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7 Attorneys for Debtor
 City of Stockton

8
 9 **UNITED STATES BANKRUPTCY COURT**
 10 **EASTERN DISTRICT OF CALIFORNIA**
 11 **SACRAMENTO DIVISION**

12 In re) Case No. 12-32118
 13 CITY OF STOCKTON, CALIFORNIA) DC OHS-4
 14 Debtor.) Chapter 9

15)
 16) **ORDER GRANTING JOINT MOTION**
 17) **TO MODIFY ORDER ON MOTION FOR**
 18) **LEAVE TO INTRODUCE EVIDENCE**
 19) **RELATING TO NEUTRAL**
 20) **EVALUATION PROCESS UNDER**
 21) **CALIFORNIA GOVERNMENT CODE**
 22) **§ 53760.3(Q)**

23) Date: October 30, 2012
 24) Time: 9:30 a.m.
 25) Dept: Courtroom 35
 26) Judge: Hon. Christopher M. Klein

27 Upon the *Joint Motion to Modify Order on Motion for Leave to Introduce Evidence Relating*
 28 *to Neutral Evaluation Process Under California Government Code § 53760.3(q)* [Docket No. 565]
 (the "Motion")¹, filed on October 2, 2012, by the City of Stockton, California (the "City" or
 "Stockton"), National Public Finance Guarantee Corporation ("National"), Assured Guaranty Corp.
 and Assured Guaranty Municipal Corp. (collectively, "Assured"), Franklin High Yield Tax-Free
 Income Fund and Franklin California High Yield Municipal Fund (collectively, "Franklin"), and

¹ Capitalized terms not defined in this Order shall have the meanings ascribed to them in the Motion.

RECEIVED

November 07, 2012

CLERK, U.S. BANKRUPTCY COURT
 EASTERN DISTRICT OF CALIFORNIA
 0004523333

1 Wells Fargo Bank, National Association, in its role as indenture trustee (the “Indenture Trustee,” and
2 together with the City, National, Assured, and Franklin, the “Parties”), which sought the Court’s
3 further modification of its *Order on Motion for Leave to Introduce Evidence Relating to Neutral*
4 *Evaluation Process Under California Government Code § 53760.3(q)* [Docket. No. 429] (the
5 “Protective Order”) to allow the Parties to use any AB 506-Related Communications in their
6 upcoming filings regarding eligibility; and the Court having entered its *Order Modifying Order on*
7 *Motion for Leave to Introduce Evidence Relating to Neutral Evaluation Process Under California*
8 *Government Code § 53760.3(q)* [Docket No. 598] (the “Modified Protective Order”), which
9 modified the Protective Order to permit any party, person or entity to disclose any AB 506-Related
10 Communications to any Party pursuant to a discovery request or during a deposition in connection
11 with this case; and the Court having jurisdiction to consider the Motion and the relief requested
12 therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the relief requested
13 therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this
14 Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been
15 provided, and it appearing that no other or further notice need be provided; and the Court having
16 reviewed the Motion and having heard the statements of counsel at the hearing held before the Court
17 on October 30, 2012 (the “Hearing”); and the Court having determined that the legal and factual
18 bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and
19 the parties that appeared at the October 30 hearing having approved this Order as to form and
20 content; and upon all of the proceedings had before the Court and after due deliberation and
21 sufficient cause appearing therefore,

22 IT IS HEREBY ORDERED THAT:

- 23 1. The Motion is granted.
- 24 2. The Protective Order is further modified to allow the Parties to use the AB 506-
25 Related Communications disclosed during the course of discovery, which have been or will be
26 designated as “AB 506 Confidential” pursuant to the *Stipulation and Protective Order* [Docket
27 No. 564] (the “Stipulation and Protective Order”), in support of their further briefing and in

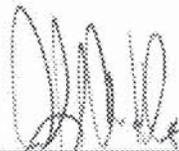
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1 connection with the evidentiary hearing on the City's eligibility for chapter 9 relief; provided,
2 however, that any such disclosure in Court filings or otherwise shall be made pursuant to the terms
3 and conditions of the Stipulation and Protective Order as if such AB 506-Related Communications
4 have been designated as "Ongoing Confidential" pursuant to the Stipulation and Protective Order to
5 the extent such AB 506-Related Communications are not already so designated. For the avoidance
6 of doubt, the Stipulation and Protective Order is hereby modified to treat any and all materials
7 designated thereunder as "AB 506 Confidential" as if such materials were designated as "Ongoing
8 Confidential" to the extent such materials are not already so designated.

9 3. The Protective Order shall continue to protect any AB-506-Related Communications
10 disclosed during the course of discovery from disclosure to the extent not explicitly permitted by the
11 Modified Protective Order or this Order.

12 4. This Order is without prejudice to the right of any Party to seek further modification
13 of the Protective Order, the Modified Protective Order and/or this Order to permit the further use and
14 disclosure of AB-506-Process Communications in this case.

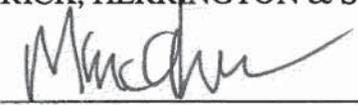
15 Dated: November 11, 2012

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18 
United States Bankruptcy Judge

19
20 Approved as to Form and Content:

ORRICK, HERRINGTON & SUTCLIFFE LLP

21 Dated: November 7, 2012

22 By 
Marc A. Levinson
Attorneys for City of Stockton, Debtor

23
24 Approved as to Form and Content:

K&L GATES LLP

25 Dated: _____, 2012

26 By See attached signature
27 Michael B. Lubic
Attorneys for the California Public Employees'
28 Retirement System

1 connection with the evidentiary hearing on the City's eligibility for chapter 9 relief; provided,
2 however, that any such disclosure in Court filings or otherwise shall be made pursuant to the terms
3 and conditions of the Stipulation and Protective Order as if such AB 506-Related Communications
4 have been designated as "Ongoing Confidential" pursuant to the Stipulation and Protective Order to
5 the extent such AB 506-Related Communications are not already so designated. For the avoidance
6 of doubt, the Stipulation and Protective Order is hereby modified to treat any and all materials
7 designated thereunder as "AB 506 Confidential" as if such materials were designated as "Ongoing
8 Confidential" to the extent such materials are not already so designated.

9 3. The Protective Order shall continue to protect any AB-506-Related Communications
10 disclosed during the course of discovery from disclosure to the extent not explicitly permitted by the
11 Modified Protective Order or this Order.

12 4. This Order is without prejudice to the right of any Party to seek further modification
13 of the Protective Order, the Modified Protective Order and/or this Order to permit the further use and
14 disclosure of AB-506-Process Communications in this case.

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Approved as to Form and Content:

ORRICK, HERRINGTON & SUTCLIFFE LLP

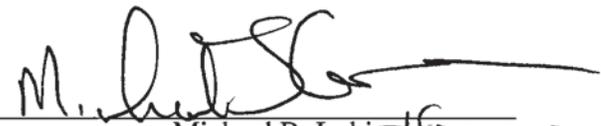
Dated: _____, 2012

By _____
Marc A. Levinson
Attorneys for City of Stockton, Debtor

Approved as to Form and Content:

K&L GATES LLP

Dated: _____, 2012

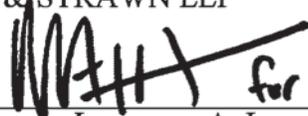
By 
Michael B. Lubick
Attorneys for the California Public Employees'
Retirement System

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Approved as to Form and Content:

Dated: Nov 5, 2012

WINSTON & STRAWN LLP

By  for L.A.L.
Lawrence A. Larose
Attorneys for National Public Finance
Guarantee Corporation

Approved as to Form and Content:

Dated: _____, 2012

JONES DAY

By See attached signature
Joshua D. Morse
Attorneys for Franklin High Yield Tax-Free Income
Fund and Franklin California High Yield Municipal
Fund

Approved as to Form and Content:

Dated: _____, 2012

MINTZ LEVIN COHN FERRIS GLOVSKY AND
POPEO P.C.

By See attached signature
Michael Gardener
Attorneys for Wells Fargo Bank,
National Association, as Indenture Trustee

Approved as to Form and Content:

Dated: _____, 2012

SIDLEY AUSTIN LLP

By See attached signature
Jeffrey E. Bjork
Attorneys for Assured Guaranty Corp. and
Assured Guaranty Municipal Corp.

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Approved as to Form and Content:

WINSTON & STRAWN LLP

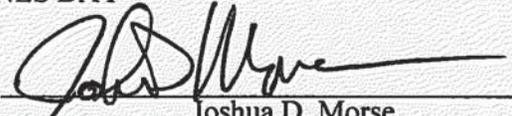
Dated: _____, 2012

By _____
Lawrence A. Larose
Attorneys for National Public Finance
Guarantee Corporation

Approved as to Form and Content:

JONES DAY

Dated: November 2, 2012

By 
Joshua D. Morse
Attorneys for Franklin High Yield Tax-Free Income
Fund and Franklin California High Yield Municipal
Fund

Approved as to Form and Content:

MINTZ LEVIN COHN FERRIS GLOVSKY AND
POPEO P.C.

Dated: _____, 2012

By _____
Michael Gardener
Attorneys for Wells Fargo Bank,
National Association, as Indenture Trustee

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Dated: _____, 2012

By _____
Jeffrey E. Bjork
Attorneys for Assured Guaranty Corp. and
Assured Guaranty Municipal Corp.

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WINSTON & STRAWN LLP

2 Dated: _____, 2012

3 By _____
4 Lawrence A. Larose
5 Attorneys for National Public Finance
6 Guarantee Corporation

7 Approved as to Form and Content:

JONES DAY

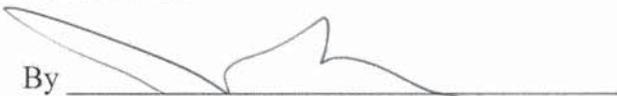
8 Dated: _____, 2012

9 By _____
10 Joshua D. Morse
11 Attorneys for Franklin High Yield Tax-Free Income
12 Fund and Franklin California High Yield Municipal
13 Fund

14 Approved as to Form and Content:

MINTZ LEVIN COHN FERRIS GLOVSKY AND
POPEO P.C.

15 Dated: _____, 2012

16 By  _____
17 Michael Gardener
18 Attorneys for Wells Fargo Bank,
19 National Association, as Indenture Trustee

20 Approved as to Form and Content:

SIDLEY AUSTIN LLP

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22 By _____
23 Jeffrey E. Bjork
24 Attorneys for Assured Guaranty Corp. and
25 Assured Guaranty Municipal Corp.

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27
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1 Approved as to Form and Content:

WINSTON & STRAWN LLP

2 Dated: _____, 2012

3 By _____
4 Lawrence A. Larose
5 Attorneys for National Public Finance
6 Guarantee Corporation

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JONES DAY

8 Dated: _____, 2012

9 By _____
10 Joshua D. Morse
11 Attorneys for Franklin High Yield Tax-Free Income
12 Fund and Franklin California High Yield Municipal
13 Fund

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MINTZ LEVIN COHN FERRIS GLOVSKY AND
POPEO P.C.

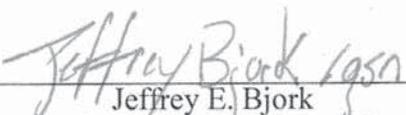
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19 National Association, as Indenture Trustee

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