHP pursuant to Part III.A.3 of the Enforcement Order entered February 7, 2005.
26 c. Purpose for Which RHP May Be Drawn. A claim may be made by a
27 General Relief Displaced Person against the Relocation Assistance Fund to pay for eligible rent
28 related needs that are not paid by the County's General Relief program. Eligible rent related

1 needs are the following: (1) any rent gap the General Relief Displaced Person experiences during
2 the General Relief RHP Period as a result of termination or withdrawal from the General Relief
3 program or an increase in rent at an existing or new unit or any portion thereof that is not paid by
4 the County; (2) any security deposits needed by the General Relief Displaced Person during the
5 General Relief RHP Period; (3) any moving expenses reimbursable under the UEA that are
6 needed by the General Relief Displaced Person during the General Relief RHP Period, provided
7 however, that the General Relief Displaced Person is required to move through no fault of their
8 own; and (4) any reduction of the General Relief Displaced Person's "personal needs" voucher
9 provided by the County that occurred as a result of displacement or that occur during the General
10 Relief RHP Period due to increased rents. The Special Master may make payments of rent or
11 other amounts owing to third parties directly to the landlord or third party as applicable.
12 d. Limitation on Monthly Rent. In the event the General Relief Displaced
13 Person is terminated or withdraws from the County's General Relief program or moves from the
14 unit paid for by the County General Relief program, the monthly payment for any rent gap,
15 exclusive of any payment for security deposits, moving expenses, or "personal needs" payment
16 shall be (i) the difference between the Actual Rent and 30% of the General Relief Displaced
17 Person's Adjusted Monthly Income; and (ii) in no event, shall exceed the annual HUD Fair
18 Market Rent for a 0-Bedroom unit, provided however, that the amount that shall be applied to
19 this provision as of the Date of Approval is \$522. Commencing January 1, 2006, that amount
20 shall be adjusted on January 1 of each year of the General Relief RHP Period pursuant to HUD
21 Fair Market Rents for the Stockton Metropolitan Area.
22 e. Prospective Payments. Any claim by a General Relief Displaced Person
23 pursuant to this Part III.C.3 shall be treated as a claim for prospective payments, and nothing in
24 this Part shall be construed to require a retroactive payment to or on behalf of a General Relief
25 Displaced Person.
26 f. Deadline for New Applications by General Relief Displaced Persons. A
27 General Relief Displaced Person that has not previously applied for relocation assistance benefits
28 must apply for relocation benefits within One Hundred Twenty (120) calendar days from the date

1 Notice to Displaced Persons is posted and mailed pursuant to Part IV.C of this Agreement ("120-
2 Day Application") in order to be eligible to submit subsequent periodic claims against the
3 Relocation Assistance Fund. The Special Master shall request such information as is necessary
4 to determine whether the General Relief Displaced Person is eligible to receive benefits pursuant
5 to Category C within the time set forth in the Relocation Assistance and Appeal Process (RAAP)
6 attached hereto and incorporated herein as Exhibit 2. If the Special Master determines that the
7 person is eligible, the General Relief Displaced Person shall receive a Notice of Determination of
8 their eligibility to receive an RHP pursuant to this Part III.C.3 (Category C), a description of the
9 terms and conditions of this Part III.C.3 (Category C) of the Agreement, and shall be advised in
10 writing of the process to follow to seek a withdrawal from the Relocation Assistance Fund. If
11 the Special Master determines that the General Relief Displaced Person is not eligible for an
12 RHP pursuant to this Part III.C.3 (Category C), the Displaced Person's 120-Day Application
13 shall be treated as an application for an RHP pursuant to either Part III.C.1, III.C.2, or III.C.4
14 (Category A, B, or D). In such event, the Notice of Determination to the Displaced Person shall
15 advise the Displaced Person of the reason(s) for the determination and explain the RHP benefits
16 for which the Displaced Person is eligible.

17 g. Past and Pending Claims of General Relief Displaced Persons General

18 Relief Displaced Persons that were previously denied an RHP by the City or that have pending
19 claims for relocation assistance benefits may, but shall not be required, to re-apply for relocation
20 assistance benefits. The Special Master shall review these claims, and notices of determination
21 or redetermination shall be issued by the Special Master to provide the claimants with the same
22 information that new claimants will receive pursuant to Part III.C.3.f, above.

23 h. Exclusive RHP Remedy: A General Relief Displaced Person that is eligible
24 to draw an RHP from the Relocation Assistance Fund is not eligible to receive an RHP benefit
25 pursuant to any other RHP Category set forth in this Part III.

26 4. CATEGORY D (RHP for Other Displaced Persons).

27 A Displaced Person that is not eligible to receive a recalculation of the RHP pursuant to
28 Parts III.C.1 (Category A), III.C.2 (Category B), or to draw an RHP from the Relocation

1 Assistance Fund pursuant to Part III.C.3 (Category C) shall be eligible to receive the RHP
2 benefits set forth in this Part III.C.4, pursuant to the subcategory applicable to such Displaced
3 Person.

4 a. Sub-Category D.1: This subcategory shall apply to all pending and future
5 claims of Displaced Persons that were never referred to a CRU, do not receive an RHP, and do
6 not receive Section 8 or General Relief.

7 If such Displaced Person has relocated to an Actual Unit as of the time of determination
8 or redetermination pursuant to this Agreement, such Displaced Person shall receive (i) an RHP
9 sufficient to make the Actual Unit affordable; or (ii) at the Displaced Person's option, the right to
10 move to a CRU. If the Displaced Person elects to receive an RHP pursuant to Part III.C.4.a.i, the
11 RHP shall be determined pursuant to the applicable Section 104(d) or URA formula, depending
12 on the Displaced Person's choice, provided however, that the "income" factor of the formula
13 shall be based on the Displaced Person's income at the time of their application and the "rent and
14 utilities" factor shall be the lower of the Actual Rent or a Comparable Rent of \$450.

15 If the Displaced Person does not have an Actual Unit or elects to move to a CRU
16 pursuant to Part III.C.4.a.ii, the Displaced Person will be referred to a CRU by the Special
17 Master, and if necessary to make the unit affordable, receive an RHP. Such RHP shall be
18 determined pursuant to the applicable Section 104(d) or URA formula, depending on the
19 Displaced Person's choice, provided however, that the "income" factor of the formula shall be
20 based on the Displaced Person's income at the time of relocation to the CRU, and the "rent and
21 utilities" factor shall be determined as follows: (1) If ten or fewer applications for a CRU are
22 received by the Special Master within a one month period, the "rent and utilities" shall be the
23 Actual Rent of the CRU; (2) If more than ten applications for a CRU are received by the Special
24 Master within a one month period, the Special Master will conduct a new Comparable Rent
25 survey, and, for any Displaced Person who has not been relocated prior to the ten application
26 threshold being reached, the "rent and utilities" factor shall be the lower of the Actual Rent or the
27 Comparable Rent determined pursuant to such survey. If the "survey" provision applies, the
28 Special Master must provide the affected Displaced Person(s) with reasonable notice of the

1 amount of the Comparable Rent determined pursuant to the new survey before the Displaced
2 Person(s) secure an Actual Unit on their own. If the Special Master fails to provide reasonable
3 notice, then the "rent and utilities" factor must be determined on the basis of the Actual Unit
4 secured by such Displaced Person(s).
5 b. Sub-Category D.2. This subcategory shall apply to all pending and future
6 claims of Displaced Persons that are offered Section 8 for their RHP.
7 If the Displaced Person elects to receive benefits under the URA, the Displaced Person
8 shall not be required to accept Section 8 assistance. In such case, the Displaced Person would
9 have the same RHP options as a Displaced Person pursuant to Subcategory D.1.
10 If the Displaced Person elects to receive relocation benefits pursuant to Section 104(d) or
11 accepts an offer pursuant to the URA to receive Section 8 assistance, the Displaced Person shall
12 receive a referral from the Special Master to a Comparable Section 8 Unit. If the Displaced
13 Person is not referred to a Comparable Section 8 Unit, an RHP for the difference between the
14 rent and utilities the Displaced Person must pay over and above 30% of the Displaced Person's
15 Adjusted Monthly Income at the time of relocation to the Section 8 Unit must be provided.
16 If a Displaced Person already receives Section 8 at the time of their redetermination or
17 application pursuant to this Agreement, and such Displaced Person never received a referral to a
18 Comparable Section 8 unit from the City, the Displaced Person's claim should be processed
19 pursuant to Section III.C.2 (Category B).
20 c. Sub-Category D.3. This subcategory shall apply to any Displaced Person that
21 does not fall into Category A, B, C, D.1, or D.2. Such Displaced Person shall be referred to a
22 CRU by the Special Master, and if necessary to make the unit affordable, receive an RHP. Such
23 RHP shall be determined pursuant to the applicable Section 104(d) or URA formula, depending
24 on the Displaced Person's choice, provided however, that the "income" factor of the formula
25 shall be based on the Displaced Person's income at the time of relocation to the CRU, and the
26 "rent and utilities" factor shall be determined as follows: (i) If ten or fewer applications for a
27 CRU are received by the Special Master within a one month period, the "rent and utilities" shall
28 be the Actual Rent of the CRU; (2) If more than ten applications for a CRU are received by the

1 Special Master within a one month period, the Special Master will conduct a new Comparable
2 Rent survey, and, for any Displaced Person who has not been relocated prior to the last
3 application threshold being reached, the "rent and utilities" factor shall be the lower of the Actual
4 Rent or the Comparable Rent determined pursuant to such survey. If the "survey" provision
5 applies, the Special Master must provide the affected Displaced Person(s) with reasonable notice
6 of the amount of the Comparable Rent determined pursuant to the new survey before the
7 Displaced Person(s) secure an Actual Unit on their own. If the Special Master fails to provide
8 reasonable notice, then the "rent and utilities" factor must be determined on the basis of the
9 Actual Unit secured by such Displaced Person(s). If a Displaced Person in this category is
10 receiving General Relief, the Actual Rent shall be only that portion of the Displaced Person's
11 rent in excess of the amount the County pays to the landlord on behalf of the Displaced Person.
12 D. Lost Belongings Policy.
13 Commencing as of the Date of Approval, the Special Master shall apply and implement
14 the "Valuation of Lost Belongings Policy" attached hereto and incorporated herein as Exhibit 1
15 for all past, pending and future claims by Displaced Persons for compensation for lost
16 belongings in connection with their move from the hotels listed in the definition of "Displaced
17 Person" above, including redeterminations of previously decided claims. The Special Master
18 shall not redetermine any claims for lost belongings that have already been determined since
19 February 7, 2005 pursuant to the Valuation of Lost Belongings Policy, provided that, this does
20 not preclude the Special Master from resolving any appeals.
21 E. Former Occupants of Steve's Hotel.
22 Displaced Persons that moved from Steve's Hotel who have not previously applied for
23 relocation assistance benefits or whose claims for relocation assistance because of their
24 displacement from Steve's Hotel were denied shall be entitled to receive relocation assistance
25 benefits, including reimbursement for moving expenses and the relocation assistance benefits
26 pursuant to the policies and procedures set forth in Parts III and IV of this Agreement. Such
27
28

1 claims shall be made within One Hundred Twenty (120) days following the posting and mailing
2 of notices pursuant to Part IV.C below.

3 **F. Credit for Previous Payments.**

4 Except as set forth in Paragraph 3 of the Valuation of Lost Belongings Policy, in
5 determining relocation assistance benefits for a Displaced Person, the Special Master may take
6 into account previous relocation payments made by the City or the Special Master to the
7 Displaced Person in determining or redetermining the amount of a Displaced Person's claim, as
8 follows: An advance payment of rent and/or utilities to a landlord or utility company on behalf
9 of a claimant may be credited towards an RHP due a claimant, and similar payments that are
10 directly or indirectly related to a particular type of relocation assistance benefit may be credited
11 against that benefit, provided however, that the Special Master may not credit any payment(s) for
12 temporary housing against a claim for relocation assistance benefits. In the event the Special
13 Master claims a credit for such prior payment(s), the amount and basis for such credit shall be
14 explained in the Special Master's notice of determination. Nothing in this Part III.F shall
15 preclude a Displaced Person from appealing a determination involving such a credit pursuant to
16 the RAAP, attached hereto and incorporated herein as Exhibit 2, if the claimant disputes the
17 amount of the credit, that the payment was made for or on the Displaced Person's behalf, and/or
18 the category of benefit against which the credit should be applied.

19 **IV. RELOCATION ASSISTANCE BENEFITS PROCEDURES**

20 To resolve the procedural disputes concerning City's obligation to provide relocation
21 assistance benefits to Displaced Persons, the parties agree as follows:

22 **A. Relocation Assistance Application and Appeal Procedure.**

23 Within thirty (30) days of the Date of Approval, City shall revise and/or amend City's
24 current relocation assistance and appeals process as it applies to Displaced Persons under this
25 Agreement, so that the RAAP attached hereto and incorporated herein as Exhibit 2 applies to all
26 past, pending and future relocation assistance claims by Displaced Persons, including
27 redeterminations of previously decided claims. Displaced Persons with past or pending
28

1 relocation assistance claims that were previously decided by the City, are awaiting
2 determination, or that are redetermined pursuant to Part III of this Agreement shall be permitted
3 to supplement the record regarding their claim.

4 **B. Identification of Displaced Persons.**

5 **1. Displaced Persons Identification List.** Within thirty (30) days of the
6 Date of Approval of this Agreement, the Special Master shall update the March 11, 2005 list of
7 all Displaced Persons ("Displaced Persons Identification List or DPIL") that will be used to
8 provide notice and/or re-notice of relocation assistance benefits as set forth in Part IV.C. below.
9 The Special Master shall provide the updated DPIL to the City and Plaintiffs' Local Counsel and
10 the Oakland Office of Western Center on Law and Poverty immediately upon completion. The
11 updated DPIL shall include approximately one hundred (100) Displaced Persons for whom the
12 relocation assistance notices distributed in or about August 2002 ("2002 Relocation Assistance
13 Notice", a true and correct copy of which is attached hereto as Exhibit 3) were returned to City
14 by the U.S. Post Office, those approximately seven (7) persons who may have been displaced
15 from the Steve's Hotel of whom the City is aware, all Displaced Persons that submitted claims
16 for relocation assistance benefits pursuant to the 2002 and 2005 Relocation Assistance Notices,
17 and any other Displaced Persons potentially entitled to recalculation of the RHP or to new
18 benefits pursuant to Part III. The updated DPIL shall include all available identifying
19 information, including but not limited to social security numbers, the last known address and
20 telephone number of the Displaced Person, the name of the hotel from which each claimant is
21 believed to have been displaced, the approximate date that the Displaced Person was displaced,
22 whether the claimant receives and/or received Section 8 rental assistance or General Relief at the
23 time of displacement, and the status and nature of any relocation assistance claim previously
24 received by City. Nothing shall prevent either party from objecting to the addition or deletion of
25 a person from the DPIL. The party shall notify the Special Master of any such objection, and
26 provide the basis for the objection, within thirty (30) days of receipt of the updated DPIL.
27 **2. Updated Displaced Persons Identification List.** The Updated DPIL will
28 be used for purposes of notice and re-notice to Displaced Persons. The Special Master also shall

1 use the Updated DPL to identify those Displaced Persons who previously submitted relocation
2 assistance claims and/or an appeal of any decision that involves any of the policies and
3 procedures subject to revision pursuant to this Agreement, including claims for an RHP where
4 City's prior Comparable Rent, Section 8 and General Relief policies were applied; any claims
5 involving lost belongings; and any appeals involving an issue related to City's prior application
6 and appeal process. The Special Master shall ensure that any new Relocation Assistance Notice
7 is consistent with this Agreement and the sample Relocation Assistance Notice, Questions and
8 Answers, and Addenda A through D describing RHP Categories A, B, C, and D, attached hereto
9 as Exhibit 3D.

10 3. Review of RHP Claims Involving "Gap" RHP Issues. Except for the
11 claims jointly reviewed and recalculated by Plaintiffs' and Defendants' counsel pursuant to the
12 Order Enforcing Preliminary Injunction entered February 7, 2005, the Special Master shall
13 review all relocation assistance claims files involving Section 8 and Comparable Rent Gap RHP
14 issues, as identified pursuant to Part IV.B, above, in an effort to determine the amount of the
15 "gap" RHP payment, if any, to which each such claimant may be entitled. To the extent the
16 Special Master requires additional information to determine the amount of any "gap" RHP
17 payment to which a Section 8 participant may be entitled, the Special Master shall first attempt
18 to obtain the necessary information from the claimant. If the information is unavailable from the
19 claimant, the Special Master shall contact the San Joaquin Public Housing Authority ("PHA") to
20 develop a process for obtaining the needed information from the PHA, including but not limited
21 to requesting the PHA to mail an authorization for the release of information to each such
22 claimant at their last known address in order to permit the Special Master to review the
23 claimant's PHA file.

24 C. Notice and Re-Notice of Right to Relocation Assistance and Benefits.
25 Within thirty days (30) days upon completion of the Updated Displaced Persons
26 Identification List, the Special Master shall provide notice and/or re-notice to Displaced Persons
27 of the right to relocation assistance and benefits, including but not limited to the following:
28

1 1. Posting Notice. The Special Master shall post in a place accessible to and
2 visible by members of the public, the Notice of Relocation Assistance and Benefits attached
3 hereto and incorporated herein as Exhibit 5, at each of the following locations: the local office of
4 the Social Security Administration, San Joaquin County Department of Mental Health, San
5 Joaquin County Human Services Agency, and PHA. The One Hundred Twenty (120) day time
6 limitation for submission of claims set forth in Exhibit 5 shall not apply to claims that are
7 concurrently recalculated by the Special Master pursuant to Part III.C.

8 2. Notice Via Public Agencies. The Special Master shall provide (a) a list
9 of the approximately 100 Displaced Persons for whom the August 2002 Relocation Assistance
10 Notices were returned and a list of the Steve's Hotel Displaced Persons drawn from the Updated
11 DPL; (b) the Relocation Assistance Claims Form attached hereto as Exhibit 6, and (c) the
12 Notice attached hereto as Exhibit 5 to the following agencies: the local office of the Social
13 Security Administration, San Joaquin County Department of Mental Health, San Joaquin County
14 Human Services Agency, and the PHA, together with a written request that each of those
15 agencies review Item (a) to determine whether such agency has a record of a present or last
16 known address for any person included on the list, and if so, requesting that the agency either
17 provide the address of the person to the Special Master or mail Items (b) and (c), together with a
18 cover letter from the Special Master, to each such Displaced Person at the current or last known
19 address reflected in the agency's record. The Special Master shall also request that each Agency
20 provide the Special Master with a list of the information as to the names of all Displaced Persons
21 to whom the Agency mailed the Special Master's cover letter and Items (b) and (c) and, if
22 possible, a copy of Item (a) crossing out the names of all Displaced Persons to whom the agency
23 mailed Items (b) and (c). The Special Master's request also shall advise each such Agency that
24 the Special Master will reimburse each Agency for any reasonable postage and mailing supplies
25 necessary to accomplish such mailing. The Special Master shall simultaneously provide the City
26 and Plaintiffs' Local Counsel and the Oakland Office of Western Center on Law and Poverty
27 with a copy of the written request and enclosures sent to each such Agency. Within five (5) days
28 of receipt of return information from each Agency, the Special Master shall provide a copy of the

1 information to the City and Plaintiffs' Local Counsel and the Oakland Office of Western Center
2 on Law and Poverty.
3
4 3. Notice By Mail to Former and Pending Claimants. Within five (5)
5 days after completion of the Updated DPL pursuant to Part IV.B above and in no event more
6 than thirty (30) days after the posting of notice pursuant to Part IV.C.1 above, the Special Master
7 shall mail a written notice to all Displaced Persons with past and pending claims for relocation
8 assistance of the City's revised policies and procedures regarding the City's Relocation
9 amount of relocation assistance benefits the claimant has received or will receive in the future.
10 The notice shall advise each Displaced Person that Defendants will send each such Displaced
11 Person a Determination or Redetermination Notice by the Special Master within thirty (30) days
12 advising the Displaced Person of the effect of the changed policies on the Displaced Person's
13 claim for relocation assistance benefits, or if needed, requesting additional information from the
14 Displaced Person in order to complete the Special Master's Determination or Redetermination.
15 The notice also shall include the 2005 Relocation Assistance Notice (Ex. 3D), as may be revised
16 by the Special Master, Exhibits 1 and 2 to this Agreement, and advise claimants that they may
17 contact Special Master if they have any questions regarding the status of their claim. The notice
18 shall be mailed to each Displaced Person at the address set forth on the Updated DPL, or if
19 different, to the most recent address that the Special Master has for the Displaced Person. A
20 copy of each such Notice, Determination, and Redetermination Notice shall be simultaneously
21 mailed to the City and Plaintiffs' Local Counsel and the Oakland Office of Western Center on
22 Law and Poverty, and shall be subject to the Stipulated Protective Order entered on February 7,
23 2005 and attached hereto as Exhibit 4.
24
25 4. Time to Apply. Except as otherwise provided in Part III or Part IV of this
26 Agreement, a claim for benefits pursuant to the Notices that are posted and mailed pursuant to
27 Part IV must be submitted within One Hundred Twenty (120) Days from the date the Notice is
28 posted. Any Notice that is mailed shall give the Displaced Person at least Ninety (90) Days to
submit a claim, but in no event shall the deadline for submitting a claim be any earlier than the

1 deadline for the posted Notice. Any Notice that is posted or mailed shall include the date the
2 notice was posted or mailed and shall set forth the date by which the Displaced Person must
3 submit an application for benefits. In the event the deadline for submitting a claim pursuant to a
4 Notice that is mailed is later than the deadline set forth on the posted Notice, the mailed Notice
5 shall state that the time to submit an application has been extended to a date certain as set forth
6 on the mailed Notice, and such date shall not be less than Ninety (90) Days from the date of
7 mailing.
8
9 5. Processing of Applications. Except as otherwise provided in this Part IV,
10 the Special Master shall process applications or requests that result from the noticing provided
11 for in this Part IV in accordance with the R.A.P., including any applications or requests that the
12 Special Master determines are untimely. Nothing in this subpart shall preclude the Special
13 Master from issuing a determination pursuant to the R.A.P. that such application or request is
14 untimely.

14 V. RELOCATION ASSISTANCE PAYMENTS TO INDIVIDUAL PLAINTIFFS.

15 Notwithstanding the Relocation Assistance Policies and Procedures set forth in Parts III
16 and IV of this Agreement, within seven (7) calendar days of the Date of Approval, Plaintiffs
17 shall provide Defendants' Counsel with an executed General Release and waiver of all claims
18 against the City and Agency and their respective officers, employees, agents and representatives,
19 in a form substantially the same as the General Release attached hereto to and incorporated
20 herein as Exhibit 10. Within fourteen (14) calendar days of delivery of said General Release to
21 Defendants' Counsel, Defendants City or Agency shall issue a check in the amount of \$45,000,
22 less any RHP payments made to or on behalf of Plaintiffs Dwan Henderson, Richard Price,
23 Lucinda Watson and Lance White between the period November 1, 2005 and Date of Approval
24 ("Relocation Assistance Payment to Individual Plaintiffs"), payable to California Rural Legal
25 Assistance Client Trust Fund for distribution to the Individual Plaintiffs. Plaintiffs shall have
26 sole responsibility for determining how the Relocation Assistance Payment to Individual
27 Plaintiffs is allocated among the Individual Plaintiffs.
28

VI. REPLACEMENT OF LOWER INCOME HOUSING UNITS

To resolve the disputes concerning City's obligation to replace the lower income housing units located in the downtown residential buildings currently known by the names listed below, Defendants shall construct or cause the construction of 340 units of lower income housing within the City of Stockton ("replacement unit obligation"), as set forth in this Part VI of the

Agreement. The residential buildings are the Alex, Commercial, Earle, El Tecolote, Jackson, Land, La Veta, Main, St. Leo's, Terry and Toni Hotels; Hunter Apartments; and Stanislaus Apartments.

A. Credit for Hotel Stockton Units. One hundred fifty five (155) residential units located at the property commonly known as the Hotel Stockton shall count towards the 340 replacement unit obligation, provided that:

1. Affordability Levels and Period of Affordability.

a. Affordability at or below 35% of AMI. At least 78 units (48 studio units and 30 one-bedroom units) shall be available at Affordable Rent to, and occupied by, households with incomes at or below 35% of the Area Median Income (AMI) for a period of at least 55 years.

b. Affordability at or below 45% of AMI. The remaining 77 units (48 studio units and 29 one-bedroom units) shall be available at Affordable Rent to, and occupied by, households with incomes at or below 45% of the AMI for a period of at least 55 years.

c. TCAC Regulatory Agreement. The parties acknowledge that the above affordability requirements are consistent with the California Tax Credit Allocation Committee (TCAC) regulatory agreement covering the Hotel Stockton and executed on or about October 5, 2005 by Hotel Stockton Investors, a California Limited Partnership.

2. Removal of Any Contrary Restrictions, Targeting or Preferences for

Seniors. The Agency shall ensure that the owners and managers of the Hotel Stockton will not in any way restrict occupancy of the Hotel Stockton units to seniors or otherwise target or prefer senior applicants in the selection of tenants for the Hotel. The Agency will implement this obligation by causing the following actions to be taken:

a. Amendment of Agency Regulatory Agreement. Within sixty (60) days of the Date of Approval, the Agency shall cause the Agency Regulatory Agreement

covering the Hotel Stockton to be amended to delete any reference to or indication that any units in the Hotel are or will be restricted for or targeted to occupancy by seniors or that any preference will be granted to seniors in the selection of tenants for the Hotel. The amended

regulatory agreement shall be recorded in the Office of the San Joaquin County Recorder within ninety (90) days of the Date of Approval, and a copy of the Regulatory Agreement, reflecting that it has been recorded, shall be provided to Plaintiffs' Local Counsel and the Oakland Office of the Western Center on Law and Poverty within one hundred twenty (120) days of the Date of Approval.

b. Amendment of Outreach and Informational Materials. Within ten (10) days of the Date of Approval, Defendants shall delete from any Agency or City outreach or informational materials any reference to or indication that any units in the Hotel are or will be restricted for or targeted to occupancy by seniors or that any preference will be granted to seniors in the selection of tenants for the Hotel. Defendants' actions in this regard shall include amending the websites of the Agency and the City. Within thirty (30) days of the Date of Approval, the Agency shall also cause similar amendment of any outreach, informational or marketing materials of the owners and managers of the Hotel Stockton.

1 c. Affirmative Marketing. Within thirty (30) days of the Date of
2 Approval, the City and Agency shall cause the marketing, advertising and other communications
3 regarding the availability of the Hotel Stockton to indicate that the Hotel Stockton is not
4 restricted to occupancy by seniors, nor are seniors preferred in any way in the Hotel's tenant
5 selection process. The affirmative marketing shall include, but is not limited to, City, Agency,
6 and Hotel Stockton website information, informational fliers, and providing notice to local social
7 service organizations that the Hotel Stockton units are not restricted to senior households.
8
9 3. Priority for Displaced Persons. Within sixty (60) days of the Date of
10 Approval, Defendants shall ensure that all Displaced Persons as defined in this Agreement are
11 placed at the top of the Hotel Stockton tenant waiting list. The Displaced Persons shall have a
12 right of first refusal for Hotel units as they become available as set forth in Part VI.B.4. below.
13 Defendants shall ensure that all Displaced Persons identified on the Updated DPIL prepared by
14 the Special Master pursuant to Part IV of this Agreement and all Displaced Persons with past,
15 pending or future relocation assistance claims receive a written notice that their name has been
16 added to the Hotel Stockton waiting list ("Waiting List Notice"). The notice shall advise
17 Displaced Persons of the method and manner by which Displaced Persons will be notified of a
18 vacancy at the Hotel Stockton, and any steps the Displaced Persons must take to ensure receipt
19 of notices of any vacancies at the Hotel Stockton. A copy of each Waiting List Notice shall be
20 simultaneously provided to Plaintiffs' Local Counsel and the Oakland Office of Western Center
21 on Law and Poverty. Nothing in this provision shall be construed to require the Hotel Stockton
22 owner or operator to provide notice of each vacancy to all persons on the waiting list.
23
24 B. Remaining 185 Replacement Units. The City shall construct or cause to be
25 constructed the remaining 185 replacement units as follows:
26
27 1. Affordability Levels and Period of Affordability.
28

1 a. Affordability at or below 30% of AMI. At least 100 units shall be
2 available at Affordable Housing Cost or Affordable Rent to, and occupied by, households with
3 incomes at or below 30% of the AMI for a period of at least 55 years.
4
5 b. Affordability at or below 60% of AMI. 85 units shall be available at
6 Affordable Housing Cost or Affordable Rent to, and occupied by, households with incomes at or
7 below 60% of the AMI for a period of at least 55 years.
8
9 2. Timing for Construction of Replacement Units. City will complete
10 construction of the remaining 185 replacement units pursuant to the following schedule:
11
12 a. By December 31, 2009. Fifty percent (50%) of the 100 units available
13 at Affordable Housing Cost or Affordable Rent to households with incomes at or below 30% of
14 the AMI and fifty percent (50%) of the 85 units available at Affordable Housing Cost or
15 Affordable Rent to households with incomes at or below 60% of the AMI shall be completed by
16 December 31, 2009.
17
18 b. By December 31, 2010. Fifty percent (50%) of the 100 units available
19 at Affordable Housing Cost or Affordable Rent to households with incomes at or below 30% of
20 the AMI and fifty percent (50%) of the 85 units available at Affordable Housing Cost or
21 Affordable Rent to households with incomes at or below 60% of the AMI shall be completed by
22 December 31, 2010.
23
24 c. Completion of 185 Units. Satisfaction of Part VI.B.2 of the
25 Agreement shall mean that construction and recording of affordability covenants and non-senior
26 restrictions for all 185 units shall be completed and certificates of occupancy, final inspection
27 and authorizations, or their equivalent, issued by the dates set forth herein.
28
29 3. Additional Credit for Deeper Targeting. Notwithstanding the number
of units set forth in Part VI.B.1.b, the City shall receive a .5 credit against a unit available at 60%

1 of the AMI for each unit, beyond the 100 units set forth in Part VI.B.1.a, that is available at
2 Affordable Housing Cost or Affordable Rent to, and occupied by, households with incomes at or
3 below 30% of the Area Median Income.
4
5 4. Location of 185 Units. The 185 replacement units shall be located within
6 the City of Stockton and shall be near public transit and services.
7
8 5. Right of First Refusal for Displaced Persons. All Displaced Persons
9 shall have a right of first refusal for admission to any of the 185 replacement units constructed
10 pursuant to this Agreement, so long as they would otherwise meet all requirements imposed by
11 statute, regulation or funding source for admission to such housing. Defendants therefore agree
12 to take all appropriate steps to implement this right of first refusal when funding, providing
13 incentives to, regulating, or restricting any housing units constructed pursuant to this Agreement,
14 including but not limited to, notifying the owners of said units of this provision and requiring the
15 owners to provide the City with the anticipated construction and/or rehabilitation schedule,
16 anticipated date of availability, and anticipated date that applications for rent or sale will be
17 taken. The City shall further require that said schedule be submitted to the City within sufficient
18 time to provide Plaintiffs' Counsel with a written notice of the anticipated schedule at least 45
19 days in advance of the date that rental or sale applications will be taken by the developers and/or
20 owners. The City shall provide Plaintiffs' Local Counsel and the Oakland Office of Western
21 Center on Law and Poverty with copies of all anticipated and/or revised schedules within five (5)
22 days from Defendants' receipt of such schedules from the developers and/or owners.
23
24 C. Not Restricted to Seniors. In order to count towards the replacement unit
25 obligations of this Agreement, the City shall ensure by regulatory agreement and recorded
26 covenants that none of the replacement units are restricted to seniors or the elderly.
27
28 D. Length of Affordability: Legal Requirements. In order to count towards the
requirements of this Agreement, all units constructed for households at the income levels set

1 forth in Parts VI.A and VI.B shall remain available to and occupied by households at those
2 income levels for the longest feasible time as defined in Health & Safety Code § 33334.3, but not
3 for fewer than 55 years, and shall have covenants of affordability that run with the land recorded
4 with the San Joaquin County Recorder's office insuring such affordability, pursuant to Health &
5 Safety Code § 33334.3 and require Monitoring. The City shall provide a copy of the recorded
6 covenants to Plaintiffs' Local Counsel and the Oakland Office of Western Center on Law and
7 Poverty within thirty (30) days of the date of recording.
8
9 B. Replacement Units Not Double Counted. Except as expressly provided in this
10 Part VI of the Agreement, the 340 Replacement Units shall not be counted to meet any other
11 replacement housing obligation of Defendants.
12
13 VI. RELOCATION ASSISTANCE AND REPLACEMENT HOUSING PLANS.
14
15 A. The Main Hotel.
16
17 1. Notice to Tenants. Within fifteen (15) days of the Date of Approval of this
18 Agreement, the City shall issue a Notice of Eligibility to all persons currently residing at the
19 property commonly known as the Main Hotel. Said notices shall conform to California and
20 federal laws and implementing regulations governing the provision of residential relocation
21 assistance, including the California Relocation Assistance Act, and the CRL, and by informing
22 the Main Hotel residents that they will be entitled to relocation assistance and benefits if the City
23 requires them to move, that the City is not currently requiring them to move, and that if they
24 move prior to receiving a 90-day notice to move, they may lose their entitlement to relocation
25 assistance and benefits. Said Notice of Eligibility shall be substantially the same as the notice
26 attached hereto to and incorporated herein as Exhibit 7 of this Agreement.
27
28 2. Survey of Tenants. Within thirty (30) days of the Date of Approval of this
Agreement, the City shall survey and identify all current residents of the Main Hotel and compile
a list that includes the name, unit number and, if available from the Main Hotel operator or if

provided by the resident, the source and amount of income of each person currently residing at the Main Hotel. This list shall be provided to Plaintiffs' Local Counsel and the Oakland Office of Western Center on Law and Poverty, with the residents' names redacted, within thirty (30) days of the Date of Approval of this Agreement, provided however, that the complete list, including residents' names, shall be subject to disclosure to Plaintiffs' Counsel in the event Plaintiffs file a motion to enforce the Agreement based on an alleged breach of this Part VII.

3. Relocation Assistance Plan. Not less than six (6) months prior to displacing any persons residing at the Main Hotel, the City shall prepare a Relocation Assistance Plan for the Main Hotel in accordance with California laws and implementing regulations governing the provision of residential relocation assistance, including the California Relocation Assistance Act and the CRL. The City shall follow the Relocation Assistance Plan in carrying out relocation from the Main Hotel.

B. The James, Mariposa, and Steve's Hotels.

1. Lower Income Residential Units Removed By City or Agency. In the event the City or Agency acquires the properties now known as the James, Mariposa or Steve's Hotels by purchase or eminent domain, and the lower income residential units located at the property or properties are subsequently demolished, converted or otherwise removed by the City, Agency or any other person or entity, or are demolished, converted or otherwise removed by the City or Agency prior to acquisition by purchase or eminent domain, the City or Agency shall replace the units or cause the units to be replaced in accordance with the CRL within eight years of the date of acquisition or four years of the date of demolition, conversion or removal, whichever is earlier. Seventy-five percent (75%) of the replacement units for these Hotels shall be available at Affordable Housing Cost or Affordable Rent to, and occupied by, households with incomes at or below 30% of the AML.

2. Lower Income Residential Units Removed By Private Owner. In the event a current or future private owner of any of the properties currently known as the James, Mariposa, and Steve's Hotels demolishes, converts, or otherwise causes the removal of the residential units currently located at the properties, and the property is subject to an agreement with the City or the Agency, or receives financial assistance from the City or Agency, the City or Agency shall prepare replacement housing plans in accordance with the applicable California and federal laws and regulations, including Section 104(d) and the CRL, and shall replace or ensure the replacement of the units within four years of the date of the acquisition, demolition, conversion or removal. Seventy-five percent (75%) of the replacement units for these Hotels shall be available at Affordable Housing Cost or Affordable Rent to, and occupied by, households with incomes at or below 30% of the AML.

3. Total Number of Units. For purposes of this Part VII.B, there are currently 49 lower income residential units located at the James, Mariposa, and Steve's Hotels, as follows: James Hotel has 7 units; Mariposa Hotel has 27 units, and the Steve's Hotel has 15 units.

VIII. IMPLEMENTATION OF SETTLEMENT

A. Settlement Process.

1. A final version of this Agreement, including a complete attorneys' fees and costs provision, shall be completed and presented to Defendants City Council and Redevelopment Agency at their regularly scheduled meeting(s) on or before December 13 2005, respectively, for approval and authorization to their designated representatives to execute the Agreement.

2. In the event the City Council and Redevelopment Agency approve the Agreement, Defendants shall file a Notice of Settlement with the U.S. Court of Appeal, Ninth Circuit, within three (3) business days of the Date of Approval. Within five (5) days of said approval and

1 authorization for execution of the Agreement, the parties shall execute the Agreement and submit
2 it to the District Court for entry of the Stipulated Judgment.

3 3. Effective as of the date of entry of judgment, the Plaintiffs and Defendants agree that
4 the orders of the Court issued May 2, 2002, June 14, 2002, February 7, 2005, and August 9, 2005
5 shall have no further force or effect.

6 4. Time is of the essence.

7
8 B. Form of the Agreement. This Agreement shall be entered into as a Stipulated
9 Judgment, and shall be contingent upon entry of judgment thereon, specifically incorporating this
10 Agreement, by the Court.

11 C. Release of Claims. Upon execution of this Agreement, and in consideration of
12 the Parties' performance under this Agreement, Defendants and Plaintiffs agree to mutually and
13 generally release each other from all claims that are or have been made in this action through the
14 Date of Approval of the Agreement by executing and exchanging the General Release attached
15 hereto as Exhibit 10. Defendants authorize Defendant Mark Lewis to execute the General
16 Release on behalf of each and every Defendant. This release shall not extend to any claim or
17 cause of action arising from or related to subsequent events, except to the extent such claims or
18 causes of action are resolved by this Agreement.

19 D. Effective Date; Counterparts. This Agreement shall be effective as of the Date
20 of Approval. This Agreement may be executed in any number of counterparts, each of which
21 when so executed shall be deemed to be an original and all of which taken together shall
22 constitute one and the same agreement. Delivery of an executed counterpart of a signature page
23 to this Agreement by facsimile shall be as effective as delivery of a manually executed
24 counterpart of this Agreement.

25 E. Integration. This Agreement embodies the entire agreement and understanding
26 which exists between the signatories hereto with respect to the subject matter hereof and
27 supersedes all prior and contemporaneous agreements, representations, and undertakings. No
28

1 supplement, modification, or amendment of this Agreement shall be binding unless executed in
2 writing by the parties. For purposes of any supplement, modification, or amendment of the
3 Agreement, plaintiff Interfaith Council, together with any one of the individual plaintiffs, is
4 authorized to execute a supplement, modification, or amendment of the Agreement on behalf of
5 all plaintiffs. If diligent efforts by Plaintiffs' Counsel to locate at least one of the individual
6 plaintiffs to execute a supplement, modification, or amendment of the Agreement are
7 unsuccessful within sixty (60) days of receipt of a proposed request to supplement, modify or
8 amend the Agreement, plaintiff Interfaith Council may execute any proposed supplement,
9 modification, or amendment of the Agreement that has been approved by the District Court or
10 the Magistrate Judge pursuant to noticed motion by Interfaith Council. For purposes of any
11 supplement, modification, or amendment of the Agreement, the City Manager or his or her
12 designee is authorized to execute a supplement, modification, or amendment of the Agreement
13 on behalf of all defendants. No waiver of any of the provisions of this Agreement shall be
14 deemed, or shall constitute, a waiver of any other provisions whether or not similar, nor shall any
15 waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by
16 the party making the waiver.

17
18 F. Gender/Lense. Whenever required by the context hereof, the singular shall be
19 deemed to include the plural, and the plural shall be deemed to include the singular, and the
20 masculine, feminine and neuter genders shall each be deemed to include the other.

21 G. Construction. The parties hereto acknowledge and agree that (i) each party
22 hereto is of equal bargaining strength, (ii) each party has actively participated in the drafting,
23 preparation and negotiation of this Agreement, (iii) each party has consulted with such party's
24 own, independent legal counsel, and such other professional advisors as such party has deemed
25 appropriate, relative to any and all matters contemplated under this Agreement, (iv) each party
26 and such party's legal counsel and advisors have reviewed this Agreement, (v) each party has
27
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1 agreed to enter into this Agreement following such review and their rendering of such advice,
2 and (v) any rule of construction to the effect that ambiguities are to be resolved against the
3 drafting parties shall not apply in the interpretation of this Agreement, or any portions hereof, or
4 any amendments hereto.

5 H. Attorneys' Fees and Costs. City shall pay the total amount of \$1,500,000 in
6 attorneys' fees and \$67,748.93 in costs to the California Affordable Housing Law Project of the
7 Public Interest Law Project, Western Center on Law and Poverty, and Scott Chang as attorneys'
8 fees and costs incurred through the Date of Approval. Said payments shall be made payable and
9 delivered to the California Affordable Housing Law Project of the Public Interest Law Project as
10 follows:
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1. One-third of the fees and all of the costs payable on or before January 31,
2006.
2. One-third of the fees plus accrued interest due on or before January 1,
2007.
3. The balance of the fees plus accrued interest due on or before August 1,
2007.
4. Interest to be based on the State of California Local Agency Investment
Fund in effect from time to time, but in no event less than 3.4% per annum. Interest accrues
from January 1, 2006 on the second two payments referred to in sub-paragraphs 2 and 3, above.

I. Enforcement of Agreement.

1. Jurisdiction. The Stipulated Judgment shall specify that the Court retain
jurisdiction over the lawsuit and the parties until final performance of this Agreement, for the
purpose of enforcing this Agreement.
2. Breach. If any party allegedly breaches this Agreement, then any party
alleging breach shall notify the breaching party in writing. The notice shall set forth, with

1 reasonable particularity, the alleged breach. The party alleged to have breached this Agreement
2 shall meet with the party giving notice and attempt to resolve the alleged breach within thirty
3 (30) days of the mailing of the notice of alleged breach. The parties further agree that within
4 thirty (30) days of that meeting, they will attempt to resolve any remaining dispute concerning
5 the alleged breach through mediation before Judge James of TAMS, at defendants' expense;
6 provided however, that plaintiffs shall not be required to mediate any alleged breach of Part
7 VII.A of the Agreement. If the parties cannot resolve the alleged breach within this time, any
8 party may file a motion in the Eastern District of California for enforcement of this Agreement.
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3. Notices. Any notices, progress reports, or other document required to be
provided pursuant to this Agreement shall be sent to the parties at the following address, or any
subsequent address or person provided by a party:

Plaintiffs:

Plaintiffs' Local Counsel:
Shirley Edwards, Directing Attorney
California Rural Legal Assistance
20 N. Sutter Street, Suite 203
Stockton, CA 95202

Western Center on Law and Poverty/Oakland Office
S. Lynn Martinez
Western Center on Law and Poverty
449 15th Street, Suite 301
Oakland, CA 94612

California Affordable Housing Law Project
Deborah Collins
California Affordable Housing Law Project
The Public Interest Law Project
449 15th Street, Suite 301
Oakland, CA 94612

Defendants:
City of Stockton
425 N. El Dorado Street, 3rd Floor
Stockton, CA 94590
Attention: Director of Redevelopment

City Attorney
425 N. El Dorado Street, 2nd Floor
Stockton, CA 94590

Lee Rosenthal
Goldfarb & Lipman LLP
1300 Clay Street, 9th Floor
Oakland, CA 94612

4. Other Actions. This Agreement shall not preclude separate legal action to challenge any City or Agency actions or inactions regarding future vacating, acquisition, closure, demolition, conversion or removal of any currently occupied residential properties within the City's jurisdictional boundaries.

5. Actions by Displaced Persons. If a Displaced Person initiates a lawsuit against the City or Agency for relief arising out of City or Agency actions that are the subject of this litigation, the City and Agency shall not be bound by the terms of this Agreement with respect to that Displaced Person.

6. Agents; Successors in Interest. This Agreement shall be binding on the parties, and shall inure to the benefit of, their respective employees, agents, officers, heirs, legal representatives, assigns, and successors in interest. Defendants authorize Defendant Mark Lewis to execute this Agreement on behalf of each of the Defendants and their successors in this action. Attached hereto and incorporated herein as Exhibits 8 and 9, respectively, are true and correct copies of the Annotated Agenda of the City Council and Redevelopment Agency dated December 13, 2005 reflecting unanimous approval of this Agreement by the City Council and Agency.

7. Further Documents and Acts. The parties hereto agree to execute such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, consummate or perform any of the terms, provisions or conditions of this Agreement.

IN WITNESS WHEREOF, the undersigned agree and stipulate to the terms and conditions stated above:

PLAINTIFFS:

DATED: December 15, 2005

Richard Price
Richard Price

George Baker

Stanford Cobbs
Dwain Henderson

Lucinda Watson

Lance White

INTERFATH COUNCIL OF SAN JOAQUIN

BY: Munirah L. Brown
[Title] Secretary

DEFENDANTS:
CITY OF STOCKTON AND STOCKTON CITY COUNCIL

DATED: December 15, 2005

[Title]

REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

DATED: December 15, 2005

[Title]

1 IN WITNESS WHEREOF, the undersigned agree and stipulate to the terms and
2 conditions stated above:
3 PLAINTIFFS:

4
5 DATED: 12-19, 2005

Richard Price

~~George Baker~~

Stanford Cobbs

Dwain Henderson

Lucinda Watson

Lance White

INTERFAITH COUNCIL OF SAN
JOAQUIN

BY: [Title]

18
19 DEFENDANTS:
20 CITY OF STOCKTON AND STOCKTON CITY COUNCIL

21
22 DATED: _____, 2005

[Title]

23
24 REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

25
26 DATED: _____, 2005

[Title]

1 IN WITNESS WHEREOF, the undersigned agree and stipulate to the terms and
2 conditions stated above:
3 PLAINTIFFS:

4
5 DATED: 12-15-05, 2005

Richard Price

George Baker

~~Stanford Cobbs~~

Dwain Henderson

Lucinda Watson

Lance White

INTERFAITH COUNCIL OF SAN
JOAQUIN

BY: [Title]

18
19 DEFENDANTS:
20 CITY OF STOCKTON AND STOCKTON CITY COUNCIL

21
22 DATED: _____, 2005

[Title]

23
24 REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

25
26 DATED: _____, 2005

[Title]

1 IN WITNESS WHEREOF, the undersigned agree and stipulate to the terms and
2 conditions stated above:

3 PLAINTIFFS:

4 DATED: _____, 2005

5 Richard Price

6 George Baker

7 Stanford Cobbs

8 Dwain Henderson

9 Lucinda Watson

10 Lance White

11 INTERFAITH COUNCIL OF SAN
12 JOAQUIN

13 BY: _____
14 [Title]

15 DEFENDANTS:

16 CITY OF STOCKTON AND STOCKTON CITY COUNCIL

17 DATED: _____, 2005

18 [Title] Mark Lewis, City Manager

19 REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

20 DATED: _____, 2005

21 [Title] Mark Lewis, City Manager

23 APPROVED AS TO FORM AND CONTENT:

24 DATED: _____

25 CALIFORNIA RURAL LEGAL
26 ASSISTANCE, INC.

27 CALIFORNIA AFFORDABLE HOUSING
28 LAW PROJECT OF THE PUBLIC
INTEREST LAW PROJECT

WESTERN CENTER ON LAW &
POVERTY

D. SCOTT CHANG

By: _____
Attorneys for Plaintiffs

DATED: _____

GOLDFARB & LIPMAN

By: _____
Attorneys for Defendants

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APPROVED AS TO FORM AND CONTENT:

DATED: _____

CALIFORNIA RURAL LEGAL
ASSISTANCE, INC.

CALIFORNIA AFFORDABLE HOUSING
LAW PROJECT OF THE PUBLIC
INTEREST LAW PROJECT


WESTERN CENTER ON LAW &
POVERTY

D. SCOTT CHANG

By: _____
Attorneys for Plaintiffs

DATED: 1/9/06

GOLDFARB & LIPMAN

By: 
Attorneys for Defendants


APPROVED AS TO FORM AND CONTENT
By:  12/27/05
Assistant City Attorney

EXHIBIT B: CITY'S REPLACEMENT HOUSING REQUIREMENTS TABLE

PRICE SETTLEMENT AGREEMENT

In re City of Stockton, California, U.S. Bankruptcy Court, E.D. of California, Case No. 12-32118

PRICE v. CITY OF STOCKTON - REPLACEMENT HOUSING REQUIREMENT

HOTEL STOCKTON UNITS:

Replacement Requirement	155			
Affordability (% of AMI)	35%		45%	
Unit Type	Studio	1 Bdrm	Studio	1 Bdrm
Replaced Units (155*)	48	30	48	29

ADDITIONAL UNITS:

Replacement Requirement		100	85	Placed In Service	
Affordability (% of AMI)		30%	60%		
Replaced Units:					Comments
Winslow Village (39*)	5926 Village Green Dr.	31	3	2006	Other units counted for RDA replacement
Villa Montecito Townhomes (69*)	1339 Kingsley Ave.	7	20	2007	Other units counted for RDA replacement
Marquis Place (20*)	5315 Carrington Cr.	2	10	2008	Other units counted for RDA replacement
Wysteria (64*)	1921 S. Pock Ln.	7	52	2010	Other units counted for RDA replacement
Gleason Park Apartments (92*)	411 S. Stanislaus St.	11	-	2011	Other units counted for RDA replacement
Vintage Plaza (17*)	500 Block E. Sonora St.	3	-	2011	Other units counted for RDA replacement
San Joaquin Apartments (15*)	610 San Joaquin St.	7	-	2012	
Sutter Street Apartments (19*)	1120 N. Sutter Street	3		2014**	Construction completed. Rent up underway.
Casa De Esperanza (69*)	2260 S. Netherton Ave.	17		2014**	Construction began 2/2013
Bradford Apartments (30*)	1020 Rosemarie Ln.	3		2015**	Construction began 3/2014
Covenry Apartments (45*)	4825 Kenfield Rd.	9		2015**	Construction began 5/2014
Subtotal		100	85		
Additional Units Needed		0	0		
Zettie Miller's Haven (81*)	1545 Rosemarie Ln.	61		2016**	City funds committed. Applying for other funding
Subtotal					
Additional Units Needed		(61)			

Notes:

* = Total number of affordable units in the project

** = Anticipated

Projects Underway: Funding secured; Construction started
Project Planned: Funding needed; Timelines uncertain

Updated 9/23/2014

105647

EXHIBIT C:
AMENDED REGULATORY AGREEMENT TEMPLATE

PRICE SETTLEMENT AGREEMENT

In re City of Stockton, California, U.S. Bankruptcy Court, E.D. of California, Case No. 12-32118

**FIRST AMENDMENT TO THE REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

Project Name and Address

This First Amendment to the Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is entered into this _____ day of _____ by and among the City of Stockton in its capacity as Successor Agency to the former Redevelopment Agency of the City of Stockton, a public body corporate and politic (the "Agency"), the City of Stockton, a municipal corporation (the "City"), and _____, a California nonprofit public benefit corporation (the "Owner").

RECITALS

A. The Agency, the City and Owner entered into a Loan Agreement dated as of _____ (the "Loan Agreement"), pursuant to which the Agency and the City provided a loan to the Owner for the development and construction of _____ units of multifamily housing, _____ manager's unit and related improvements (the "Development") to be located on the real property more particularly described in the attached Exhibit A (the "Property").

B. Pursuant to the Loan Agreement, the City, the Agency and the Owner executed a Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") dated as of _____ and recorded against the Property in the Official Records of San Joaquin County on _____ as Instrument No. _____.

C. As permitted under said Agreement, the City wishes to amend certain terms and conditions of the Agreement.

AMENDMENT

The Agreement is hereby amended as follows:

1) Recital ____

2) **ARTICLE 1. DEFINITIONS** – amend or add as needed:

(_____) "Agency" shall mean the former Redevelopment Agency of the City of Stockton and the City of Stockton in its capacity as the Successor Agency to the former Redevelopment Agency, a public body, corporate and politic, and, in the event the Agency ceases to exist, the City of Stockton or such successor entity as the Agency may designate.

() "Thirty Percent Household" shall mean a household with an Adjusted Income which does not exceed thirty percent (30%) of Area Median Income, adjusted for Actual Household Size.

() "Thirty Percent Units" shall mean the Units which, pursuant to Section XX below, are required to be occupied by Thirty Percent Households.

() "Sixty Percent Household" shall mean a household with an Adjusted Income which does not exceed sixty percent (60%) of Area Median Income, adjusted for Actual Household Size.

() "Sixty Percent Units" shall mean the Units which, pursuant to Section XX below, are required to be occupied by Sixty Percent Households.

3) ARTICLE 2. AFFORDABILITY COVENANTS – Amend or add as needed:

() Occupancy Requirements. Not including the _____ manager's unit, the Units shall be occupied by Tenants meeting the following income requirements:

() Thirty Percent Units. ~~XX~~ (XX) of the Units shall be rented to and occupied by or, if vacant, available for occupancy by Thirty Percent Households.

() Sixty Percent Units. ~~XX~~ (XX) of the Units shall be rented to and occupied by or, if vacant, available for occupancy by Sixty Percent Households.

() Allowable Rent

() Thirty Percent Rent. Subject to the provisions of Section XX and XX below as applicable, the Rent (including the Utility Allowance) paid by Tenants of the Thirty Percent Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of thirty percent (30%) of Median Income, adjusted for Assumed Household Size.

() Sixty Percent Rent. Subject to the provisions of Section XX and XX below as applicable, the Rent (including the Utility Allowance) paid by Tenants of the Sixty Percent Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of sixty percent (60%) of Median Income, adjusted for Assumed Household Size.

() Increased Income of Tenant Households.

(a) Increase from Thirty Percent to Very Low Income Household. In the event that, upon recertification of the income of a Tenant of a Unit, Owner determines that a former Thirty Percent Household has an Adjusted Income exceeding the maximum qualifying income limit for a Thirty Percent Household, but not exceeding the income limit for a Very Low Income Household, the Unit shall be considered a Very Low Income Unit, and upon expiration of the Tenant's lease and upon sixty (60) days written notice to the Tenant, the Owner may increase the Rent to an amount not to exceed the

Housing Fund Very Low Income Rent and the Owner shall rent the next available Unit to a Thirty Percent Household to comply with the requirements of Section 2.1 above.

4) **ARTICLE 3. OPERATION AND MAINTENANCE OF THE DEVELOPMENT**

() Preference to Displacees

Owner shall give a preference in the rental of any Units to eligible households displaced by activity of the Agency or the City.

5) **TERMS AND CONDITIONS:** Except as herein modified, all other terms and conditions of the Construction Loan Agreement shall remain in full force and effect

AUTHORITY TO EXECUTE: The undersigned represent and warrant they are each authorized to act on behalf of the parties.

BORROWER: _____ A
California Non-Profit Public-Benefit Corporation

By: _____

Its:

CITY: City of Stockton, A Municipal Corporation

By: _____
Bob Deis
City Manager

APPROVED AS TO FORM:

John M. Luebberke
City Attorney

By: _____

ATTEST:

By: _____
Bonnie Paige
City Clerk of the City of Stockton

EXHIBIT 6

PORTS SETTLEMENT DOCUMENTS

2014-10-07-1602 MR

**SECOND AMENDMENT TO
EVENTS CENTER BALL PARK LICENSE AGREEMENT**

**BETWEEN THE CITY OF STOCKTON
AND
7th INNING STRETCH, LLC**

THIS SECOND AMENDMENT TO EVENTS CENTER BALL PARK LICENSE AGREEMENT (the "**Second Amendment**") is made and effective as of Nov 5, 2014, by and between THE CITY OF STOCKTON ("**City**") and 7th INNING STRETCH, LLC ("**Licensee**"). City and Licensee are sometimes collectively referred to herein as the "**Parties**" and singularly as a "**Party**".

RECITALS

A. City and Licensee executed the Events Center Ball Park License Agreement dated as of March 2, 2004, as amended by The Amendment to License Agreement ("**Amendment**") dated September 12, 2006, and Clarification of Stadium/North Lot Agreement dated June 9, 2008 (collectively the "**License**"), pursuant to which the City provided Licensee a license to use the Ball Park on the terms set forth therein; and

B. City and Licensee have agreed to amend the License as set forth below, which amendments shall be applicable to any renewal and/or extension of the License.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The above Recitals are incorporated herein and deemed a part of this Amendment. Capitalized terms used but not otherwise herein defined are used as defined in the License.

2. Effective Date. This Amendment is contingent upon the approval of this Amendment by the following entities: (1) the City Council of the City of Stockton; (2) Central Parking District/Parking Authority; (3) the California League; (4) Minor League Baseball; and (5) the formal approval of the Plan of Adjustment by the Bankruptcy Court. Once all of the foregoing approvals have been received, this Amendment shall become effective automatically and immediately on the earlier of the following to occur (the "**Effective Date**"): (1) March 2, 2015; or (2) the date of the formal approval of the Plan of Adjustment by the Bankruptcy Court.

3. Additional Fees. The following shall be added to the License as Section 7.2(e):

(e) Additional Fees. Beginning in 2015, the eleventh year of the License, Licensee shall pay to City One Thousand and 00/100 Dollars (\$1,000.00) ("**Additional Fee**") per Stockton Ports' regular season game, except such Additional Fee shall not be charged or paid for (i) exhibition games involving the Sacramento River Cats or other minor league baseball teams, University of the Pacific or Delta College; or (ii) Stockton Ports post-season Home Games. The Additional Fee shall be charged and paid for exhibitions involving any Major League Baseball team, All-Star players, foreign or domestic national or Olympic teams, and similar exhibitions.

4. Facility Fee.

(i) As of the Effective Date, the first five sentences of Section 6.1 of the License are deleted and replaced with the following:

Beginning in 2015, the eleventh year of the License, Licensee shall deposit into the Ball Park Fund the amounts as set forth in the table below (the “**Facility Fee**”), for each Ports Event ticket sold (whether full price or discounted, including the Park Packers Buy-Outs for tickets actually redeemed), Group Sales, Fundraisers (for tickets actually redeemed), Two-for Tuesdays and Buy One, Get One Free Programs as more completely described on Exhibit G attached to the License. The Licensee shall deposit into the Ball Park Fund one-half of the Facility Fee then in effect for each ticket sold under the Sunday Family Dollar Days promotion described on Exhibit G attached to the License.

Period	Facility Fee
Lease Year 11 of the License Agreement through Lease Year 16 of the License	\$2.00
Lease Year 17 of the License Agreement through Lease Year 21 of the License	\$2.25
Lease Year 22 of the License Agreement through Lease Year 25 of the License	\$2.50
Lease Year 26 of the License Agreement through Lease Year 27 of the License Agreement (if First Option to Extend is exercised)	\$2.50
Lease Year 28 of the License Agreement through Lease Year 30 of the License Agreement (if First Option to Extend is exercised)	\$2.75
Lease Year 31 of the License Agreement through Lease Year 32 of the License Agreement (if First Option to Extend is exercised)	\$2.75
Lease Year 33 of the License Agreement through the expiration of the License Agreement (if the Second Option to Extend is exercised)	\$3.00

(ii) As of the Effective Date, the definition of “Facility Fee” in Exhibit A to the License shall be deleted and replaced with the following:

“Facility Fee” see Section 6.1.

5. Naming Rights. As of the Effective Date, Sections 6.2(a) and (b) of the License are hereby deleted in their entirety and replaced with the following:

- (a) The City shall receive ninety percent (90%) of such proceeds (which shall not include revenue from any advertising or Ports inventory rights), which proceeds shall be deposited into the Ball Park Fund to be used in the manner and in the timeframe set forth in Article 7; and
- (b) Licensee shall receive ten percent (10%) of such proceeds (which shall not include revenue from any advertising or Ports inventory right). City shall provide Licensee's portion of the proceeds from the Ball Park Naming Rights Agreement within fifteen (15) days of City's receipt of such funds in the manner and within the timeframe set forth in the Ball Park Naming Rights Agreement.

6. Ten Events.

- (i) As of the Effective Date, the definition of "Ten Events" in Exhibit A to the License shall be deleted and replaced with the following:

"Thirty Five Events" means the thirty five (35) annual events that the Licensee may hold at the Ball Park inside or outside the Baseball Season.

- (ii) As of the Effective Date, all references in the License to "Ten Events" shall be deleted and replaced with "Thirty Five Events". The Thirty Five events shall consist of the following:
 - A. The twenty (20) annual events that Licensee is currently authorized to hold at the Ball Park inside or outside the Baseball Season, pursuant to the terms of the License, and
 - B. The fifteen (15) additional events Licensee is authorized to hold pursuant to this Second Amendment. These additional fifteen events shall be on a cost neutral basis to the City. The Parties, including a City representative, shall meet annually and work in good faith to estimate and mutually agree upon an expense reimbursement schedule for Licensee's use of the Ball Park for such additional fifteen (15) events.

7. Parking.

(a) Beginning in 2015, the eleventh year of the License, Licensee shall be entitled to use and operate the West Parking Lot and retain all proceeds generated by the parking fees charged to patrons of the West Lot Parking Lot, as depicted on Exhibit A to the Amendment dated September 12, 2006, for all Ports Events and up to fifty (50) days per year for Non-Ports Events. Licensee shall give the City written notice of the dates it elects to use and operate the West Parking Lot at least thirty (30) days prior to each Non-Ports Event date.

(b) Exhibit D – Public Parking Facilities Plan is hereby amended to delete all references to the "Public Parking Garage Project" and Licensee's rights with respect thereto.

8. Limited Rent Offset.

(a) Notwithstanding the City's responsibility for the maintenance and repair of the Ball Park, including the field playing surface, the Licensee shall have the right to exercise "self-help" remedies and offset its rent payments to the City to a maximum of \$10,000 during each Baseball Season if the City or Ball Park Operator fails to timely take action or alleviate or mitigate an Emergency or respond to a time sensitive repair or maintenance request by Licensee from meeting the operational standards imposed under the License.

(b) For each exercise by the Licensee of its rights under this Section 8, the Licensee shall provide to the City a report signed by an authorized representative of the Licensee detailing the reasons for and the amount of the rent offset.

(c) Licensee's indemnity obligations under Section 12.4 of the License Agreement shall apply to any liability incurred by the City and the Ball Park Operator in connection with or as a result of faulty, inadequate or substandard repairs and maintenance performed by the Licensee pursuant to this Section 8.

(d) The rights of the Licensee under this Section 8 shall not be exercisable if the Licensee is then in default under this License Agreement.

9. Mutual Release.

(a) The City hereby releases and discharges all claims, demands, causes of action of any type and nature, known or unknown, liquidated or unliquidated, at law or in equity that the City has, had or may have against Licensee and its members, officers, directors, managers, employees and agents, for all actions and failures to act under or related to the License Agreement which occurred prior to the date this Second Amendment is executed.

(b) Licensee hereby releases and discharges all claims, demands, causes of action of any type and nature, known or unknown, liquidated or unliquidated, at law or in equity that Licensee has, had or may have against the City and its officers, directors, managers, employees and agents, including the Ball Park Operator, for all actions and failures to act under or related to the License Agreement which occurred prior to the date this Second Amendment is executed.

10. General. Except as amended by this Amendment, all the terms, conditions and covenants of the License are valid and are hereby ratified and confirmed. Any inconsistencies between this Second Amendment and the License shall be governed by this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be considered an original, and all of which shall be deemed one and the same instrument. The License, as amended by this Second Amendment, contains the entire agreement of the Parties with respect to the matters covered and no other prior promises, negotiations or discussions oral or written made by any party or its employees, officers or agents shall be valid and binding.

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to be effective as of the Effective Date.

"Licensee"

7th INNING STRETCH, LLC

By: _____

Name: _____

Its: _____

Pat Filippone
Pat Filippone
President

"City"

CITY OF STOCKTON,
A charter city

By: _____

Name: _____

Its: Dep. City Manger

Laurie Montes
Laurie Montes

ATTEST:

CLERK OF THE CITY OF

For By _____



APPROVED AS TO FORM AND CONTENT

By _____

City Attorney

EXHIBIT 7

THUNDER SETTLEMENT DOCUMENTS

SECOND AMENDMENT TO
TEAM LEASE FOR STOCKTON EVENTS CENTER
(HOCKEY TEAM)
BETWEEN
THE CITY OF STOCKTON
AND
SC HOCKEY FRANCHISE CORP.

THIS SECOND AMENDMENT TO TEAM LEASE FOR STOCKTON EVENTS CENTER (HOCKEY TEAM) (the "**Second Amendment**") is made and effective as of July 1, 2014, by and between THE CITY OF STOCKTON (the "**City**") and SC HOCKEY FRANCHISE CORP., a Delaware corporation (the "**Tenant**"). City and Tenant are sometimes collectively referred to herein as the "**Parties**" and singularly as a "**Party**".

RECITALS

A. City and IFG-Stockton Franchise Group, Inc. ("**IFG**") executed that certain Team Lease for Stockton Events Center (Hockey Team) dated as of March 2, 2004 (the "**Original Lease**"), pursuant to which the City leased the Stockton Arena (the "**Arena**") to IFG for the purposes of conducting minor league hockey games at the Arena. IFG subsequently assigned the Lease to Tenant, as of April 6, 2010;

B. City and Tenant entered into that certain Amendment to Lease for Stockton Events Center (Hockey Team) on January 25, 2011, but effective as of October 1, 2010 (the "**Previous Amendment**"), amending Section 2.1(a) regarding the Base Rent as set forth in the Lease. The Original Lease and Previous Amendment are collectively referred to as the "**Lease**";

C. Tenant is currently in the last five (5) Hockey Seasons of the Initial Term which expires after the 2014-15 Season;

D. City has designated SMG as its Manager (as such term is defined in Exhibit A to the Lease) in connection with the Lease and the Arena. SMG, or its successors as designated by the City, may as authorized, act on behalf of City under this Lease; and

E. City and Tenant wish to amend the Lease as set forth below, and all the terms hereof applicable to any renewal of the Lease and/or extension thereof, whether by exercise of any one or both of the Options to renew, provided for in the Lease, or extended by any other means or events.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Tenant agree as follows:

1. The above Recitals are incorporated herein and deemed a part of this Second Amendment. Capitalized terms used but not otherwise herein defined are used as defined in the Lease.

2. Effective Date. This Amendment is contingent upon the approval of (1) this Amendment by the City Council of the City of Stockton; and (2) the formal approval of the plan of adjustment by the Bankruptcy Court. However, this Amendment shall become effective automatically and immediately on the earlier of the following to occur (the "**Effective Date**"): (1) July 1, 2014; or (2) the date of the formal approval of the plan of adjustment by the Bankruptcy Court. In the event the plan of adjustment (or a modified version) is ultimately rejected, the terms of the Lease shall be retroactively applied as of the Effective Date, and Tenant shall receive Base Rent (and other) credits in an amount equal to the difference between the amount that would have been due under the Lease and the amount that was paid pursuant to this Amendment (the "**Rent Credit**"). The Rent Credit (if any) shall be applied on a per game basis once it has been determined that the plan of adjustment (or a modified version) has been formally and finally rejected by the Bankruptcy Court. The parties shall enter into an amendment to cancel this Second Amendment and memorialize such Rent Credit.

3. The following shall be added to the Lease immediately after the first paragraph of Section 1.1(a):

(i) Loading Dock Parking. The Tenant shall have access to two (2) parking spaces inside the gated area near the loading dock. In circumstances where the spaces are needed for a Non-Team Event (defined in Section 7 below), the parking spaces may be unavailable to the Tenant. The City will endeavor to be consistent in its treatment regarding the availability of parking spaces near the loading dock for the Manager and the Tenant's two (2) parking spaces.

(ii) Coach's Office. The Tenant shall not be required to move its property out of the coach's office (referenced in Exhibit B Section 3.2) except in the circumstance that a specific event requires the use of the entire Arena floor as a requirement of the event and the same requirement is required for that event in other arenas. The coach's office shall not be available to the Tenant during Non-Team Events (defined in Section 7 below).

4. The following shall be added to the Lease as Section 1.4:

City Revenue. Solely for the City's purposes, any and all revenue received by the City under the Lease shall be considered Operating Revenue pursuant to the terms of that certain Management Agreement dated as of February 25, 2011, by and between the City and SMG.

5. Section 2.1(a) of the Lease set forth in the Previous Amendment is hereby deleted in its entirety and replaced with the following:

(a) **Base Rent.** The Tenant shall pay a base portion of Rent (the “**Base Rent**”) in the following amounts per Home Game:

(i) Four Thousand Two Hundred Fifty Dollars (\$4,250) per Home Game (other than Playoff Home Games and Pre-Season Home Games) and Three Thousand Five Hundred Dollars (\$3,500) per Playoff Home Game or Pre-Season Home Game during the first five (5) Hockey Seasons of the Initial Term.

(ii) Six Thousand Dollars (\$6,000) per Home Game (other than Playoff Home Games and Pre-Season Home Games) and Three Thousand Two Hundred Fifty Dollars (\$3,250) per Playoff Home Game or Pre-Season Home Game during the last five (5) Hockey Seasons of the Initial Term.

(iii) Six Thousand Five Hundred Dollars (\$6,500) per Home Game (other than Playoff Home Games and Pre-Season Home Games) and Three Thousand Seven Hundred Fifty Dollars (\$3,750) per Playoff Home Game or Pre-Season Home Game during the First Option Term (if exercised in accordance with Section 1.3(c)).

(iv) Seven Thousand Dollars (\$7,000) per Home Game (other than Playoff Home Games and Pre-Season Home Games) and Four Thousand Two Hundred Fifty Dollars (\$4,250) per Playoff Home Game or Pre-Season Home Game during the Second Option Term (if exercised in accordance with Section 1.3(c)).

6. Section 2.1(b) of the Lease is hereby amended to add at the end of said Section, the following:

In addition, when the Tenant achieves over one hundred fifty thousand (150,000) in Paid Attendees (defined below) for Home Games in a Fiscal Year (excluding Playoffs) and Fixed Advertising gross revenue exceeds Five Hundred Thousand Dollars (\$500,000) for said Fiscal Year, then the Tenant shall pay to the City as Added Rent the sum of an additional Two Dollars (\$2.00) multiplied by the total number of Paid Attendees for Home Games in such Fiscal Year (excluding Playoffs) which is in excess of one hundred fifty thousand (150,000) Paid Attendees for Home Games in such Fiscal Year (excluding Playoffs). Paid Attendees shall mean the total number of tickets sold or other forms of admission sold for such Home Game (whether full price or discounted). Paid Attendees shall also include all tickets sold or other forms of admission sold for such Home Game (whether full price or discounted) for the Luxury Suites, including “standing room only”.

7. Section 2.3 (e) (i) is deleted and replaced with the following:

The City, through its Manager, shall have the exclusive right to sell all Fixed Advertising. As between the City and the Tenant, an amount equal to thirty-five

percent (35%) of the gross revenue from the sale of Fixed Advertising shall be allocated and paid to the Tenant, and the balance of the gross revenue from the sale of Fixed Advertising shall be allocated and paid to the City. Such amounts shall be paid to the Tenant within ten days after the City's receipt of each installment of Fixed Advertising revenue, and the City shall provide Tenant such payment and report setting forth the basis for determination of the Tenant's share of such revenue.

Provided, however, when the Tenant achieves over one hundred fifty thousand (150,000) in Paid Attendees (defined in Section 2.1(b)) for Home Games in a Fiscal Year (excluding Playoffs) and Fixed Advertising gross revenue exceeds Five Hundred Thousand Dollars (\$500,000) for said Fiscal Year: the Tenant shall receive an amount equal to twenty percent (20%) of the Fixed Advertising gross revenue in excess of \$500,000 instead of the thirty five percent (35%) set forth above.

8. Section 2.3(d) of the Lease is hereby clarified by the addition of the following subsections:

(d) Team Merchandise.

(i) Sale of Team Merchandise at Team Events: Notwithstanding the last sentence of (d) above, Tenant shall have the exclusive right to sell Team Merchandise at Team Events and at the Arena Store during Team Events. As between the City and the Tenant, notwithstanding Section 2.3(k), the Tenant shall be entitled to collect and receive ninety percent (90%) of the Team Merchandise Net Revenue from such Team Events and Tenant shall allocate and pay to the City an amount equal to ten percent (10%) of the Team Merchandise Net Revenue from such Team Events. Notwithstanding any other provision of this Lease, the Tenant shall be solely responsible for and shall pay all expenses associated with the Team Merchandise and the management and staffing of the Arena Store during Team Events.

(ii) Sale of Merchandise at Non-Team Events: The City, through its Manager or a reputable merchandiser engaged by the Manager on the City's behalf, shall have the exclusive right to sell merchandise at events at the Arena at non-team events and the Bob Hope Theater. The City shall be solely responsible for and shall pay all expenses associated with merchandise sales at non-team events at the Arena and Bob Hope Theater and shall retain one hundred percent (100%) of the revenue.

9. Section 2.3 (f) of the Lease is hereby deleted in its entirety and replaced with the following:

(f) Luxury Suites.

(i) City Reservation of Luxury Suites: Notwithstanding any other provisions of this Lease, the City shall have the exclusive right to market and sell, lease or license rights of any nature and duration with respect to the Luxury Suites, except for Team Licensed Suites (defined below) and the Team Luxury Suite (defined in Exhibit A to the Lease). All Luxury Suites other than the Team Licensed Suites and the Team Luxury Suite are referred to herein as “**City Luxury Suites.**”

(ii) One-year Licenses for Team Licensed Suites: The Tenant shall purchase from the City one-year licenses for exclusive occupancy rights to five (5) Luxury Suites (“**Team Licensed Suites**”) on September 1, 2014. Tenant’s obligation to annually purchase licenses for Team Licensed Suites shall continue for the remaining term of the Lease and for each year of any Option Term(s) for which the Lease has been extended or renewed. Such licenses shall be subject to the terms and conditions set forth in the City’s Standard Suite License Agreement applicable to all license holders, as amended from time to time.

(iii) Designation/Exchange of Team Licensed Suites: Team Licensed Suites are hereby identified as Luxury Suites 2, 3, 9, 18 and 24. Each year for the remaining term of the Lease and for each year of any Option Term(s) for which the Lease has been extended or renewed, any changes to the list designating assignments of Team Licensed Suites shall be made following each Hockey Season by the mutual agreement of the Parties, which if not reached by August 1 of each year, shall be designated by the City in its sole, subjective judgment. If the Tenant, by written notice to the City provides the name of a prospective licensee who has expressed to the Tenant a willingness to license a Luxury Suite, but who requests a City Luxury Suite that the City has not licensed or which the City is not in negotiations to license, the City will allow the Tenant to license that suite to the Tenant’s prospective licensee in return for the Tenant transferring to the City a comparable Team Licensed Suite for the City to license. Such a Luxury Suite exchange procedure shall also be available to the City regarding the Team Licensed Suites. For purposes of pricing and swapping suites as provided in this Section, the following suites shall be considered to be comparable: Suites 1 and 24, Suites 2 and 23, Suites 3 and 22, Suites 8 and 18, and Suites 9 and 10.

(iv) Additional Rent for Team Licensed Suites: Additional Rent for the 2014-15 Hockey Season shall be \$150,000. Commencing with the 2015-16 Hockey Season and each Hockey Season thereafter for the remaining term of the Lease and each Hockey Season thereafter of any Option Term for which the Lease has been extended or renewed, Tenant shall pay additional Rent for the Team Licensed Suites in an amount equal to the lesser of (X) the average price for the five (5) highest priced City Luxury Suites sold on an annual basis by the City for that Hockey Season (the “Average Price”) and (Y) \$150,000 (the aggregate price for the five (5) City Luxury Suites for the 2014-15 Hockey Season, which

amount shall be subject to a three percent (3%) annual escalation commencing with the first Hockey Season of the Second Option Term). For example, if the Average Price for the 2015-16 Hockey Season is \$32,000, Tenant shall pay \$150,000 as additional Rent to City for the 2014-15 Hockey Season; if the Average Price for the 2015-16 Hockey Season is \$28,000, Tenant shall pay \$140,000 as additional Rent. City may elect, in its sole discretion, to discontinue annual suite licenses and instead license suites for only specific events and/or seasons (i.e., Hockey Season). In such event, the Team Licensed Suites shall be initially priced for licensing by the City to the Tenant at the immediately preceding year's price and an adjustment shall be made at the end of the year based on the total listing price for a City Luxury Suite for the year for all events at the Arena. (For example, if suites for the prior year were licensed for \$30,000 (and the additional Rent paid was \$150,000) and the next year the City's five (5) highest priced City Luxury Suites were sold as follows: Hockey Season \$10,000; arena football \$5,000; basketball \$5,000 and concerts \$5,000, then the Average Price would be \$25,000 for a total additional Rent of \$125,000.) In addition, the City may elect, in its sole discretion, to have different price schedules for the different locations of the Luxury Suites. The Tenant and the City shall attempt to meet on a mutually convenient date in June of each year to consider and reasonably discuss the price of the Luxury Suites for the coming year, and the Team Licensed Suites prices shall be the same as the comparable City Luxury Suites prices. If such a meeting does not occur or does occur but there is disagreement as to pricing, then the City shall set the price in its sole, subjective judgment for the Luxury Suites. The Tenant shall market the Team Licensed Suites in a manner consistent with the manner in which the City markets City Luxury Suites.

(v) Sublicense of Team Licensed Suites: The Tenant shall have the right to sublicense the Team Licensed Suites subject to the terms of this Section and retain all revenue therefrom. The City and Tenant shall work together to establish the Sub-License Agreement Forms for each type of use. The Tenant shall use a Sub-License Agreement forms acceptable to the City (subject to change), in the City's sole discretion, which shall include provisions for the release and indemnity of the City by sub-licensees.

(vi) Uniform Policies for Luxury Suites: The Parties shall work together to attempt to develop a uniform set of policies for the Luxury Suites, including, but not limited to, events, tickets, commissions, parking, food and beverage. In the event of a disagreement regarding Luxury Suite policies, the City shall establish these policies in the City's sole discretion. The Tenant shall also work in cooperation with the City to market all Luxury Suites.

(vii) Luxury Suites Revenue Sharing Formula: As between the City and the Tenant, an amount equal to thirty-five percent (35%) of the Luxury Suites Lease or License Fee Revenue (including revenue received by the City from Team Licensed Suites) shall be allocated and paid to Tenant, and the balance of

the Luxury Suite Lease or License Fee Revenue shall be allocated and paid to the City. The City shall pay the Tenant the Tenant's share of the Luxury Suites Lease or License Fee Revenue within ten (10) days after the City's receipt of each installment of Luxury Suites Lease or License Fee Revenue, and shall provide with each such payment a report setting forth the basis for determination of the Tenant's share of such revenue.

(viii) Fulfillment Costs for Luxury Suites: The City shall be responsible for "Fulfillment Costs" relating to all Luxury Suites, including Team Licensed Suites. Fulfillment Costs means the costs of commissions (10% of Luxury Suite Lease or License Fee Revenue), parking passes and admission tickets for each Luxury Suite to the events included with the Luxury Suite license. To clarify, the City shall only pay commission to Tenant annually for the five (5) Team Licensed Suites. Tenant shall be responsible to pay commission to team staff in all instances. Commissions shall only be paid to the entity (either City or Tenant) which sold the Luxury Suite. A Luxury Suite shall include no more than sixteen (16) tickets, with the exception of Luxury Suites 1, 12 and 24, which shall include no more than twenty-two (22) tickets.

(ix) Servicing Suites: The Tenant shall be responsible for customer relations and servicing the Team Licensed Suites, as well as any staffing expenses incurred by Tenant related to selling and/or servicing Team Licensed Suites. The City shall be responsible for customer relations and servicing the City Luxury Suites, as well as any staffing expenses incurred by City related to selling and/or servicing City Suites.

(x) Prohibited Sale List: The Tenant shall be prohibited from selling a sublicense of the Team Licensed Suites to certain individuals and entities who are current or prospective Luxury Suite licensees as agreed and documented between Tenant and City. In the event that such individuals and entities do not purchase a license for a Luxury Suite by the end of the 2013-14 Hockey Season, the Tenant shall have the right, in coordination with the City, to approach those individuals and entities. This right shall not apply if the individual or entity is in a renewal option period. A renewal option period is defined as 180 days after termination of the Suite License Agreement.

(xi) Naming Rights Partner Cooperation. The Tenant shall cooperate with the City in securing a naming rights partner. The City shall have the right to reserve up to two (2) Luxury Suites next to each other for a potential naming rights partner (currently identified as Luxury Suites 7 and 8).

(xii) Right to Sell Multiple Licenses. The City reserves the right to enter into multiple licenses for some, any or all City Luxury Suites, each such license for a term less than a year and/or limited to certain Arena events or to a single Arena event. In such event, the proceeds of such rental shall be allocated (35%) to the Tenant and sixty-five percent (65%) to the City. Subject to City's

approval and consistent with then existing City's policies, Tenant shall have the right to enter into multiple licenses for some, any or all Team Licensed Suites, each such license for a term less than a year and/or limited to certain Arena events or to a single Arena event. In such event, one-hundred percent (100%) of the proceeds of such rental shall be allocated to Tenant.

10. Section 2.3(h) of the Lease is hereby deleted in its entirety and replaced with the following:

(h) Catering Services. The City, through its Manager or a reputable caterer engaged by the Manager on the City's behalf, shall have the exclusive right to operate the Catering Services at Team Events, and shall cause the Catering Services to be operated at all Home Games. As between the City and the Tenant, an amount equal to ten percent (10%) of the Catering Services Adjusted Gross Revenues shall be allocated and paid to the Tenant, and the balance of all Catering Services Adjusted Gross Revenue shall be allocated and paid to the City.

11. Except as amended by this Second Amendment, all the terms, conditions and covenants of the Lease are valid and are hereby ratified and confirmed. Any inconsistencies between this Second Amendment and the Lease shall be governed by this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be considered an original, and all of which shall be deemed one and the same instrument. The Lease, as amended by this Second Amendment, contains the entire agreement of the parties with respect to the matters covered and no other prior promises, negotiations or discussions oral or written made by any party or its employees, officers or agents shall be valid and binding.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to be effective as of the year and date first written above.

"Tenant"

SC HOCKEY FRANCHISE CORP.,
a Delaware corporation

By: [Signature]

Name: Brad Raskobothan

Its: Owner - CEO
Apr. 15, 2014

"Landlord"

CITY OF STOCKTON,
A charter city

By: [Signature]

Name: Laurie Montes

Its: for City Manager



ATTEST:
CLERK OF THE CITY

By: [Signature]

ATTEST:
CLERK OF THE CITY OF STOCKTON

APPROVED AS TO FORM AND CONTENT

By: [Signature]
City Attorney

EXHIBIT 8

AMBAC SETTLEMENT DOCUMENTS

a. AMENDED AND RESTATED STIPULATION AND SETTLEMENT
AGREEMENT

**AMENDED AND RESTATED STIPULATION AND SETTLEMENT
AGREEMENT**

This Amended and Restated Stipulation and Settlement Agreement (the “**Agreement**”), dated as of July 1, 2014, amends and restates the stipulation and settlement agreement (the “**Original Settlement Agreement**”), effective as of February 26, 2013, by and among (a) the CITY OF STOCKTON, a charter city and municipal corporation existing under its charter and the constitution of the State of California (the “**City**”), the STOCKTON PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California together with its successors and assigns (together with its successors and assigns, the “**Authority**”), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America solely in its capacity as trustee under the Trust Agreement (as defined below) (together with its successors and assigns, the “**Trustee**”) and AMBAC ASSURANCE CORPORATION, a Wisconsin stock insurance corporation (together with its successors and assigns, the “**Insurer**”) (each a “**Party**” and collectively the “**Parties**”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in Article I below.

RECITALS

A. The City and Authority are parties to that certain Site and Facility Lease dated as of June 1, 2003 (as it may be amended from time to time, the “**Site Lease**”), pursuant to which the City agreed to lease to the Authority certain property consisting primarily of the City’s main downtown police facility, a library and three fire stations (the “**Leased Premises**”), as more fully described in the Site Lease.

B. The City and the Authority are parties to that certain Lease Agreement dated as of June 1, 2003 (as it may be amended from time to time, the “**Lease**”), pursuant to which the City, among other things, subleases from the Authority the Leased Premises.

C. The City, Authority and Trustee are parties to that certain Trust Agreement dated as of June 1, 2003 (as it may be amended from time to time, the “**Trust Agreement**”), pursuant to which the Trustee executed and delivered those certain Certificates of Participation, (Redevelopment Housing Projects) Series 2003A in the original principal amount of \$1,160,000 and Taxable Series 2003B in the original principal amount of \$12,140,000 (the “**Certificates**”), which Certificates are obligations of the Authority, payable from and secured by the revenues and receipts derived by the Authority from the Lease.

D. The Trustee and Authority are parties to that certain Assignment Agreement dated as of June 1, 2003 (as it may be amended from time to time, the “**Assignment Agreement**”), pursuant to which the Authority, among other things, assigned to the Trustee for the benefit of holders of the Certificates, substantially all of

the Authority's right, title and interest in and to the Lease, including its right to receive the Lease Payments due under the Lease.

E. The Insurer issued that certain Financial Guaranty Insurance Policy Number 21154BE with an effective date of June 27, 2003 (as it may be amended from time to time, the "**Insurance Policy**"), pursuant to which the Insurer, among other things, agreed to make scheduled payments of principal or interests on the Certificates pursuant to its terms.

F. On June 28, 2012, the City filed a voluntary petition for relief under chapter 9 of title 11 of the United States Code (the "**Bankruptcy Code**"), thereby commencing Bankruptcy Case No. 12-32118 (the "**Bankruptcy Case**") before the United States Bankruptcy Court for the Eastern District of California (the "**Bankruptcy Court**").

G. The City is in default under the Lease pursuant to Sections 8.1(b) and (d) of the Lease.

H. Pursuant to Section 12.09 of the Trust Agreement, so long as the Insurer shall not be in default under its Insurance Policy, the Insurer shall control and direct the enforcement of all rights and remedies granted to the owner of the Certificates and the Trustee under the Trust Agreement and pursuant to Section 13.13, following an Event of Default, shall be deemed the Owner of all Certificates for all purposes under Trust Agreement, including without limitation directing the Trustee to enter into this Stipulation and Settlement Agreement.

I. The Parties and their counsel engaged in good faith, arms' length settlement discussions regarding a consensual resolution of potential disputes between and among the Parties arising out of or related to the Lease, Trust Agreement, and the Insurance Policy and executed the Original Settlement Agreement.

J. Section 2.11 of the Original Settlement Agreement provided that in the event the City enters into a subsequent agreement which provides for benefits or terms more favorable than those contained in the Original Settlement Agreement, the Parties shall amend the Original Settlement Agreement to contain the more favorable terms and conditions.

K. Based on other settlement agreements entered into by the City since the execution of the Original Settlement Agreement, the Parties desire to amend and restate the Original Settlement Agreement. The Parties and their counsel engaged in good faith, arms' length settlement discussions regarding such amendment and restatement.

NOW, THEREFORE, the Parties, in consideration of the promises, covenants and agreements herein described and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, and intending to be legally bound, do hereby mutually agree as follows:

ARTICLE I DEFINITIONS

Section 1.1. Recitals. The recitals set forth above are incorporated by reference and are explicitly made a part of this Agreement.

Section 1.2. Definitions. In addition to the capitalized terms defined in the preamble and recitals, the following definitions shall apply to and constitute part of this Agreement and all schedules, exhibits and annexes hereto:

“Ambac Payments” shall mean payments made by the Insurer under the Insurance Policy as described in Section 2.8 herein.

“Approval Order” shall mean the order of the Bankruptcy Court approving the compromise and settlement set forth in this Agreement as well as any associated findings of fact and conclusions of law authorizing and directing the consummation of the transactions contemplated herein, which order shall be submitted to the Bankruptcy Court in a form satisfactory to the Parties.

“Bond Documents” shall mean the Lease, Trust Agreement, Supplemental Trust Agreement, Certificates, Assignment Agreement, Insurance Policy, Reimbursement Agreement, and Site Lease Assignment Agreement.

“Community Redevelopment Property Trust Fund” shall have the meaning ascribed in the California Health and Safety Code.

“Conditions to Forbearance” shall mean the conditions to forbearance under this Agreement, as defined in Section 2.6(b) herein.

“Effective Date” shall mean the date of issuance of the Approval Order.

“Event of Default” shall mean an event of default under this Agreement, as defined in Section 5.1 herein.

“General Fund Payment” shall mean the portion of the Lease Payment to be paid by the City in accordance with the General Fund Payment Schedule.

“General Fund Payment Schedule” shall mean that certain General Fund Payment Schedule annexed hereto as Schedule 1.

“Housing Set-Aside Amounts” shall have the meaning ascribed in the Reimbursement Agreement.

“Lease Payment” shall have the meaning ascribed in the Lease.

“Opinion” shall mean that certain no adverse effect tax opinion delivered by counsel to the City in the form attached hereto as Exhibit D.

"Payment Date" shall mean the date a General Fund Payment is due pursuant to the General Fund Payment Schedule.

"Plan" shall mean the chapter 9 plan of adjustment filed by the City.

"Reimbursement Agreement" shall mean that certain Reimbursement Agreement dated as of June 1, 2003, by and between the Successor Agency and the City, pursuant to which the Successor Agency has agreed to utilize the Housing Set-Aside Amounts to reimburse to the City for the moneys paid by the City under the Lease.

"Reserve Fund" shall have the meaning ascribed in the Trust Agreement.

"Reserve Requirement" shall have the meaning ascribed in the Trust Agreement.

"Site Lease Assignment Agreement" shall mean that certain Assignment Agreement by and between the Authority and the Trustee, pursuant to which the Authority has agreed to assign all rights and interests in the Site Lease to the Trustee in substantially the form annexed hereto as Exhibit A.

"Successor Agency" shall mean the City of Stockton, in its capacity of Successor Agency to the Redevelopment Agency of the City of Stockton.

"Supplemental Trust Agreement" shall mean that certain First Supplemental Trust Agreement by and between the City, Authority and Trustee in substantially the form annexed hereto as Exhibit B.

"Trust Agreement" shall mean the Original Trust Agreement, as amended by the Supplemental Trust Agreement.

Section 1.3. **Interpretation.** The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof will arise favoring or disfavoring any Party hereto because of the authorship of any provision of this Agreement.

Section 1.4. **General Rules of Construction.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein

to “generally accepted accounting principles” refer to such principles as they exist at the date of application there.

(c) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(d) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(e) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(f) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or agency or political subdivision thereof.

ARTICLE II SETTLEMENT TERMS

Section 2.1. Supplemental Trust Agreement. The City, Authority and Trustee have entered into the Supplemental Trust Agreement. The Insurer consented to the terms and provisions of the Supplemental Trust Agreement.

Section 2.2. Site Lease Assignment Agreement. The Authority and the Trustee entered into the Site Lease Assignment Agreement and the City acknowledged and consented thereto.

Section 2.3. Direction Letter and Opinion. The Insurer shall issue a direction letter to the Trustee directing the Trustee to execute and deliver this Agreement and the Supplemental Trust Agreement and to perform its obligations thereunder. Counsel to the City shall deliver the Opinion, dated as of the Effective Date.

Section 2.4. Recordation. The City represents and warrants that promptly following the Effective Date, the fully executed Site Lease Assignment Agreement and Approval Order was recorded in the Office of the San Joaquin County Recorder.

Section 2.5. Forbearance.

(a) Subject to the express provisions of this Agreement, the Insurer and the Trustee agree to forbear from exercising their rights and remedies under the Lease and Trust Agreement.

(b) The agreement to forbear is conditioned upon and subject to the following Conditions of Forbearance:

(i) The City shall make General Fund Payments in an amount equal to the lesser of (A) the amounts set forth in the General Fund Payment Schedule, or (B) the amount equal to the difference between the stated principal and interest payments on the Certificates due on each Payment Date and the amount available to the City pursuant to Section 5.04, clauses 1 and 2(d)(ii) of the Supplemental Trust Agreement and Section 2.7 of this Agreement to be applied to the payment of the Certificates. Each General Fund Payment shall be paid by the City, in immediately available funds, on the respective "Payment Dates" set forth in the General Fund Payment Schedule. The obligation of the City to make General Fund Payments shall be subject to abatement pursuant to Section 5.3 of the Lease.

(ii) The General Fund Payments shall be paid by the City directly to the Trustee; provided that from and after the date on which the Certificate holders (other than Insurer) are paid in full, the General Fund Payments shall be paid by the City directly to the Insurer for its own account as reimbursement for amounts owing to the Insurer on account of the Ambac Payments and the payment of legal fees pursuant to Section 6.8 herein, together with interest thereon, pursuant to Section 2.8. At such time as all Ambac Payments and all Certificates have been paid in full, no further General Fund Payments shall be payable hereunder.

(iii) As additional security for the payments by the Insurer pursuant to the Insurance Policy, as of the Effective Date, all of the City's rights, title and interest under the Reimbursement Agreement, including the right to the Housing Set-Aside Amounts shall hereby be automatically pledged and collaterally assigned to the Trustee. Under the Supplemental Trust Agreement, the Trustee shall grant, pledge and assign its rights, title and interest to the Reimbursement Agreement and such Housing Set-Aside Amounts to the Insurer in accordance with the terms of such Supplemental Trust Agreement and the City hereby consents to such further assignment. The City agrees not to terminate or amend the Reimbursement Agreement without the prior written consent of the Insurer and the Trustee and without the consent of the Insurer after the date the Reimbursement Agreement is assigned to the Insurer. The foregoing pledge and assignment shall remain effective until all amounts due are paid to the Certificate holders and to the Insurer as provided under this Agreement.

(iv) As of the Effective Date, the City and Authority agree that the term of the Lease is extended until September 5, 2048 or such later date until all amounts owing to the Insurer under this Agreement have been paid in full. Such extension shall remain effective until all amounts due are paid to the Certificate holders and to the Insurer as provided under this Agreement.

(v) Upon payment in full of all amounts owing to the Insurer and holders of the Certificates under this Agreement and the Trust Agreement (or, as to the Certificate holders, upon discharge of the Trust Agreement pursuant to section

13.01 thereof) the Trustee and the Insurer agree to execute such documents as may be requested by the City to evidence the termination of the Site Lease, the Lease, the Assignment Agreement, the Site Lease Assignment Agreement, and this Agreement in the proper form for recordation of the office of the San Joaquin County Recorder.

Section 2.6. Assignment of Reimbursement Agreement. The City shall notify the Successor Agency and cause the Successor Agency to acknowledge that upon the Effective Date, all rights of the City under the Reimbursement Agreement, including rights to receive payments from the Housing Set-Aside Amounts have been assigned by the City to the Trustee, and in accordance with the Supplemental Trust Agreement will be assigned by the Trustee to the Insurer. The City shall direct the Successor Agency to pay the Trustee, all payments payable by the Successor Agency under the Reimbursement Agreement. Such payments will be wired in available funds to the Housing Set-Aside Subaccount of the Lease Payment Fund under the Trust Agreement. The City shall further direct the Successor Agency not to terminate or amend the Reimbursement Agreement and the City shall not permit the termination or amendment of the Reimbursement Agreement without the prior written consent of the Insurer and the Trustee. The City hereby represents and warrants that pursuant to and in accordance with Section 5 of the Reimbursement Agreement, the term of the Reimbursement Agreement has been extended until September 5, 2048 or such later date until all amounts owing to the Insurer under this agreement have been paid in full. The City agrees that the Trustee and Insurer are authorized to file all documents necessary to perfect its interests in the Reimbursement Agreement and the City shall cooperate with the Trustee and Insurer to effectuate such filing.

Section 2.7. Debt Service Reserve Fund. The Trustee agrees to apply monies in the Reserve Fund as exists as of the Effective Date to pay principal of and interest on the Certificates commencing with the Certificate Payment due on September 1, 2013 in the amount necessary to pay debt service on the Certificates minus amounts available from Housing Set-Aside Subaccount of the Lease Payment Fund established pursuant to the Supplemental Trust Agreement until the Reserve Fund is exhausted. Amounts so applied from the Reserve Fund shall be a credit against the General Fund Payments due from the City hereunder. Replenishment of the Reserve Fund to the Reserve Requirement will take place with excess Housing Set-Aside Amounts paid pursuant to the Reimbursement Agreement as set forth in the Supplemental Trust Agreement. The parties acknowledge that amounts in the Series 2003A Account of the Reserve Fund shall be used to pay principal of and interest on the Series 2003A Certificates and amounts in the Taxable Series 2003B Account of the Reserve Fund shall be used to pay principal of and interest on the Series 2003B Certificates.

Section 2.8. Continued Payments Under Policy. In accordance with the Policy, Insurer shall pay the Trustee such amounts as are necessary to make scheduled payments of principal and interest on the Certificates after giving effect to amounts paid or distributed on account of this agreement and Housing Set-Aside Amounts paid to the Trustee. The interest rate on Ambac Payments will accrue at 8% compounded annually.

No Certificate may be voluntarily prepaid or defeased unless any and all amounts owing to the Insurer are first paid in full.

Section 2.9. Non-Performance. Upon any noncompliance by the City with any of the Conditions of Forbearance, noncompliance with any of the other provisions of this Agreement, or the occurrence of an event of default as defined in Section 8.1 of the Lease (other than noncompliance with Section 3.4 (a) of the Lease), the Insurer shall have the right, subject to the terms of the Trust Agreement, to instruct the Trustee to exercise or exercise itself any remedies that may be available, including instructions contrary to the direction letter delivered pursuant to Section 2.3 hereof.

Section 2.10. Successor Agency Sale Proceeds. The City shall cause the Successor Agency to work with the Insurer to agree upon a list of all properties which (a) will be sold by the Successor Agency, or (b) to be transferred to the Community Redevelopment Property Trust Fund of the Successor Agency and sold pursuant to the long-range property management plan developed and authorized in accordance with the applicable sections of the Health and Safety Code. The City and the Insurer will, and the City shall cause the Successor Agency to, use their best efforts to obtain written approval of the long-range property management plan developed by the Successor Agency and approved by the Insurer prior to submission which will provide, among other things, that all of the proceeds from the sale of the properties be used to satisfy outstanding obligations under the bonds of the Successor Agency and Reimbursement Agreement in accordance with the existing priorities under applicable law prior to any distribution of such proceeds to taxing agencies under the Health and Safety Code. The City shall, and the City shall cause the Successor Agency to, diligently pursue the sales of the properties in accordance with applicable law and shall provide the Insurer and the Trustee with a written monthly report of all progress and activity taken in connection with such sales.

Section 2.11. Future Agreements. In the event the City (i) enters into any subsequent agreement through stipulation or otherwise with or (ii) proposes a Plan relating to, in each case, the treatment of any other issue of the City's certificates of participation or lease revenue bonds, which provides for benefits or terms more favorable for such creditors than those contained in this Agreement with respect to amounts payable by the City from its General Fund, then this Agreement shall be deemed to be modified to provide the Trustee and Insurer with those more favorable benefits and terms; provided, that this Section 2.11 shall not apply to any agreements or Plan treatment with respect to any lease financings or similar arrangements with respect to personal property or to the Stockton Public Financing Authority Lease Revenue Refunding Bonds, 2006 Series A. The City shall notify the Insurer promptly of the existence of such more favorable benefits and terms and the Insurer shall have the right to receive the more favorable benefits and terms immediately without further order of the Bankruptcy Court. The Parties shall immediately amend this Agreement to contain the more favorable terms and conditions.

Section 2.12. Successor Agency. The City agrees that it will remain as the Successor Agency until all obligations relating to the Successor Agency in this Agreement have been complied with.

Section 2.13. Judgment by Confession. The City shall execute, and shall cause its counsel to execute, and provide to the Insurer, documents sufficient to authorize an entry of a judgment by confession substantially in the form attached hereto as Exhibit C (the "**Judgment by Confession**"), to secure the City's obligations under this Agreement. The City hereby authorizes any attorney at law to appear in any court of record in California after the Judgment by Confession becomes effective pursuant to Section 2.14(b) or upon an Event of Default and admit the amount of the City's obligations then due and owing under this Agreement, waive the issuing and service of process, and confess judgment against the City in favor of the Insurer for the amount then appearing due under this Agreement and the costs of collection, including reasonable attorney fees and legal costs. The City shall also waive all errors, rights of appeal, and stays of execution. Notwithstanding the City's failure to make payments required by this Agreement, the Insurer may not obtain or enforce the Judgment by Confession unless it first becomes effective pursuant to Section 2.14(b) or Section 5.2.

Section 2.14. Effect of Dismissal of the Bankruptcy Case. In the event the Bankruptcy Case is dismissed, the following provisions shall become immediately effective and enforceable:

(a) Notwithstanding anything to the contrary in this Agreement, the terms and provisions of this Agreement shall become immediately and fully effective and enforceable.

(b) The Judgment by Confession shall become effective, and in the event the City fails to make any payments required by this Agreement after the dismissal of the Bankruptcy Case, the Insurer may obtain and enforce the Judgment by Confession without further notice to the City.

(c) Within sixty (60) days of the dismissal of the Bankruptcy Case, Ambac may immediately terminate the Agreement by written notice to the City.

ARTICLE III PLAN OF ADJUSTMENT AND PLAN SUPPORT

Section 3.1. Plan Support Commitment. From and after the date hereof, and provided that the City has complied with its covenants and obligations under this Agreement, the Insurer will support the Plan and take such action as is reasonably necessary to support confirmation and consummation of the Plan which provides for separate classification of the claims of the Insurer and the Certificate holders with respect to the Certificates into two classes, each class shall provide for all claims of the Insurer and the Certificate holders to be satisfied through the City's recognition and performance of its obligations under this Agreement. The Insurer in its capacity as insurer and sole

owner of all Certificates pursuant to the Trust Agreement agrees to vote for such Plan. Subject to the terms and conditions of this Agreement, the Plan will affirm that the Lease, Trust Agreement, Site Lease and Reimbursement Agreement shall be assumed and remain in full force and effect. Notwithstanding anything to the contrary contained in this Agreement, this Agreement shall not constitute an agreement by the City, Trustee or the Insurer to take any step or action that would violate any provision of applicable bankruptcy law or any other applicable laws, and to the extent any provision shall be construed as constituting such a violation, such provision shall be deemed stricken herefrom and of no force and effect without liability to any of the Parties.

Section 3.2. Solicitation Required in Connection with Plan.

Notwithstanding anything contained in this Article III or elsewhere in this Agreement to the contrary, this Agreement is not, and shall not be deemed to be, a solicitation of acceptances of the Plan. The City, the Trustee and the Insurer acknowledge and agree that the acceptance of the Plan will not be solicited until the Bankruptcy Court has approved the disclosure statement and related ballots, and such disclosure statement and ballots have been transmitted to parties entitled to receive same.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

Section 4.1. Mutual Representations and Warranties. Unless otherwise noted, each Party makes the following representations, warranties and covenants (on a several basis, with respect to such Party only) to each of the other Parties, each of which are continuing representations, warranties and covenants:

(a) Each Party has all requisite power and authority to own the properties it owns, to execute this Agreement and to consummate the transactions contemplated hereby.

(b) Each Party has full requisite power and authority to execute and deliver and to perform its obligations under this Agreement, and the execution, delivery and performance hereof, and the instruments and documents required to be executed by it in connection herewith (i) have been duly and validly authorized by it and (ii) are not in contravention of its organizational documents or any agreements specifically applicable to it.

(c) Each person signing this Agreement warrants that he or she is legally competent and authorized to execute this Agreement on behalf of the Party whose name is subscribed at or above such person's signature.

(d) The Parties have not made any statement or representation to each other regarding any facts relied upon by them in entering into this Agreement, and each of them specifically does not rely upon any statement, representation or promise of the other Parties hereto or any other person in entering into this Agreement, except as expressly stated herein or in the exhibits hereto. Each party has relied upon its own

investigation and analysis of the facts and not on any statement or representation made by any other party in choosing to enter into this Agreement and the transactions contemplated herein.

(e) The Parties and their respective attorneys have made such investigation of the facts pertaining to this Agreement and all of the matters pertaining thereto as they deem necessary.

ARTICLE V EVENTS OF DEFAULT; TERMINATION

Section 5.1. Events of Default. The following shall constitute an Event of Default under this Agreement:

(a) the City fails to pay when due any amount payable by the City under this Agreement; or

(b) any material breach by the City of its covenants and obligations under this Agreement; or

(c) the occurrence of any Event of Default under any Bond Document, except (i) any Event of Default that was addressed in the Bankruptcy Case or (ii) any Event of Default that conflicts with the requirements set forth in this Agreement, including specifically any Events of Default that the Insurer or Trustee have agreed to forbear enforcement of pursuant to the terms of this Agreement.

If an Event of Default shall occur, the City or the Insurer may pursue any and all remedies provided for in this Agreement, or as may be provided by law or in equity.

Section 5.2. Judgment by Confession. Upon an Event of Default, the Judgment by Confession shall become effective without any further action by the Insurer and without any further notice to the City, and the Insurer shall have the right to proceed to collect any amounts due and owing by the City pursuant thereto.

Section 5.3. Effect of Termination. Except as otherwise provided herein, in the event of the termination of this Agreement pursuant to Section 2.14, this Agreement shall become null and void and 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, contractors, agents, legal and financial advisors or other representatives), and no Party shall have any obligations to any other Party arising out of this Agreement, and this Agreement, the Supplemental Trust Agreement, the Direction Letter (except as set forth therein) and the Site Lease Assignment Agreement shall each be of no force and effect. Upon termination, neither this Agreement nor any terms or provisions set forth herein shall be admissible in any dispute, litigation, proceeding or controversy among the Parties and nothing contained herein shall constitute or be deemed to be 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, no Party shall seek to take discovery concerning this Agreement or admit this Agreement or any part of it into evidence against any other Party hereto.

ARTICLE VI MISCELLANEOUS

Section 6.1. Amendments. This Agreement may not be modified, amended or supplemented except by a written agreement executed by each Party to be affected, by such modification, amendment or supplement.

Section 6.2. Other Action. Nothing contained in this Agreement, however, shall limit or restrict the Insurer or the Trustee from taking any action that either the Insurer or the Trustee may take under the Bond Documents or at law or in equity as may be necessary or appropriate in Insurer's or the 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 the Insurer or the Trustee relating to such collateral or security interests; or (iii) otherwise preserving any of the Insurer's or the Trustee's rights, remedies, positions or defenses.

Section 6.3. No Admission of Liability.

(a) 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 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), the settlement or any act performed or document executed pursuant to or in furtherance of this Agreement or the settlement: (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, the settlement, or any act performed or document executed pursuant to or in furtherance of this Agreement or the settlement 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, but not limited to, 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 of counterclaim.

Section 6.4. 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 his or its rights in connection therewith, and that he or it has not been improperly influenced or induced to make this settlement 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 the Parties settled by the execution of this Agreement.

Section 6.5. Rights and Immunities. Notwithstanding anything herein to the contrary, the Trustee is entitled to all of the rights, privileges and immunities set forth in the Trust Agreement. The Trustee is executing this Stipulation and Settlement Agreement solely as Trustee with respect to the Certificates and not in its capacity as trustee with respect to any other obligations of the Authority, 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.

Section 6.6. 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 6.7. Governing Law; Retention of Jurisdiction; Service of Process. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without giving effect to any principles of conflicts of law and applicable federal law. By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding between any or all of the foregoing with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, shall be brought in the Bankruptcy Court for that purpose only, and, by execution and delivery of this Agreement, each hereby irrevocably accepts and submits itself to the jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding. In the event any such action, suit or proceeding is commenced, the Parties

hereby agree and consent that service of process may be made, and personal jurisdiction over any Party hereto in any such action, suit or proceeding may be obtained, by service of a copy of the summons, complaint and other pleadings required to commence such action, suit or proceeding upon the Party at the address of such Party set forth in Section 6.13 hereof, unless another address has been designated by such Party in a notice given to the other Parties in accordance with Section 6.13 hereof.

Section 6.8. Fees and Expenses; Indemnification. If the City, Insurer, or Trustee brings an action against the other Party based upon a breach by the City, Insurer or Trustee of its obligations under this Agreement, the prevailing Party shall be entitled to all reasonable expenses incurred, including reasonable attorneys' fees and expenses.

Section 6.9. Reimbursement of Attorney's Fees. The City shall reimburse the Insurer and the Trustee for the fees and expenses of the Insurer and Trustee, including attorney's fees and expenses incurred in connection with the Certificates and Bankruptcy Case (a) in relation to the Insurer, accrued through the date of execution and delivery of this Agreement in the amount of \$240,000, and (b) in relation to the Insurer and Trustee accrued from the date of the execution and delivery of this Agreement through the Effective Date of the Plan (the "Outstanding Fees and Expenses") through application of Housing Set-Aside Amounts paid pursuant to the Reimbursement Agreement as set forth in section 5.04 of the Trust Agreement. The Trustee and Insurer shall submit invoices to the City relating to the Outstanding Fees and Expenses specified in (b) herein on a monthly basis. Interest will accrue on the Outstanding Fees and Expenses at an interest rate of 8% compounded annually. The City and Authority will be obligated to pay ongoing Trustee fees and expenses as required under the Trust Agreement and Lease.

Section 6.10. Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience only and are not part of this Agreement and do not in any way limit or modify the terms or provisions of this Agreement and shall not affect the interpretation hereof.

Section 6.11. Binding Agreement 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. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, administrators, 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 none shall be responsible for the performance or breach of this Agreement by another.

Section 6.12. Entire Agreement. This Agreement, the Approval Order, the Supplemental Trust Agreement, the Direction Letter and the Site Lease Assignment Agreement shall constitute the full and entire agreement among the Parties with regard to the subject hereof, and supersedes all prior negotiations, representations, promises or warranties (oral or otherwise) made by any Party with respect to the subject matter

hereof. No Party has entered into this Agreement in reliance on any other Party's prior representation, promise or warranty (oral or otherwise) except for those that may be expressly set forth in this Agreement.

Section 6.13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original copy of this Agreement and all of which, when taken together, shall constitute one and the same Agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts, provided receipt of copies of such counterparts is confirmed,

Section 6.14. Notices. All demands, notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given (a), when personally delivered by courier service or messenger, (b) 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 (c) 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, to:

City of Stockton
22 E. Weber Avenue, Room 350
Stockton, California 95202
Attention: Director, Housing & Redevelopment
Fax: (209) 937-8822

-and-

City of Stockton
425 North El Dorado Street
Stockton, California 95202
Attn: City Manager
Fax: (209) 937-8447

with a copy given in like manner 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 Authority, to:

Stockton Public Financing Authority
425 North El Dorado Street
Stockton, California 95202
Fax: (209) 937-8898

If to the Trustee, to:

Wells Fargo Bank, National Association
Corporate Trust Services—Special Accounts
625 Marquette Avenue, 11th Floor
MAC N9311-115
Minneapolis, MN 55479
Attention: Lucinda Hruska-Clayes
Fax: (612) 667-5047
Email: lucinda.hruska-claeyes@wellsfargo.com

with a copy given in like manner to:

Mintz Levin Cohn Ferris Glovsky and Popco, P.C.
One Financial Center
Boston, Massachusetts 02111
Attention: William W. Kannel, Esq.
Fax: (617) 542-2241
Email: wkannel@mintz.com

If to the Insurer, to:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department and General Counsel's Office
Fax: (212) 208-3384

with a copy given in like manner to:

Arent Fox LLP
1675 Broadway
New York, New York 10019
Attention: David L. Dubrow, Esq.
Telecopy: (212) 484-3990
Email: david.dubrow@arentfox.com

Section 6.15. Further Assurances. Each of the Parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to

take all such action as the other Parties may reasonably request in order to effectuate the intent and purposes of, and to carry out the terms of, this Agreement.

(Signature page follows)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth above.

THE CITY OF STOCKTON,
CALIFORNIA, as Debtor

By: 
Name: KURT WILSON
Title: CITY MANAGER

THE STOCKTON PUBLIC FINANCE
AUTHORITY

By: 
Name: KURT WILSON
Title: EXECUTIVE DIRECTOR

APPROVED AS TO FORM AND CONTENT

By: 
City Attorney

WELLS FARGO BANK NATIONAL
ASSOCIATION, as Trustee

By: _____
Name:
Title:

AMBAC ASSURANCE CORPORATION,
as Insurer

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth above.

THE CITY OF STOCKTON,
CALIFORNIA, as Debtor

By: _____
Name:
Title:

THE STOCKTON PUBLIC FINANCE
AUTHORITY

By: _____
Name:
Title:

WELLS FARGO BANK NATIONAL
ASSOCIATION, as Trustee

By: Lucinda Hruska Claeys
Name: Lucinda Hruska Claeys
Title: Vice President

AMBAC ASSURANCE CORPORATION,
as Insurer

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth above.

THE CITY OF STOCKTON,
CALIFORNIA, as Debtor

By: _____
Name:
Title:

THE STOCKTON PUBLIC FINANCE
AUTHORITY

By: _____
Name:
Title:

WELLS FARGO BANK NATIONAL
ASSOCIATION, as Trustee

By: _____
Name:
Title:

AMBAC ASSURANCE CORPORATION,
as Insurer

By:  _____
Name: Peter J. Cain
Title: Managing Director

Schedule 1

Payment Date	Principal	Interest	Debt Service	General Fund Payment
8/15/2013	360,000	318,798	678,798	678,798
2/15/2014	0	310,884	310,884	93,265
8/15/2014	375,000	310,884	685,884	205,765
2/15/2015	0	302,587	302,587	243,583
8/15/2015	390,000	302,587	692,587	557,533
2/15/2016	0	293,952	293,952	236,631
8/15/2016	410,000	293,952	703,952	566,681
2/15/2017	0	284,870	284,870	229,320
8/15/2017	430,000	284,870	714,870	575,470
2/15/2018	0	275,316	275,316	221,629
8/15/2018	445,000	275,316	720,316	579,854
2/15/2019	0	264,066	264,066	212,573
8/15/2019	470,000	264,066	734,066	590,923
2/15/2020	0	252,159	252,159	202,988
8/15/2020	495,000	252,159	747,159	601,463
2/15/2021	0	239,604	239,604	192,881
8/15/2021	515,000	239,604	754,604	607,456
2/15/2022	0	226,531	226,531	182,357
8/15/2022	545,000	226,531	771,531	621,082
2/15/2023	0	212,679	212,679	171,207
8/15/2023	570,000	212,679	782,679	630,057
2/15/2024	0	198,180	198,180	159,535
8/15/2024	600,000	198,180	798,180	642,535
2/15/2025	0	182,597	182,597	146,991
8/15/2025	630,000	182,597	812,597	654,141
2/15/2026	0	166,249	166,249	133,830
8/15/2026	665,000	166,249	831,249	669,155
2/15/2027	0	148,976	148,976	119,926
8/15/2027	700,000	148,976	848,976	683,426
2/15/2028	0	130,805	130,805	105,298
8/15/2028	735,000	130,805	865,805	696,973
2/15/2029	0	111,672	111,672	89,896
8/15/2029	775,000	111,672	886,672	713,771
2/15/2030	0	91,506	91,506	73,662
8/15/2030	810,000	91,506	901,506	725,712
2/15/2031	0	70,417	70,417	56,686

8/15/2031	855,000	70,417	925,417	744,961
2/15/2032	0	48,161	48,161	38,770
8/15/2032	905,000	48,161	953,161	767,295
2/15/2033	0	24,609	24,609	19,810
8/15/2033	945,000	24,609	969,609	780,535
2/15/2034	0	0	0	400,000
8/15/2034	0	0	0	400,000
2/15/2035	0	0	0	400,000
8/15/2035	0	0	0	400,000
2/15/2036	0	0	0	400,000
8/15/2036	0	0	0	400,000
2/15/2037	0	0	0	400,000
8/15/2037	0	0	0	400,000
2/15/2038	0	0	0	400,000
8/15/2038	0	0	0	400,000
2/15/2039	0	0	0	400,000
8/15/2039	0	0	0	400,000
2/15/2040	0	0	0	400,000
8/15/2040	0	0	0	400,000
2/15/2041	0	0	0	400,000
8/15/2041	0	0	0	400,000
2/15/2042	0	0	0	400,000
8/15/2042	0	0	0	400,000
2/15/2043	0	0	0	400,000
8/15/2043	0	0	0	400,000
2/15/2044	0	0	0	400,000
8/15/2044	0	0	0	400,000
2/15/2045	0	0	0	400,000
8/15/2045	0	0	0	400,000
2/15/2046	0	0	0	400,000
8/15/2046	0	0	0	400,000
2/15/2047	0	0	0	400,000
8/15/2047	0	0	0	400,000
2/15/2048	0	0	0	400,000
8/15/2048	0	0	0	400,000

Exhibit A

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Arent Fox LLP
1675 Broadway
New York, New York 10019
Attn: David L. Dubrow, Esq.

COLLATERAL ASSIGNMENT OF SITE AND FACILITY LEASE

This Assignment of Site and Facility Lease is made and entered into as of May 9, 2013, by and among the STOCKTON PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California ("**Assignor**"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee ("**Assignee**").

WITNESSETH:

That for good and valuable consideration, as collateral security for the performance of the Assignee's obligations under that certain Trust Agreement dated as of June 1, 2003 (as amended and supplemented, the "**Trust Agreement**"), by and between the City, Assignor and Assignee, the Assignor does hereby collaterally assign, convey, set over and deliver to Assignee as their respective interests may appear all of Assignor's right, title, and interest in and to the site lease set forth on **EXHIBIT "A"**, attached hereto and made a part hereto.

Witness, this Assignment of Site and Facility Lease has been duly executed as of the day and year first above written.

THE STOCKTON PUBLIC FINANCE
AUTHORITY

By: _____
Name:
Title:

Witness, this Assignment of Site and Facility Lease has been duly executed as of the day and year first above written.

WELLS FARGO BANK NATIONAL
ASSOCIATION, as Trustee

By: _____
Name:
Title:

CONSENT TO ASSIGNMENT

The CITY OF STOCKTON, a charter city and municipal corporation existing under the constitution and laws of the State of California, hereby acknowledges, agrees and consents to the execution and delivery of the Collateral Assignment of the Site and Facility Lease dated May 9, 2013, between Assignor and Assignee.

THE CITY OF STOCKTON, CALIFORNIA

By: _____
Name:
Title:

EXHIBIT "A"

That certain Site and Facility Lease dated as of June 1, 2003 by and between the City of Stockton, a charter city and municipal corporation existing under the constitution and laws of the State of California (the "City") and the Stockton Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority") which was recorded in the Official Records of County of San Joaquin, California on June 26, 2003 as Document No.2003-140079.

Exhibit B

SUPPLEMENTAL TRUST AGREEMENT

Dated as of May 9, 2013

by and among

**WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee**

STOCKTON PUBLIC FINANCING AUTHORITY

and the

CITY OF STOCKTON

Relating to

**\$1,160,000
City of Stockton
Certificates of Participation
(Redevelopment Housing Projects)
Series 2003A**

and

**\$12,140,000
City of Stockton
Certificates of Participation
(Redevelopment Housing Projects)
Taxable Series 2003B**

THIS FIRST SUPPLEMENTAL TRUST AGREEMENT, dated as of May 9, 2013 (the "**Supplemental Trust Agreement**"), is by and among WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee solely in its capacity as trustee under the Original Trust Agreement (as defined below) (the "**Trustee**"), STOCKTON PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "**Authority**"), and the CITY OF STOCKTON, a charter city and municipal corporation existing under its charter and the constitution of the State of California (the "**City**").

RECITALS:

A. The Authority has caused to be executed and delivered Certificates of Participation (Redevelopment Housing Projects), Series 2003A in the original principal amount of \$1,160,000 and Taxable Series 2003B in the original principal amount of \$12,140,000 (the "**Certificates**") pursuant to that certain Trust Agreement dated as of June 1, 2003 (the "**Original Trust Agreement**"), by and between the City, Authority and the Trustee. The Certificates were executed and delivered to provide financing for to assist the Redevelopment Agency of the City of Stockton (the "**Agency**") in undertaking various redevelopment housing projects (the "**Projects**") of benefit to the Agency's several redevelopment project areas. This Supplemental Trust Agreement is executed and delivered by the Authority and the Trustee to amend and supplement the Original Trust Agreement. The Original Trust Agreement, as supplemented and amended by the Supplemental Trust Agreement, is herein referred to as the Trust Agreement.

B. On June 28, 2012, the City filed a voluntary petition for relief under chapter 9 of title 11 of the United States Code (the "**Bankruptcy Code**"), thereby commencing Bankruptcy Case No. 12-32118 before the United States Bankruptcy Court for the Eastern District of California (the "**Bankruptcy Court**");

C. Pursuant to Section 9.02 of the Original Trust Agreement, a Supplemental Trust Agreement may be executed and delivered with the written consent of the Insurer and the owners of a majority in the aggregate principal amount of the Certificates outstanding and pursuant to Section 13.13 of the Original Trust Agreement, so long as the Insurer shall not be in default under its Insurance Policy, the Insurer shall be deemed the owner of the Certificates for purposes of execution and delivery of a Supplemental Trust Agreement.

D. This Supplemental Trust Agreement is being executed and delivered by the City Authority and the Trustee to implement that certain Stipulation and Settlement Agreement entered into by and among the City, the Authority, the Trustee and Ambac Assurance Corporation, a Wisconsin stock insurance corporation (the "**Insurer**").

**NOW, THEREFORE, THIS SUPPLEMENTAL TRUST AGREEMENT
WITNESSETH:**

It is hereby agreed by the City, Authority and the Trustee, for and in consideration of the premises and the mutual covenants hereinafter contained, as follows:

ARTICLE I DEFINITIONS AND MISCELLANEOUS

SECTION 1.01. Definitions. Except as otherwise indicated herein and unless the context clearly indicates a different meaning, all terms herein shall have the respective meanings set forth in Section 1.01 and the recitals of the Original Trust Agreement, as amended and supplemented by this Supplemental Trust Agreement.

SECTION 1.02. General Rules of Construction. For all purposes of this Supplemental Trust Agreement, except as otherwise expressly provided or unless the context otherwise requires

(A) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(B) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application there.

(C) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(D) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Supplemental Trust Agreement as a whole and not to any particular Article, Section or other subdivision.

(E) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(F) The term "person" shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or agency or political subdivision thereof.

SECTION 1.03. Captions and Index. Any captions, titles or headings preceding the text of any Article or Section herein and any table of contents or index attached to this Supplemental Trust Agreement or any copy hereof are solely for convenience of reference and shall not constitute part of this Supplemental Trust Agreement or affect its meaning, construction or effect.

SECTION 1.04. Date of Supplemental Trust Agreement. The date of this Supplemental Trust Agreement is intended as and for a date for the convenient identification

of this Supplemental Trust Agreement and is not intended to indicate that the Supplemental Trust Agreement was executed and delivered on said date.

SECTION 1.05. Execution of Several Counterparts. This Supplemental Trust 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 any and all such counterparts, shall together constitute but one and the same instrument.

SECTION 1.06. Governing Law. This Supplemental Trust Agreement shall be construed in accordance with and governed by the State of California.

ARTICLE II AMENDMENTS TO ORIGINAL TRUST AGREEMENT

SECTION 2.01. Amendments.

The Original Trust Agreement shall be amended as follows:

(A) Section 2.11(b) of the Original Trust Agreement shall be amended and restated in its entirety to read as follows:

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.11, upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the City or the Insurer to the Trustee, a single new Certificate shall be executed and delivered for each maturity of such Certificate then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of the City or the Insurer. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.11, upon receipt of all Outstanding Certificates by the Trustee together with a written request of the City or the Insurer, new Certificates shall be executed and delivered in such denominations and registered in the names of such persons as are requested in a written request of the City or the Insurer provided the Trustee shall not be required to deliver such new Certificates within a period less than sixty (60) days from the date of receipt of such a written request of the City or the Insurer.

(B) Section 5.01 of the Original Trust Agreement shall be amended and restated in its entirety to read as follows:

SECTION 5.01. *Assignment of Rights in Lease and Reimbursement Agreement*.

(a) The Authority has, in the Assignment Agreement, transferred, assigned and set over to the Trustee certain of its rights in the Lease, including but not limited to all of the Authority's rights to receive and collect all of the Lease Payments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease or pursuant thereto. All Lease Payments and such other amounts to which the Authority may at any time be entitled shall be paid directly to the Trustee, and all of the Lease Payments collected or received by the Authority shall be deemed to be held and to have been collected or received

by the Authority as the agent of the Trustee, and if received by the Authority at any time shall be deposited by the Authority with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments and other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund.

(b) The City hereby transfers, assigns and sets over to the Trustee all of the City's rights, title and interest in the Reimbursement Agreement, including but not limited to all of the City's rights to receive and collect the Housing Set-Aside Amounts (as defined in the Reimbursement Agreement) payable to the City under the Reimbursement Agreement. All such Housing Set-Aside Amounts and such other amounts to which the City may at any time be entitled to receive under the Reimbursement Agreement shall be paid directly to the Trustee, and all of the Housing Set-Aside Amounts collected or received by the City under the Reimbursement Agreement shall be deemed to be held and to have been collected or received by the City as the agent of the Trustee, and if received by the City at any time shall be deposited by the Authority with the Trustee within one Business Day after the receipt thereof, and all such Housing-Set Aside Amounts and other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Housing Set-Aside Subaccount of the Lease Payment Fund.

(c) As and when required under Section 8.12 hereof, the Trustee shall assign its rights in the Lease and the Reimbursement Agreement, including but not limited to the Authority's right to receive and collect all of the Lease Payments and the City's right to receive Housing Set-Aside Amounts and all other amounts required to be deposited in the Lease Payment Fund or any subaccount thereof to the Insurer. The City and the Authority hereby consent to such assignment; however, such assignment shall not impair, diminish or otherwise affect the City's obligations under the Lease, nor the obligations of the City, in its capacity of Successor Agency to the Agency (the "Successor Agency") under the Reimbursement Agreement nor impose any obligations on the Insurer. Upon assignment, all Lease Payments, Housing Set-Aside Amounts and such other amounts to which the Authority or the City may at any time be entitled with respect to the Certificates shall be paid directly to the Insurer, and all of the Lease Payments collected or received by the Authority or the Housing Set-Aside Amounts received by the City shall be deemed to be held and to have been collected or received by the Insurer for its own account. For avoidance of doubt, the assignment shall not be effected, and shall not impair, diminish or otherwise affect the Trustee's right title and interest to the Lease Payments or Housing Set-Aside Amounts, until the Owners of the Certificates (other than the Insurer) have been paid in full.

(C) Section 5.02 of the Original Trust Agreement shall be amended to add the following after the "Lease Payment Fund" in the first sentence thereof:

" and a "Housing Set-Aside Subaccount therein."

(D) Section 5.03 of the Original Trust Agreement shall be amended to add the following to the end thereof:

“There shall be deposited into the Housing Set-Aside Subaccount all Housing Set-Aside Amounts received by the Trustee and any other moneys required to be deposited therein.”

(E) Section 5.04 of the Original Trust Agreement shall be amended to add the following to the end thereof:

“Notwithstanding the foregoing, the amounts on deposit in the Housing Set-Aside Subaccount shall be applied as follows:

1. From the date hereof until the date all monies in the Reserve Fund as exists as of the date hereof are exhausted to the scheduled payment of amounts due on all Certificates then due and payable;

2. After all monies in the Reserve Fund as of the date hereof are exhausted pursuant to Section 2.7 that certain Stipulation and Settlement Agreement dated as of February 26, 2013 between the City, Insurer, the Authority and the Trustee (the “Settlement Agreement”) in the following order and priority;

(a) to the scheduled payment of all Certificates then due and payable an amount equal to 19.5% of such scheduled payment;

(b) to the Insurer, to repay any payments made by the Insurer under the Insurance Policy to the registered owners of the Certificates, with interest as required by Section 2.8 of the Settlement Agreement;

(c) to the Insurer and the Trustee, to repay any payments made by the Insurer and the Trustee for fees and expenses including attorney’s fees and expenses of the Insurer and the Trustee, with interest as required by Section 6.8 of the Settlement Agreement;

(d) on-parity dollar-for-dollar basis to (i) the Reserve Fund, the amount necessary to make the balance therein equal the Reserve Requirement, and (ii) the payment of the scheduled payment of all Certificates then due and payable as a credit to the City for General Fund Payment (as defined in the Settlement Agreement); and

(e) to the City to reimburse the City for any General Fund Payments previously paid and to the extent the City has been fully reimbursed for all such General Fund Payments (with interest to the extent permitted by the Reimbursement Agreement), for deposit by the City to the Redevelopment Property Tax Trust Fund.”

(F) Section 8.09(f) of the Original Trust Agreement shall be amended and restated in its entirety to read as follows:

SECTION 8.09. *Rights Under Insurance Policy,*

As long as the Insurance Policy shall be in full force and effect, the City and Trustee agree to comply with the following provisions:

(a) At least one (1) Business Day prior to each Interest Payment Date, the Trustee will determine whether there will be sufficient funds in the funds and accounts held under this Trust Agreement to pay the principal of or interest on the Certificates on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the Trustee shall notify the Insurer in writing by certified mail return receipt requested. Such notice shall be deemed sent upon receipt by the Insurer and specify the amount of the anticipated deficiency in the amounts available for debt service due on the Certificates ("Deficiency Amount"), the Certificates to which such deficiency is applicable and whether such Certificates will be deficient as to principal or interest, or both. If the Trustee has so notified the Insurer at least one (1) Business Day prior to the Interest Payment Date, the Insurer will make payments of the Deficiency Amount to the Trustee on or before the Interest Payment Date. If the Trustee has not so notified the Insurer at least one (1) Business Day prior to an Interest Payment Date, the Insurer will make payment of the Deficiency Amount to the Trustee on or before the first (1st) Business Day next following the date on which the Insurer shall have received the notice from the Trustee.

(b) The Trustee shall, after giving notice to the Insurer as provided in (a) above, make available to the Insurer the registration books of the Authority maintained by the Trustee and all records relating to the funds and accounts maintained under this Trust Agreement.

(c) The Trustee shall establish an account for the benefit of holders and the Insurer referred to herein as the "Certificate Insurance Payment Account". The Trustee shall deposit upon receipt any amount paid under the Insurance Policy in the Certificate Insurance Payment Account and immediately distribute such amount solely for purposes of payment to the holders for which a claim was made. For the sake of clarity, amounts paid under the Insurance Policy may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Amounts held in the Certificate Insurance Payment Account shall not be invested and any amounts remaining in the Certificate Insurance Payment Account on the first Business Day following an Interest Payment Date, after payment in full of amounts due on the Certificates on such Interest Payment Date, shall be returned to the Insurer by the end of such Business Day.

(d) The amount of any payment of principal of or interest on the Certificates from the Certificate Insurance Payment Account shall be recorded by the Trustee. The Insurer shall have the right to inspect such records upon one (1) Business Day's prior written notice to the Trustee.

(e) In the event that the Trustee has notice (the "Preferential Transfer Notice") that any payment of principal of or interest on a Certificate which has become due for payment and which is made to the beneficial owner by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, non-appealable order of a court having competent jurisdiction, the Trustee shall, promptly upon receiving such Preferential Transfer Notice, notify the Insurer of such Preferential Transfer Notice and notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Insurer its records evidencing the payment of principal of and interest on the Certificates which have been made by the Trustee and subsequently recovered from the registered owners and the dates on which such payments were made.

(f) In addition to those rights granted to the Insurer under this Trust Agreement, and anything herein to the contrary notwithstanding, the City, the Authority, the Trustee and each holder acknowledge and agree, that without the need for any further action on the part of the Insurer, the Insurer shall, to the extent it makes payment of principal of or interest on the Certificates, become subrogated to the rights of the holders of such Certificates to the extent of the payments so made under the Insurance Policy. To evidence such subrogation, the Trustee shall note the Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon payment of amounts from the Certificate Insurance Payment Account to the holders of the Certificates. The Trustee shall simultaneously assign in writing to the Insurer, to the fullest extent permitted by law and in a form acceptable to the Insurer, the rights of the holders of such Certificates to the extent of the payments so made under the Insurance Policy.

(G) Article VIII of the Original Trust Agreement shall be amended by adding Section 8.11 as follows:

SECTION 8.11. *Beneficiary of the Insurance Policy.* The Insurance Policy is able to be drawn upon by the Trustee for the sole benefit of the registered owners of the Certificates. For the benefit of the owners and to insure timely scheduled payment of the debt service on the Certificates, the City and the Authority hereby grant the Trustee the right and power to carry out the provisions related to claims under the Insurance Policy, including, but not limited to, assigning the rights of owners of the Certificates to the Insurer in connection with a payment under the Insurance Policy. In addition to those rights granted to the Trustee under this Trust Agreement, and anything herein to the contrary notwithstanding, the City and the Authority acknowledge and agree and each owner of the Certificates is hereby deemed to have acknowledged and agreed, that without the need for any further action on the part of any owner of the Certificates, the Trustee shall have the right to (a) execute any assignment required by the Insurer in connection with any payments by the Insurer under the Insurance Policy in accordance with the terms of this Trust Agreement, and (b) accept any amendment to or replacement of the Insurance Policy necessary to insure the timely payment of debt service on the Certificates.

(H) Article VIII of the Original Trust Agreement shall be amended by adding Section 8.12 as follows:

SECTION 8.12. *Pledge and Assignment to Insurer.* To secure the subrogation of rights of the Insurer and the payment of the debt service on the Certificates assigned to the Insurer under this Article VIII, the Trustee hereby agrees to grant, bargain, sell, pledge and assign to the Insurer a security interest in all Lease Payments by the City and all right, title and interest of the Trustee in and to the Lease and a security interest in all Housing Set-Aside Amounts received by the Trustee and all right, title and interest of the Trustee to the Reimbursement Agreement, effective upon payment of principal and interest in full of the Certificates to the registered owners thereof (other than the Insurer), provided that nothing contained in this Trust Agreement shall impose any other obligations on the Insurer on account of such pledge and assignment, provided however, that in the event a default by the Insurer under the Insurance Policy exists as of such date, the foregoing pledge and assignment by the Trustee to the Insurer shall not occur or be effective until such default is cured and no defaults by the Insurer exist and are then continuing under the Insurance Policy. The City and the Authority hereby acknowledge and agree to assignment set forth in this Section 8.12.

ARTICLE III MISCELLANEOUS

SECTION 3.01. Confirmation of Trust Agreement. All the terms, covenants and conditions of the Original Trust Agreement, as amended and supplemented by this Supplemental Trust Agreement, are in all respects ratified and confirmed, and the Original Trust Agreement and this Supplemental Trust Agreement shall be read, taken and construed as one and the same instrument.

SECTION 3.02. Rights and Immunities of the Trustee. Notwithstanding anything herein to the contrary, the Trustee is entitled to all of the rights, privileges, and immunities set forth in the Trust Agreement. The Trustee is executing this Supplemental Trust Agreement solely as Trustee with respect to the Certificates and not in its capacity as trustee with respect to any other obligations of the Authority, City or Successor Agency. Furthermore, nothing herein is intended to impair any rights, remedies and interests, including without limitation, liens, of any of the Parties hereto in any other capacity.

IN WITNESS WHEREOF, the City, the Authority and the Trustee have caused this instrument to be duly executed and their respective corporate seals to be hereunto affixed and attested.

CITY OF STOCKTON

By _____

[SEAL]

Attest: _____

STOCKTON PUBLIC FINANCING
AUTHORITY

By _____

WELLS FARGO BANK NATIONAL
ASSOCIATION, as Trustee under the Trust
Agreement

By _____

CONSENT OF THE INSURER

The undersigned is the Insurer as defined in that certain Trust Agreement dated as of June 1, 2003 (the “**Original Trust Agreement**”), by and between the City of Stockton, the Stockton Public Finance Authority (the “Authority”) and Wells Fargo Bank, National Association, as trustee (the “Trustee”) and hereby represents and warrants to the Trustee and the Authority, upon which the Trustee and the Authority are relying on entering into this Supplemental Trust Agreement, that the Insurer is not in default under the Insurance Policy. Terms not defined herein shall have the meaning set forth in the Original Trust Agreement.

Pursuant to and in accordance with Sections 9.02 and 13.13 of the Original Trust Agreement, the undersigned Insurer hereby consents to the execution and delivery of the Supplemental Agreement dated as of May 9, 2013 between the Authority, the City of Stockton and Wells Fargo Bank, National Association.

AMBAC ASSURANCE CORPORATION

By: _____

Exhibit C

MARC A. LEVINSON (SBN 57613)
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Attorneys for Defendant
CITY OF STOCKTON

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN JOAQUIN

AMBAC ASSURANCE CORPORATION,
a Wisconsin corporation,

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 CONFESSING OF
JUDGMENT STATEMENT**
[Code Civ. Proc., § 1133]

1. I, John M. Luebberke, City Attorney for the City of Stockton, a charter city and municipal corporation existing under its charter and the constitution of the State of California (the "**City**"), confess judgment in favor of plaintiff and authorize the entry of judgment against the City in the amount appearing due and owing under that certain Amended and Restated Stipulation and Settlement Agreement, dated as of July 1, 2014 (as amended, the "**Agreement**"), not to exceed \$12,625,000, plus the costs of collection, including reasonable attorney fees and legal costs.

2. The sum confessed for claim is justly due based on the following facts:

a. The City and Stockton Public Financing Authority (the “**Authority**”) are parties to that certain Site and Facility Lease dated as of June 1, 2003 (the “**Site Lease**”), pursuant to which the City agreed to lease to the Authority certain property consisting primarily of the City’s main downtown police facility, a library and three fire stations (the “**Leased Premises**”), as more fully described in the Site Lease.

b. The City and the Authority are parties to that certain Lease Agreement dated as of June 1, 2003 (the “**Lease**”), pursuant to which the City, among other things, subleases from the Authority the Leased Premises.

c. The City, Authority and Wells Fargo Bank, National Association (the “**Trustee**”) are parties to that certain Trust Agreement dated as of June 1, 2003 (the “**Trust Agreement**”), pursuant to which the Trustee executed and delivered those certain Certificates of Participation, (Redevelopment Housing Projects) Series 2003A in the original principal amount of \$1,160,000 and Taxable Series 2003B in the original principal amount of \$12,140,000 (the “**Certificates**”), which Certificates are obligations of the Authority, payable from and secured by the revenues and receipts derived by the Authority from the Lease.

d. The Trustee and Authority are parties to that certain Assignment Agreement dated as of June 1, 2003 (the “**Assignment Agreement**”), pursuant to which the Authority, among other things, assigned to the Trustee for the benefit of holders of the Certificates, substantially all of the Authority’s right, title and interest in and to the Lease, including its right to receive the Lease Payments due under the Lease.

e. Plaintiff issued that certain Financial Guaranty Insurance Policy Number 21154BE with an effective date of June 27, 2003 (the “**Insurance Policy**”), pursuant to which plaintiff, among other things, agreed to make scheduled payments of principal or interests on the Certificates pursuant to its terms.

f. On June 28, 2012, the City filed a voluntary petition for relief under chapter 9 of title 11 of the United States Code, thereby commencing Bankruptcy Case No. 12-32118

(the "**Bankruptcy Case**") before the United States Bankruptcy Court for the Eastern District of California.

g. The City is in default under the Lease pursuant to Sections 8.1(b) and (d) of the Lease.

h. The aforementioned parties and their counsel engaged in good faith, arms' length settlement discussions regarding a consensual resolution of potential disputes between and among the Parties arising out of or related to the Lease, Trust Agreement, and the Insurance Policy.

i. As part of the Parties' negotiated settlement, the City is obligated to make certain payments, defined as the "**General Fund Payments**" under the Agreement.

j. The judgment is confessed pursuant to this Defendant's Confessing Of Judgment Statement to secure the City's payment obligations under the Agreement in the event the Bankruptcy Case is dismissed and the City fails to make the payments required under the Agreement.

Dated: December 10, 2014

Defendant, City of Stockton

By: _____

Name: John M. Luebberke

Title: City Attorney

VERIFICATION

I am John M. Luebberke, City Attorney for the City of Stockton, a charter city and municipal corporation existing under its charter and the constitution of the State of California (the "City"), the defendant in this proceeding. I have read the foregoing statement and know its contents. The matters stated in it are true of my own knowledge, except as to those matters which are therein stated on my information and belief, and as to those matters, I believe it to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: December 10, 2014

Defendant, City of Stockton

By: _____

Name: John M. Luebberke

Title: City Attorney

MARC A. LEVINSON (SBN 57613)
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Attorneys for Defendant
CITY OF STOCKTON

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN JOAQUIN

AMBAC ASSURANCE CORPORATION,
a Wisconsin corporation,

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. _____

**ATTORNEY CERTIFICATE IN SUPPORT
OF DEFENDANT'S CONFESSING OF
JUDGMENT STATEMENT**
[Code Civ. Proc., § 1132(b)]

1. I, MARC A. LEVINSON, am an attorney licensed to practice law in the State of California and am the attorney of record for City of Stockton, a charter city and municipal corporation existing under its charter and the constitution of the State of California (the "**City**"), defendant in the above-entitled matter.

2. I was retained by the City to independently represent it in the above-entitled matter.

3. I have examined the proposed judgment and have advised the City with respect to the waiver of rights and defenses under the confession of judgment procedure and have advised the City to utilize the confession of judgment procedure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: [●], 2013

MARC A LEVINSON
Attorney for Defendant

Exhibit D

[●], 2013

Wells Fargo Bank, National Association
Minneapolis, Minnesota

\$1,160,000
City of Stockton Certificates of Participation
(Redevelopment Housing Projects)
Series 2003A

Ladies and Gentlemen:

Certificates of Participation (Redevelopment Housing Projects), Series 2003A (the "Certificates") evidencing the direct, undivided fractional interests of the owners thereof in lease payments (the "Lease Payments") to be made by the City of Stockton (the "City") pursuant to a Lease Agreement, dated as of June 1, 2003 (the "Lease Agreement"), between the City and the Stockton Public Financing Authority were executed and delivered by the City on June 27, 2003, pursuant to a Trust Agreement, dated as of June 1, 2003 (the "Trust Agreement") by and among the City, the Stockton Public Financing Authority, and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

Pursuant to the order of United States Bankruptcy Court of the Eastern District of California, on or about the date hereof (the "Order") and the related Stipulation and Settlement Agreement, certain terms of the documents related to the Certificates are changing (as described in the Order and the Stipulation and Settlement Agreement, the "Adjustments"), including amendments to the Trust Agreement and adjustments to the Trustee's and the Insurer's rights and remedies under the Lease Agreement and the Trust Agreement. The Stipulation and Settlement Agreement requires that we, as counsel to the City, deliver an opinion to the effect that the exclusion from gross income for federal income tax purposes of the portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates will not be adversely affected by the Adjustments. We have reviewed the Stipulation and Settlement Agreement, the Lease Agreement, the Trust Agreement, the Order, a certificate of the City, dated the date hereof as to certain factual matters and expectations, and such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein. For purposes of this opinion, "Lease Payments"

shall mean the sum of the "General Fund Payment," the "Housing Set-Aside Amounts" (both as defined in the Stipulation and Settlement Agreement) and payments from the Reserve Fund.

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, and we disclaim any obligation to update this opinion. 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 City. 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 second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Stipulation and Settlement Agreement, the Lease Agreement, the Trust Agreement (except to the extent excused pursuant to the Stipulation and Settlement Agreement) and certain certificates of the City (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 execution and delivery of the Certificates have not caused and will not cause interest on the Certificates to be included in gross income for federal income tax purposes. 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 execution and delivery of the Certificates or the exclusion of interest on the Certificates from gross income for federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Certificates 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 accrual or receipt of interest on, the Certificates. We call attention to the fact that we have not previously rendered any opinions with respect to the Certificates and that Jones Hall, a Professional Law Corporation, delivered an opinion at the time the Certificates originally were executed and delivered to the effect that the portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the Adjustments will not, in and of themselves, adversely affect any exclusion of the portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates from gross income for purposes of federal income taxation.

This opinion is furnished by us as counsel to the City solely for purposes of the Stipulation and Settlement Agreement. No attorney-client relationship has existed or exists between our firm and the Trustee in connection with the Certificates or by virtue of this opinion, and we disclaim any obligation to update this opinion. This opinion is delivered to the addressee hereof pursuant to the Stipulation and Settlement 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 Certificates or any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE
LLP