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 City of Stockton

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

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

Case No. 12-32118  
 D.C. No. OHS-23  
 Chapter 9

**ORDER APPROVING STIPULATION  
 BETWEEN THE CITY OF STOCKTON  
 AND WELLS FARGO BANK,  
 NATIONAL ASSOCIATION, AS  
 INDENTURE TRUSTEE, FOR RELIEF  
 FROM THE AUTOMATIC STAY**

Date: November 18, 2014  
 Time: 9:30 a.m.  
 Dept: Courtroom 35  
 Judge: Hon. Christopher M. Klein

22  
 23 The Court, having considered the joint motion (“Motion”) of the City of Stockton,  
 24 California (the “City”) and Wells Fargo Bank, National Association, in its capacity as Indenture  
 25 Trustee for the Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking  
 26 and capital Projects) (the “Trustee” and, together with the City, the “Parties”) pursuant to Local  
 27 Bankruptcy Rule 4001-1 for an order approving the Stipulation (the “Stipulation”),<sup>1</sup> granting

28 <sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Stipulation.

RECEIVED

November 06, 2014

CLERK, U. S. BANKRUPTCY COURT  
 EASTERN DISTRICT OF CALIFORNIA  
 0005369846

1 relief from the automatic stay, as well as any evidence and argument presented in support  
2 thereof, hereby finds that there is good cause appearing for the relief requested in the Motion.

3 Therefore,

4 IT IS HEREBY ORDERED that the Motion is GRANTED.

5 1. The Stipulation, a true and correct copy of which is attached hereto as **Exhibit A**,  
6 is APPROVED.

7 2. The automatic stay of 11 U.S.C. §§ 362 and 922 shall, to the extent applicable,  
8 terminate as to the Settlement Parties (including their agents, affiliates, successors and assigns) to  
9 permit such entity or entities to seek and obtain approval of the Stipulated Receivership Order.

10 3. This Court shall retain jurisdiction to interpret and enforce this Order.

11 4. The Stipulation shall be effective upon entry of this Order. The 14-day stay  
12 contemplated by Rule 4001(a)(3) of the Federal Rules of Bankruptcy Procedure shall not apply.  
13 If any provision of the Order is later modified, vacated or stayed by order of this Court or any  
14 other court for any reason, such modification, vacation or stay shall not affect the validity of any  
15 action taken pursuant to the Order before the later of (a) the effective date of such modification,  
16 vacation or stay, or (b) the entry of the order pursuant to which such modification, vacation or  
17 stay was established.

18 **IT IS SO ORDERED.**


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20 Dated: November 10, 2014

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23

  
United States Bankruptcy Judge

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# Exhibit A

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1 MARC A. LEVINSON (STATE BAR NO. 57613)  
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13 In re:  
 14 CITY OF STOCKTON, CALIFORNIA,  
 15 Debtor.

Case No. 12-32118  
 D.C. No. OHS-23  
 Chapter 9

**STIPULATION BETWEEN THE CITY  
 OF STOCKTON AND WELLS FARGO  
 BANK, NATIONAL ASSOCIATION, AS  
 INDENTURE TRUSTEE, FOR RELIEF  
 FROM THE AUTOMATIC STAY**

Date: November 18, 2014  
 Time: 9:30 a.m.  
 Dept: Courtroom 35  
 Judge: Hon. Christopher M. Klein

23 The City of Stockton, California (the "City") and Wells Fargo Bank, National  
 24 Association, in its capacity as Indenture Trustee for the Stockton Public Financing Authority  
 25 Lease Revenue Bonds, Series 2004 (Parking and Capital Projects) (the "Trustee" and together  
 26 with the City, the "Parties") hereby enter into the following stipulation (the "Stipulation") and  
 27 jointly request that the Court issue an order, as follows:

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RECITALS

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2           1.       Prepetition, the City became obligated to make certain lease payments to  
3 the Stockton Public Financing Authority (the “Authority”) with respect to three parking structures  
4 located within the City – namely, the Edmund S. Coy Parking Structure, the Stockton Events  
5 Center Parking Structure and the Market Street Parking Structure (collectively, the “Leased  
6 Parking Facilities”).

7           2.       The Stockton Public Financing Authority issued its Lease Revenue Bonds,  
8 Series 2004 (Parking and Capital Projects) (collectively, the “Bonds”), the debt service on which  
9 is payable from lease payments to be made by the City. Proceeds of the Bonds were used to fund  
10 the construction of certain of the parking garages and other improvements.

11           3.       In April 2012, the Superior Court for the State of California, County of San  
12 Joaquin (the “California State Court”), entered an order in the matter pending before it as *Wells*  
13 *Fargo Bank, National Association v. City of Stockton*, Case No. 39-2012-00277662-CU-UD-STK  
14 (the “Judgment”), pursuant to which it awarded the Trustee possession of the Leased Parking  
15 Facilities.

16           4.       The California State Court entered an order appointing Kevin Whelan as  
17 receiver (the “Receiver”) to implement and enforce the Judgment (the “2012 Receivership  
18 Order”). The 2012 Receivership Order provides that “[t]he Receiver shall continue in possession  
19 of the Receivership Estate [i.e., the Leased Parking Facilities] pending further order of the Court.”  
20 (2012 Receivership Order, ¶ 16.) The Receiver began operating the Leased Parking Facilities on  
21 May 18, 2012 and has continued operating the Leased Parking Facilities since that date.

22           5.       On June 28, 2012, the City filed a petition for relief under chapter 9 of the  
23 United States Bankruptcy Code (the “Bankruptcy Code”) in this Court. The City’s bankruptcy  
24 case is currently pending under the above-captioned case number (the “Bankruptcy Case”).  
25 During the pendency of the Bankruptcy Case, the Receiver has continued to operate the Leased  
26 Parking Facilities pursuant to the 2012 Receivership Order.

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1           6. As part of the treatment provided by the City's Plan<sup>1</sup> in this chapter 9 case,  
2 the Parties, along with National Public Finance Guarantee Corporation ("National" and  
3 collectively, with the Parties, the "Settlement Parties"), have entered into a settlement pursuant to  
4 which the Settlement Parties will enter into a forbearance agreement (the "Forbearance  
5 Agreement") and certain other related agreements and documents (collectively, along with the  
6 Plan, the "Settlement"). The effectiveness of the Forbearance Agreement and other agreements is  
7 contingent on the occurrence of the Effective Date of the Plan.

8           7. In accordance with the terms of the Settlement, the City has activated its  
9 parking authority (the "Parking Authority") to which it will transfer ownership and control of the  
10 Leased Parking Facilities and other downtown parking structures and parking assets as specified  
11 in the Settlement. Revenues of the Parking Authority's operation of such assets will be pledged  
12 to the Trustee in support of a new schedule of installment payments to be made by the Parking  
13 Authority, which the Trustee will apply towards debt service on the Bonds.

14           8. The Forbearance Agreement also requires the Parking Authority to retain a  
15 third party parking operator to manage and operate certain of the parking facilities to be  
16 transferred to the Parking Authority. If the third party parking operator has not been retained on  
17 or prior to the Effective Date of the Plan, the Receiver will continue to operate the Leased  
18 Parking Facilities and, in the event any of certain defaults identified in the Forbearance  
19 Agreement occurs, will assume control over the operations of certain additional parking structures  
20 until the Parking Authority retains a third party parking operator. Such receivership will continue  
21 to be overseen by the California State Court (the "Stipulated Receivership"). The terms of the  
22 Stipulated Receivership are memorialized in a stipulated receivership order (the "Stipulated  
23 Receivership Order"). The Trustee intends to seek entry by the California State Court of the  
24 Stipulated Receivership Order.

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27 <sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the First Amended  
28 Plan for the Adjustment of Debts of City of Stockton, California, As Modified (August 8, 2014) [Dkt. 1645] or the  
Forbearance Agreement, as applicable.



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3. This Stipulation may be executed in facsimile or electronic counterparts and shall be deemed complete and effective as if it were executed as one original document.

**IT IS SO STIPULATED.**

MINTZ LEVIN COHN FERRIS GLOVSKY AND POPEO P.C.

Dated: November 6, 2014

By:                   /s/ Jeffrey A. Davis                    
Jeffrey A. Davis  
Abigail V. O'Brient  
Attorneys for Wells Fargo Bank, National  
Association as Indenture Trustee

ORRICK, HERRINGTON & SUTCLIFFE LLP

Dated: November 6, 2014

By:                   /s/ Marc A. Levinson                    
Marc A. Levinson  
Patrick B. Bocash  
Attorneys for City of Stockton, Debtor