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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re: CITY OF STOCKTON, CALIFORNIA, Debtor.	Case No. 2012-32118 Chapter 9 **CITY'S SUBMISSION OF REDLINED COMPARISON OF THE JANUARY 27, 2014 PLAN SUPPLEMENT AND THE FEBRUARY 10, 2014 SUPPLEMENTAL PLAN SUPPLEMENT** **Initial Confirmation Hearing/ Status Conference** Date: March 5, 2014 Time: 9:30 a.m. Dept: Courtroom 35 Judge: Hon. Christopher M. Klein

The City of Stockton, California ("City"), the debtor in the above-captioned case, hereby submits the redlined comparison, attached hereto as Exhibit 1, of the City's Plan Supplement In Connection With The First Amended Plan For The Adjustment Of Debts Of City Of Stockton, California (November 15, 2013), filed January 27, 2014 [Dkt. No. 1236] ("Plan Supplement") and the City's Supplemental Plan Supplement In Connection With The First Amended Plan For The Adjustment Of Debts Of City Of Stockton, California (November 15, 2013), filed February 10, 2014) [Dkt. No. 1259] ("Supplemental Plan Supplement").

Because Exhibits 4 (the DBW Settlement Document) and 5 (the Price Settlement Document) to the Supplemental Plan Supplement were not included in the Plan Supplement, they are not included in this redlined comparison.

Dated: February 13, 2014

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By: */s/ Marc A. Levinson*
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Exhibit 1

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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re: CITY OF STOCKTON, CALIFORNIA, Debtor.	Case No. 2012-32118 ~~D.C. No. OHS-13~~ Chapter 9 **SUPPLEMENTAL PLAN SUPPLEMENT IN CONNECTION WITH THE FIRST AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF CITY OF STOCKTON, CALIFORNIA (NOVEMBER 15, 2013)** **Initial Confirmation Hearing/ Status Conference** Date: March 5, 2014 Time: 9:30 a.m. Dept: Courtroom 35

Judge: Hon. Christopher M. Klein

Workshare Compare comparison of interwovenSite://NCUSADMS01/USA/755899233/2 and interwovenSite://NCUSADMS01/USA/756425728/2. Performed on 2/12/2014.

Pursuant to Sections I.140 and I.C of the First Amended Plan For The Adjustment Of Debts Of City Of Stockton, California (November 15, 2013) (the "**Plan**") [Dkt. No. 1204], attached hereto is ~~the~~**a supplemental** Plan Supplement[1]**. The City filed its Plan Supplement [Dkt. No. 1236] on January 27, 2014**[2]. As provided in Section I.C of the Plan, the exhibits and schedules in the Plan Supplement are incorporated into, and are a part of, the Plan as if set forth therein.

The City and the other parties to the Plan Documents have worked diligently to finalize the Plan Documents, with negotiations continuing through the date hereof and **some** drafts circulating through ~~today as well. Several~~**this afternoon. Two** of the Plan Documents are not yet ready to be filed~~. Moreover, the~~ **because the negotiations, while encouraging, are not yet completed.**

The attached Plan Documents ~~remain~~**are** in ~~draft~~**close to final** form, **but remain drafts that** are subject to revision~~, have not yet~~**. None of the attached has** been approved by the City Council, and **one or more** may require approval of officials of the counterparties to such Plan Documents~~ as well~~. Therefore, while the City does not believe that any modifications will be material, the City reserves the right to alter, amend, modify or supplement any ~~document in~~**of** the **attached** Plan ~~Supplement~~**Documents** in accordance with the provisions of the Plan. A **second** supplemental Plan Supplement will be filed and served ~~prior on or prior to the February 10, 2014, voting and preliminary objection deadline.~~ **in the future.**

The initial hearing to consider confirmation of the Plan (the "**Confirmation Hearing**") currently is scheduled for March 5, 2014. **In its order filed on January 30, 2014 [Dkt. No. 1242], the Court has scheduled the Confirmation Hearing to commence on May 12, 2014, if the Confirmation Hearing does not go forward on March 5.** The Confirmation Hearing may be

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

[2] **The caption of the Plan Supplement erroneously included a Docket Control number. No Docket Control number has been or should be assigned to the Plan, the Plan Supplement, the Supplemental Plan Supplement, or any subsequent supplemental Plan Supplements.**

Workshare Compare comparison of interwovenSite://NCUSADMS01/USA/755899233/2 and interwovenSite://NCUSADMS01/USA/756425728/2. Performed on 2/12/2014.

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continued from time to time without further notice other than the announcement by the City in open court of the adjourned date(s) at the Confirmation Hearing or any continued hearing.

Dated: ~~January 27,~~**February 10,** 2014

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PLAN SUPPLEMENT DOCUMENTS[~~2~~3]

Collective Exhibit 1. Assured Guaranty Settlement Documents.

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

Collective Exhibit 2. NPFG Arena Settlement Documents.

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

Collective Exhibit 3. NPFG Parking Settlement Documents.

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

Exhibit 4. **DBW Settlement Document.**

Exhibit 5. ~~Collective Exhibit 4.~~ **Price Settlement ~~Documents~~Document.**

Exhibit 6. ~~Collective Exhibit 5.~~ **Ports Settlement Documents.**

Exhibit 7. ~~Collective Exhibit 6.~~ **Thunder Settlement Documents.**

[~~2~~3] As noted on the previous page, none of the documents is in final form.

COLLECTIVE EXHIBIT 1

ASSURED GUARANTY SETTLEMENT DOCUMENTS

a. REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT

between

ASSURED GUARANTY MUNICIPAL CORP.

and

CITY OF STOCKTON

Dated as of _____, 2014

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REIMBURSEMENT AGREEMENT

This AGREEMENT, dated as of _____ __, 2014, is entered into by and between ASSURED GUARANTY MUNICIPAL CORP., a New York insurance corporation ("Assured Guaranty"), and CITY OF STOCKTON, a municipal corporation organized and existing under the laws of the State of California (the "City").

WITNESSETH:

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

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

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

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

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

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

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

ARTICLE I
DEFINITIONS

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

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

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

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

"Agreement" means this Reimbursement Agreement, dated as of _____ __, 2014, between Assured Guaranty and the City, as such agreement may be amended or supplemented.

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

"Ambac Settlement Agreement" means the Stipulation and Settlement Agreement, dated as of February 26, 2013, by and among (i) the City, (ii) the Stockton Public Financing Authority, (iii) the 2003 Fire/Police/Library Certificates Trustee (as such term is defined in the Plan of Adjustment), and Ambac Assurance Corporation, which is attached as Exhibit A to the Declaration of Robert Deis in Support of the City of Stockton's Motion Under Bankruptcy Rule 9019 for Approval of Its Settlement with Ambac Assurance Corporation, filed in the Chapter 9 Case on February 26, 2013 [Dkt. No. 725].

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

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

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

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

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

"Bond Payment Date" means each March 1 and September 1.

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

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

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

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

"City Council" means the governing body of the City.

"Claim" has the meaning set forth in Section 6.10 hereof.

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

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

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

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

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

"EMMA" means the MSRB's Electronic Municipal Market Access system.

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

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

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

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

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

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

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

"General Fund" means the general fund of the City.

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

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"Other Bonds" means Bonds owned by holders other than Assured Guaranty.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II
SETTLEMENT TERMS AND PAYMENTS

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

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

Section 2.03. Contingent General Fund Payments.

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

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

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

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

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

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

Section 2.05. Payments.

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

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

Bank:	Wells Fargo Bank
ABA Number:	121000248

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

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

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

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

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

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

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

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

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

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

ARTICLE III
REPRESENTATIONS AND WARRANTIES

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

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

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

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

(a) to restrain or enjoin the execution and delivery of and performance by the City under this Agreement;

(b) in any way contesting or adversely affecting the authority for or the validity or enforceability of this Agreement; or

(c) which, (i) if determined adversely to it, would result in any Material Adverse Effect or (ii) otherwise would reasonably be expected to have a Material Adverse Effect.

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

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

ARTICLE IV
COVENANTS

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

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

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

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

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

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

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

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

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

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

(a) the certificates required by Section 2.03(b) and Section 2.03(c) hereof;

(b) promptly after request by Assured Guaranty, copies of any detailed audit reports, management letters or recommendations submitted to the City Council (or any committee of the City Council) by independent accountants in connection with the accounts or books of the City, or any audit of it;

(c) promptly upon the City obtaining knowledge thereof, and in any event within two Business Days of such date, notice of any Event of Default;

(d) within 30 days after the occurrence of such event, notice of any material change in accounting policies or financial reporting practices by the City;

(e) within 30 days after the occurrence of such event, notice of any litigation, investigation or proceeding (i) in which injunctive relief or similar relief is sought, which relief, if granted, would have a Material Adverse Effect or (ii) which otherwise could reasonably be expected to have a Material Adverse Effect;

(f) within 30 days after the occurrence of such event, notice of any Material Adverse Effect;

(g) promptly, notice of any announcement by any rating agency regarding the City; and

(h) promptly, such other data and information as from time to time may be reasonably requested by Assured Guaranty.

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

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

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

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

Section 4.07. Reimbursement for Expenses; Indemnification.

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

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

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

ARTICLE V
EVENTS OF DEFAULT; REMEDIES

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

(a) The City shall fail to pay to the Payees any amount payable hereunder when due, including any attorneys' fees or other expenses provided under Sections 2.07, 4.07, 6.11(d) or 6.12(c);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VI
MISCELLANEOUS

Section 6.01. Computations. All computations of amounts due to the Payees hereunder with respect to reimbursement for payments made under the Bond Insurance Policy and all computations of fees and expenses payable under Section 4.07 or 6.11(d) hereof shall be

computed by Assured Guaranty, and all such calculations shall be final absent manifest error. All computations of interest hereunder shall be made on the basis of the actual number of days elapsed over a year of 365 days.

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

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

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

Section 6.05. Third-Party Beneficiary. It is the intention of the parties that the Trustee be a third-party beneficiary of this Agreement until all of the Other Bonds have been paid in full or adequately provided for under the Indenture. The Trustee shall receive a copy of all notices given to Assured Guaranty hereunder. Notwithstanding anything herein to the contrary, the Trustee is entitled to all of the rights, privileges and immunities set forth in the Indenture. Furthermore, nothing in this Agreement is intended to impair any rights, remedies and interests, including without limitation, liens, of any of the Parties hereto in any other capacity. Except for Section 2.07 hereof, and subject to the next two sentences, the Trustee will act at the direction of Assured Guaranty with respect to any rights and remedies under this Agreement, and will not undertake any duplicative review or analysis of notices or materials provided by the City herein or otherwise incur any additional expense beyond the amounts set forth in Schedule 11 without written approval from Assured Guaranty. Assured Guaranty's right to direct the Trustee is subject to the terms and conditions of the Indenture, including without limitation the condition that Assured Guaranty is not in payment default under the Bond Insurance Policy. In the event Assured Guaranty is in payment default under the Bond Insurance Policy and so long as such default is continuing, then, the Trustee shall have the right to enforce the provisions of this Agreement against the City without the consent of Assured Guaranty, provided that the Trustee shall have no right to alter or amend the terms of this Agreement or compromise or reduce the City's payment obligations hereunder.

Section 6.06. Right To Remove and Replace Trustee. Except in the event Assured Guaranty is in payment default under the Bond Insurance Policy, Assured Guaranty shall have

the exclusive right to remove the Trustee at any time, and to select a new trustee reasonably acceptable to the City, in accordance with the terms of the Indenture; provided, however that the City shall have no right to consent to any replacement in the event it is in default under this Agreement.

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

If to the City:	City of Stockton, California 425 North El Dorado Street Stockton, California 95202 Attention: City Manager Facsimile No.: (209) 937-7149 Telephone No.: (209) 937-8212
If to Assured Guaranty:	Assured Guaranty Municipal Corp. 31 West 52nd Street New York, New York 10019 Attention: Municipal Oversight Group and General Counsel Facsimile No.: (212) 857-0405 Telephone No.: (212) 974-0100 Email Address: munidisclosure@assuredguaranty.com
If to the Trustee:	Wells Fargo Bank, National Association 333 Market Street, 18th Floor MAC A0119-181 San Francisco, California 94105 Attention: Corporate Trust Services Fax: (415) 371-3400

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

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

Section 6.10. Jury Trial Waiver. TO THE EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO JURY TRIAL OF

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

Section 6.11. Judicial Reference Procedure.

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

(b) Selection of Referee; Powers. The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the

Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Sacramento Superior Court, or of the United States District Court for the Eastern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 6.11(b).

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

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

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

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

(b) Appointment of Neutral Accountant. If the parties do not reach a final resolution of the amounts disputed under paragraph (a) within thirty (30) days after Assured Guaranty has given the Dispute Notice, unless Assured Guaranty agrees to continue the parties' efforts to resolve such differences, the Neutral Accountant shall resolve such differences, pursuant to an engagement agreement executed by the parties and the Neutral Accountant, in the manner provided below. The parties shall each be entitled to make a presentation to the Neutral Accountant within ten (10) Business Days after the engagement of the Neutral Accountant, pursuant to procedures to be agreed to among Assured Guaranty, the City and the Neutral Accountant (or, if they cannot agree

on such procedures, pursuant to procedures determined by the Neutral Accountant), regarding such party's calculation of such disputed amounts. The Neutral Accountant shall be required to resolve the dispute and determine the disputed amounts within twenty (20) Business Days after the parties' presentation to the Neutral Accountant. Such determination by the Neutral Accountant shall be conclusive and binding upon the parties, absent fraud, misrepresentation or manifest error.

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

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

Section 6.13. Consent to Jurisdiction.

(a) THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA AND ANY APPELLATE COURT WHICH HEARS APPEALS FROM ANY COURT THEREOF, ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND TO OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREUNDER OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH COURTS. THE PARTIES HERETO FURTHER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE BANKRUPTCY COURT IN ANY MATTER AS TO WHICH THE BANKRUPTCY COURT HAS CONTINUING JURISDICTION UNDER THE PLAN AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH MATTER MAY BE HEARD OR DETERMINED IN THE BANKRUPTCY COURT. THE PARTIES HERETO AGREE THAT A FINAL AND NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT,

ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR THE SUBJECT MATTER HEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

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

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

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

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

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

Section 6.18. Survival of Obligations. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the City to pay all amounts due hereunder and the rights of Assured Guaranty to pursue all remedies shall survive the expiration, termination or substitution of this Agreement or the Bond Insurance Policy.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

ASSURED GUARANTY MUNICIPAL CORP.

By: _____
Name:
Title:

CITY OF STOCKTON, CALIFORNIA

By: _____
Name:
Title:

Acknowledged and Agreed as Third Party Beneficiary

WELLS FARGO BANK, N.A., as Trustee

By: _____
Name:
Title:

Workshare Compare comparison of 01 Assured Reimbursement Agreement.docx and 01.a. Assured Reimbursement Agreement.docx. Performed on 2/12/2014.

SCHEDULE 1
2007 LEASE ASK PAYMENTS

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

SCHEDULE 2
SPECIAL FUND PAYMENTS

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

1 Workshare Compare comparison of 01 Assured Reimbursement Agreement.docx and 01.a. Assured Reimbursement Agreement.docx. Performed on 2/12/2014.

SCHEDULE 3
SUPPLEMENTAL PAYMENTS

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

SCHEDULE 4
BASELINE CORE REVENUE

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

SCHEDULE 5
EXPECTED CORE REVENUE

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

SCHEDULE 6
EXPECTED CORE REVENUE INCREMENT

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

SCHEDULE 7
SHORTFALL AMOUNTS

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

SCHEDULE 8
SURPLUS PROPERTY

[TO BE CONFIRMED]

No.	APN	Prop. Address	Site Area (acres)	USE	Low Range	High Range	Estimated Likely Sales Price
1.	046 017 037	Hogan Lake, no situs address	3.15	Vacant - Hogan Parcels	$12,600	$15,750	$22,050
2.	046 017 049	Hogan Lake, no situs address	38.3	Vacant - Hogan Parcels	19,150	30,640	24,895
3.	046 017 053	Hogan Lake, no situs address	124.46	Vacant - Hogan Parcels	62,230	124,460	93,345
4.	046 019 010	Hogan Lake, no situs address	37.7	Vacant - Hogan Parcels	18,850	37,700	28,275
5.	046 019 011	Hogan Lake, no situs address	46.89	Vacant - Hogan Parcels	23,445	46,890	35,167
6.	046 019 016	Hogan Lake, no situs address	66.0	Vacant - Hogan Parcels	33,000	66,000	49,500
7.	046 019 017	Hogan Lake, no situs address	40.0	Vacant - Hogan Parcels	20,000	40,000	30,000
8. and 9.	046 019 049, 046 019 050 (new apn) (046 019 037 old apn)	Hogan Lake, no situs address	59.32	Vacant- Hogan Parcels	237,280	296,600	266,940
10.	046 025 ~~005~~**055**	Hogan Lake, no situs address	86.54	Vacant - Hogan Parcels	43,270	86,540	64,905
11.	046 026 009	Hogan Lake, no situs address	89.22	Vacant - Hogan Parcels	44,610	89,220	66,915

1 Workshare Compare comparison of 01 Assured Reimbursement Agreement.docx and 01.a. Assured Reimbursement Agreement.docx. Performed on 2/12/2014.

No.	APN	Prop. Address	Site Area (acres)	USE	Low Range	High Range	Estimated Likely Sales Price
12.	046 026 011	Hogan Lake, no situs address	608.58	Vacant - Hogan Parcels	304,290	608,580	456,435
13.	046 026 019 (current APN) (046 026 005 old apn)	Hogan Lake, no situs address	38.55	Vacant - Hogan Parcels	21,320	42,640	31,980
14.	046 027 002	Hogan Lake, no situs address	125.80	Vacant - Hogan Parcels	62,900	125,800	94,350
15.	050 003 006	Hogan Lake, no situs address	53.5	Vacant - Hogan Parcels	107,200	160,500	133,750
16.	050 003 018 (Old APN 046 003 018)	Hogan Lake, no situs address	102.54	Vacant - Hogan Parcels	410,160	512,700	461,430
17. & 18	050 003 022 & 23	Hogan Lake, no situs address	129.68	Vacant - Hogan Parcels	196,010	325,690	260,850
19.	050 004 008	Hogan Lake, no situs address	8.4	Vacant - Hogan Parcels	33,600	42,000	37,800
20.	050 004 011	Hogan Lake, no situs address	0.55	Vacant - Hogan Parcels	5,000	5,000	5,000
21	050 008 002	Hogan Lake, no situs address	20.41	Vacant - Hogan Parcels	40,820	61,230	51,025
22	050 008 003 (changed from 050 009 003)	Hogan Lake, no situs address	38.0	Vacant - Hogan Parcels	76,000	114,000	95,000
23.	050 008 031	Hogan Lake, no situs address	7.56	Vacant - Hogan Parcels	15,120	22,680	18,900
25	**073-042-015**	**Hogan Lake, no situs address**	**147.02**	**Vacant – Hogan Parcels**	**735,100**	**882,120**	**808,610**
49.	137 300 12	139 South Center Street	0.41	Vacant Land – Future PD expansion site	215,988	287,984	251,986
61.	149 140 09	33 South Joaquin Street	0.25 acres (4,623 SF building includes 1,250 SF	Vacant – El Tecolote Hotel – Former SRO hotel	67,460	101,190	84,325

Workshare Compare comparison of 01 Assured Reimbursement Agreement.docx and 01.a. Assured Reimbursement Agreement.docx. Performed on 2/12/2014.

No.	APN	Prop. Address	Site Area (acres)	USE	Low Range	High Range	Estimated Likely Sales Price
~~71.~~**75**	~~149 180~~ **155-360-**08	~~635~~**2370** East Main Street **(former Fair Oaks Library)**	basement) ~~0.11~~**0.640** acres **(9,900 sf building)**	Vacant ~~– La Verta Hotel – Former SRO hotel~~**former Fair Oaks Library**	~~15,000~~**445,500**	~~40,000~~**544,500**	~~25,000~~**495,000**
80.	169 077 03	2135 South Airport Way	0.33 acres	Vacant Land	50,309	93,431	71,870
81.	169 100 30 & 42	2427 South Airport Way	1.22 acres	Vacant Land	186,001	345,430	265,715
82.	179-270-17/18	Arch-Airport Road and HWY 99	0.47 acres	Vacant Land	25,592	51,183	25,592

Workshare Compare comparison of 01 Assured Reimbursement Agreement.docx and 01.a. Assured Reimbursement Agreement.docx. Performed on 2/12/2014.

SCHEDULE 9
CORE REVENUE FOR FISCAL YEAR 2012-13

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

SCHEDULE 10
MEASURE A PROJECTIONS

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

 Workshare Compare comparison of 01 Assured Reimbursement Agreement.docx and 01.a. Assured Reimbursement Agreement.docx. Performed on 2/12/2014.

SCHEDULE 11
TRUSTEE'S ADMINISTRATIVE FEES

[TO COME]

EXHIBIT A

FORM OF CERTIFICATE AS TO ESTIMATED
CONTINGENT GENERAL FUND PAYMENT

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

RE: Estimated Contingent General Fund Payment for Fiscal Year _____, pursuant to the Reimbursement Agreement, dated as of _____, 2014 (the "Reimbursement Agreement"), between Assured Guaranty and the City of Stockton (the "City")

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

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

OR

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

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

Dated: _____, 20__

CITY OF STOCKTON

By: _____
City Manager

EXHIBIT B

FORM OF RECONCILIATION CERTIFICATE

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

RE: Reconciliation of Contingent General Fund Payment for Fiscal Year _____, pursuant to the Reimbursement Agreement, dated as of _____, 2014 (the "Reimbursement Agreement"), between Assured Guaranty and the City of Stockton (the "City")

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

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

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

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

<u>OR</u>

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

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

1 Workshare Compare comparison of 01 Assured Reimbursement Agreement.docx and 01.a. Assured Reimbursement Agreement.docx. Performed on 2/12/2014.

Dated: _____, 20__

CITY OF STOCKTON

By: _____
City Manager

 Workshare Compare comparison of 01 Assured Reimbursement Agreement.docx and 01.a. Assured Reimbursement Agreement.docx. Performed on 2/12/2014.

b. 400 EAST MAIN STREET OFFICE LEASE

400 EAST MAIN STREET OFFICE LEASE

BETWEEN

_____,
As Receiver
("**Landlord**")

and

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

1 Workshare Compare comparison of 01.b Assured Lease.doc and 01.b. Assured Lease.doc. Performed on 2/12/2014.

400 EAST MAIN STREET OFFICE LEASE

TENANT:
THE CITY OF STOCKTON

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B Real Property Description
C Rules and Regulations
D Estoppel Certificate

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STANDARD OFFICE LEASE

This Lease is made as of _____, 2014, between _____ , duly appointed Receiver ("Landlord"), and THE CITY OF STOCKTON, a municipal corporation ("Tenant"), who agree as follows:

LEASE OF PREMISES

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

As a result thereof, Main Street Stockton, as landlord, and Tenant, as tenant, entered into that certain 400 East Main Street Office Lease for a portion of the Building (the "**Prior Lease**"), which Prior Lease (i) has been terminated pursuant to that certain Lease Termination Agreement, dated on or about the date hereof, between Main Street Stockton and Tenant, and (ii) is being replaced in its entirety by this Lease.

Pursuant to that certain _____, Receiver was appointed receiver for the Building and granted the authority to enter into and perform as landlord under all leases for the Building. As a result thereof, and in accordance therewith, Landlord and Tenant now wish to enter into this Lease.

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

BASIC LEASE PROVISIONS

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

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

2. PREMISES:

a. The entire fourth floor, a portion of the third floor, and a portion of the ground floor of the Building
b. Suite 400, Suite _____ and Suite _____.
c. Rentable area of the portion of the Premises described in Item 2.a. and b. above that is for Tenant's exclusive use: approximately [65,000] square feet
d. Use of the Common Facilities (as hereinafter defined)
e. Tenant's rights to the Parking Garage (as hereinafter defined),

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

4. COMMENCEMENT DATE: June 1, 2014 **[TO BE CONFIRMED AND EFFECTIVE ON THE DATE OF THE SETTLEMENT]**

5. BASIC RENTAL:

Fiscal Year Ending June 30	Monthly Payments	Total Payments
2014	$70,200	$70,200
2015	$70,200	$842,400
2016	$70,200	$842,400
2017	$70,200	$842,400
2018	$70,200	$842,400
2019	$88,816	$1,065,792
2020	$88,816	$1,065,792
2021	$88,816	$1,065,792
2022	$88,816	$1,065,792
2023*	$107,432	$1,289,184
2024*	$107,432	$1,289,184
2025*	$123,240	$1,478,880
2026*	$123,240	$1,478,880

_____
*Applicable to the extent the Term is extended pursuant to Section 1.2

6. OPERATING EXPENSES: Included within Basic Monthly Rent.

7. SECURITY DEPOSIT: $177,632

8. ADDRESSES:

Landlord:	Tenant:
[Receiver]	THE CITY OF STOCKTON
_____	425 N. El Dorado Street
_____	Second Floor

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_____

Stockton, CA 95202
Attn: City Manager

with a copy to:

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

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

SIDLEY AUSTIN LLP
555 West Fifth Street, Suite 4000
Los Angeles, CA 90013
Attn: William D. Ellis

with a copy to:

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

9. PERMITTED USES: General office use, operation of an information technology center and all related uses thereto, subject to existing zoning restrictions (the "Permitted Uses").

10. PARKING: As part of Tenant's consideration under this Lease, Tenant shall be entitled to one hundred thirty (130) unreserved parking spaces located in the Parking Garage during the Term of this Lease (collectively, the "Tenant's Spaces"). Landlord reserves the right to separately charge Tenant's guests and visitors for parking; provided, however, that Tenant's visitors shall be permitted to use, at no additional charge, any of the Tenant's Spaces that are not being used by Tenant at the time such visitor wishes to park at the Building, as determined by Landlord (or any agent or employee thereof) in its reasonable discretion.

11. TYPE/NATURE OF TENANT'S BUSINESS: Government offices and technology center and the operation of services consistent with or necessary to the operation thereof.

ARTICLE 1

TERM

1.1 Commencement Date. The Term shall commence on June 1, 2014, the "Commencement Date".

1.2 Extension Options. Tenant shall have the option (each, an "Extension Option") to extend the term of the Lease for two consecutive two-year terms (each, an "Extension Term") upon prior written notice ("Tenant's Election Notice") to Landlord no later than ninety (90) days prior to the expiration of the then current Term of the Lease; provided, however, that at the time Tenant gives Tenant's Election Notice to Landlord, and for the remainder of the then existing Term of the Lease, there is (i) no event of default by Tenant under the Lease and (ii) Tenant has not entered into a Transfer as to the Premises that are subject to such extension, whether or not

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consented to by Landlord. During either such Extension Term, the provisions of the Lease, as it may be amended in writing executed by each party to the Lease prior to the date of the commencement of such Extension Term, shall continue in full force and effect, except that Tenant shall accept the Premises in their then "AS-IS" condition, and there shall be no abatement of Rent, nor shall there be credit or allowance given to Tenant for improvements to the Premises solely as the result of Tenant exercising either Extension Term. The Basic Monthly Rent for each Extension Term shall be in the amount set forth in Item 5 of the Basic Lease Provisions. Landlord and Tenant understand and agree that Tenant's delivery of Tenant's Election Notice shall bind Tenant to the applicable Extension Term. In no event shall Tenant have the right to exercise the second Extension Option unless it has properly exercised its first Extension Option.

1.3

ARTICLE 2

RENT

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

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

Basic Monthly Rent and any other Rent (as defined in Section 2.5) due under this Lease for any period during the Term, which is for less than one (1) month, shall be a prorated portion of the monthly amount due, based upon the actual number of days in that particular month.

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

2.2 Interest on Past Due Rent. Basic Monthly Rent and any other Rent not paid when due shall bear interest from the date due until the date paid at the Federal Reserve Board Discount Rate, as of such due date, plus three percent (3%) per annum ("Interest Rate"). The payment of such interest shall not excuse or cure any default or modify any obligations of Tenant under this Lease. Notwithstanding the foregoing, the Interest Rate shall not accrue on Rent

Expenses unless any payment thereof is not received by Landlord within five (5) days of Tenant's receipt of an email therefor pursuant to Section 2.1.

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

2.4 Security Deposit. Tenant deposited with Main Street Stockton the sum of $111,668.20 (the "**Prior Security Deposit**") as the security deposit under the terms of the Prior Lease, which Prior Security Deposit has been delivered to Wells Fargo Bank, National Association (the "**Trustee**"). Concurrently with Tenant's execution of this Lease, (i) Landlord shall obtain from Trustee the Prior Security Deposit, which Tenant agrees is hereby delivered to Landlord as a partial Security Deposit under this Lease, and (ii) Tenant shall deliver to Landlord the additional sum of $65,963.80 for the remainder of the Security Deposit, which amount represents the difference between the amount of the Prior Security Deposit and the total amount specified in Item 7 of the Basic Lease Provisions ("Security Deposit"). The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all terms covenants and conditions of this Lease by Tenant. Tenant agrees that Landlord may apply the Security Deposit to remedy any failure by Tenant to repair or maintain the Premises, to perform any other obligations hereunder, and for past due Rent and future Rent damages that Landlord may recover under the Civil Code of California and any other Regulations now or hereafter in effect. If Tenant has kept and performed all terms, covenants and conditions of this Lease during the Term, Landlord shall, upon the expiration or termination hereof, promptly return any unapplied portion of the Security Deposit to Tenant, or the last permitted assignee of Tenant's interest hereunder. Should Landlord use or apply any portion of the Security Deposit pursuant to the foregoing, Tenant shall replenish the Security Deposit to the amount required under the Lease within ten (10) business days after receipt of written notice from Landlord. Landlord shall not be

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required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on any Security Deposit. Tenant hereby waives any and all rights under and benefits of Section 1950.7 of the Civil Code of California and any similar Regulation (defined below) now or hereafter in effect.

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

ARTICLE 3

[INTENTIONALLY OMITTED]

ARTICLE 4

SERVICES, FACILITIES AND MAINTENANCE

4.1 Landlord's Provision of Services.

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

(b) Landlord shall provide customary and routine cleaning and janitorial service for the Premises, provided that the Premises are used exclusively as offices and for the Permitted Uses and are kept reasonably in order by Tenant with reasonable wear and tear excepted; such services shall be consistent with janitorial services provided at comparable buildings in the Stockton, California area.

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

4.2 [Intentionally Omitted.]

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

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

(a) Establish and enforce reasonable rules and regulations concerning the maintenance, management, use and operation of the Common Facilities;

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(b) Close off any of the Common Facilities to whatever extent required in the reasonable opinion of Landlord and its counsel to prevent a dedication of any of the Common Facilities or the accrual of any rights by any person or the public to the Common Facilities; provided, that in no event shall Tenant's access to the Premises be completely or unreasonably restricted;

(c) Close any of the Common Facilities for maintenance, repair, alteration or improvement purposes;

(d) Select, appoint and/or contract with any person for the purpose of operating and maintaining the Common Facilities; and

(e) Change the size, use, shape or nature of any of the Common Facilities.

4.5 Parking. Tenant shall have the non-exclusive right, so long as this Lease remains in full force and effect, and subject to applicable rules and regulations promulgated by Landlord from time to time, to use the number of parking spaces specified in the Basic Lease Provisions in the Parking Garage, upon such terms and conditions as may be specified in the Basic Lease Provisions, but in no event during the Term of this Lease shall Tenant be required to pay any charges, fees or taxes for its use of the Tenant's Spaces. Landlord shall have certain rights and authority relating to the use and control of the Parking Garage, including, without limitation, the right to rearrange or relocate the parking spaces and improvements in the Parking Garage, to close all or any portion of the Parking Garage for the purpose of maintaining, repairing, restoring, altering or improving same, and to do and perform such other acts in, to and with respect to the Parking Garage at the sole discretion of Landlord; provided that, if Landlord closes all or any portion of the Parking Garage or relocates Tenant's parking spaces, Landlord will use reasonable efforts to provide to Tenant alternate parking arrangements within a reasonable distance of the Parking Garage; provided, that such alternate parking arrangements must be within the Project. Tenant may not sell, assign or transfer its parking rights under this Lease, except pursuant to a Transfer (as defined in Section 8.1) consented to by Landlord or a Permitted Transfer (as defined in Section 8.3); provided, however, that Tenant may rent any or all of Tenant's Spaces to any employees, consultants, advisors, vendors and subcontractors of Tenant working in the Building. Tenant and its invitees, visitors and customers shall also have the right to use in common with other tenants of the Building and their invitees, visitors and customers and the general public any portions of the Parking Garage designated for public use, subject to the rates, rules and regulations, and any other charges, fees and taxes to be collected by Landlord, for such Parking Garage. Landlord reserves the right to establish and alter, from time to time, all such rates, rules and regulations. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty as to the suitability of the Parking Garage or as to the availability of parking spaces in the Parking Garage for the conduct of Tenant's business except as set forth in the Basic Lease Provisions and in this Lease. Notwithstanding anything to the contrary contained herein, except as may be provided in the Basic Lease Provisions, parking spaces provided to Tenant under this Lease shall be unassigned and non-reserved.

4.6 Excess Utilities. Tenant shall not, without the prior written consent of Landlord, use in the Premises any apparatus, device, machine or equipment using excess water; nor shall Tenant connect any apparatus or device to sources of water except through existing water pipes in the Premises. If Tenant shall require excess water or any other resource (except for electricity and bandwidth for telecommunications) in excess of that customarily supplied for use of similar

premises as general office space and technology space, Tenant shall first request the consent of Landlord and obtain, at Tenant's sole cost and expense, any additional consent required from governmental authorities. In the event that (i) Landlord gives its consent or (ii) Landlord determines, in Landlord's sole judgment, that Tenant's use of Premises has resulted in Tenant consuming excess water or any other resource (except for electricity and bandwidth for telecommunications) and, in either case any such additional governmental consent is obtained, then Landlord may cause a separate metering device to be installed in the Premises so as to measure the amount of the resource consumed within the Premises. The cost of any such separate metering device including, but not limited to, the cost of installation, maintenance and repair thereof shall be paid by Tenant. Tenant shall promptly pay the cost of all excess resources consumed within the Premises, together with any additional administrative expense incurred by Landlord in connection therewith. Notwithstanding anything to the contrary contained herein, in no event shall Landlord be required to provide bandwith services to the Premises, and all such services shall be provided by Tenant (or Tenant shall arrange for the provision of such services), at Tenant's sole cost and expense.

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

4.8 Landlord to Maintain. Subject to the provisions of Sections 6.3 and 4.9 and Article 12, Landlord shall maintain in reasonably good order and condition the Common Facilities, Parking Garage, the foundation and structural portions of the Building (including, without limitation, the structural soundness of the roof (structure and membrane), foundations, the exterior walls of the Building, and load bearing walls), and the Building systems providing the services and utilities to be furnished by Landlord pursuant to Section 4.1 above (including, without limitation, the Building HVAC, all wiring, plumbing, other conduits and utility lines and pipes).

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

ARTICLE 5

ACCEPTANCE OF PREMISES

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

ARTICLE 6

ALTERATIONS AND REPAIRS

6.1 Alterations. Tenant shall not, without the prior written consent of Landlord, make any alterations, improvements or additions to the Premises or the Project or any part thereof. All alterations, improvements or additions, made to the Premises shall become Landlord's property and remain upon the Premises at the termination or expiration of the Lease (excepting only Tenant's moveable office furniture, technology equipment (including, without limitation, the Tenant's HVAC Chillers, subject to Section 16.1), trade fixtures and office and professional equipment); provided, however, that Landlord shall have the right to require Tenant to remove such alterations, improvements or additions made by Tenant after the date of this Lease at Tenant's cost upon the termination or expiration of this Lease, and the repair of any damage caused to the Premises, the Building or any other portion of the Project as a result of any such removal shall be paid for by Tenant. All alterations, improvements and additions shall be made in compliance with all applicable Regulations (defined below) and in a good and first-class workmanlike manner using new materials, which shall be at least equal in quality to the original installations. Any contractor selected to make such alterations, additions or improvements must (a) be bondable and licensed in the State of California; (b) be approved in advance, in writing, by Landlord; and (c) provide insurance coverage acceptable to Landlord naming Landlord, Landlord's asset manager, and Landlord's property manager as additional named insureds. At Landlord's option, any alterations, additions or improvements desired by Tenant shall be made by Landlord (or its contractors) for Tenant's account, and Tenant shall pay the cost thereof to Landlord prior to Landlord's contracting for such work; provided, however, that the bid obtained by Landlord shall not exceed the lowest bona fide bid, from a contractor reasonably satisfactory to Landlord, theretofore obtained by Tenant and communicated in writing to Landlord. Upon completion of any alterations, additions or improvements, Tenant shall furnish to Landlord a set of "as built" plans and specifications therefor, in both electronic (CAD) and print formats, and, within ten (10) days after such completion, Tenant shall cause an appropriate notice of completion to be recorded in the Official Records of San Joaquin County, California. Upon request, Landlord will advise Tenant of Landlord's approved contractor(s). After the date of execution of this Lease, if Tenant makes any alterations or improvements to the Premises, Tenant shall pay a construction administration fee, if any, owed to Landlord's property manager pursuant to the then existing management agreement between Landlord and Landlord's property manager. Notwithstanding the foregoing, Landlord's prior consent shall not be required for any alterations that (i) are reasonably estimated to cost less than Ten Thousand Dollars ($10,000); (ii) are not

visible from outside the Premises; (iii) do not affect the structural portions of the Buildings; and (iv) comply with all Regulations.

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

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

6.4 [Intentionally Omitted.]

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

ARTICLE 7

PREMISES

7.1 [Intentionally Omitted].

7.2 Permitted Use. Tenant shall use and occupy the Premises only for the Permitted Uses set forth in the Basic Lease Provisions.

7.3 Conduct of Business.

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

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

7.4 [Internationally Omitted].

7.5 Signs. Tenant shall not, without the prior written consent of Landlord, place, construct or maintain any sign, advertisement, awning, banner or other decoration on or visible from, or otherwise use, the exterior of the Premises (including, but not limited to, the outer surfaces of the exterior walls and doors of the Premises, the roof of the Building, the Common Facilities, and the public areas of the Project). Tenant shall pay the cost of any such sign approved by Landlord together with the costs of installation thereof. Landlord will provide standard lettering identifying Tenant for the building directories as Landlord, in its sole discretion, may determine. Landlord shall have the sole right to determine and change from time to time the type of such directory(ies) and such sign and the contents thereof including, but not limited to, size of letters, style, color and placement. Any changes to the directory signage shall

be at Tenant's expense. Notwithstanding the foregoing, any Tenant signage that exists as of the Commencement Date shall be deemed to be consented to and approved by Landlord.

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

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

7.8 Personal Property Taxes. Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied and assessed against Tenant's trade fixtures and other personal property installed or located in or on the Premises, and that become payable during the Term (the "Personal Property Taxes"). On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. If any taxes on Tenant's personal property are levied against Landlord or Landlord's property, or if the assessed value of the Building and other improvements in which the Premises are located is increased by the inclusion of a value placed on Tenant's personal property or leasehold improvements, as determined by Landlord, and if Landlord pays the taxes on any of these items or the taxes based on the increased assessment of these items, Tenant, on demand, shall immediately reimburse Landlord for the sum of the taxes levied against Landlord, or the proportion of the taxes resulting from the increase in Landlord's assessment. Landlord shall have the right to pay (and Tenant shall have the obligation to reimburse Landlord for) any and all Personal Property Taxes regardless of the validity of the levy.

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

thereof, or any other governmental charge, general and special, ordinary and extraordinary, foreseen and unforeseen, which may be assessed against any legal or equitable interest of Landlord in the Project, but specifically excluding any and all Personal Property Taxes.

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

ARTICLE 8

ASSIGNMENT AND SUBLETTING

8.1 Transfer. Tenant shall not cause or permit any of the following without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed (any of the following, a "Transfer"): (a) assign, mortgage, pledge, encumber or otherwise transfer, voluntarily, by operation of law, or otherwise, any interest in this Lease, the term or estate hereby granted, or any interest hereunder; (b) permit the Premises or any part thereof to be utilized by anyone other than Tenant (whether as concessionaire, franchisee, licensee, permittee or otherwise); or (c) except as hereinafter provided, sublet or offer or advertise for subletting the Premises or any part thereof. Tenant shall not permit any transferee to further assign, sublease, hypothecate, encumber or otherwise transfer any such interest, without obtaining Landlord's prior written consent. In determining whether to grant consent to a Transfer, Landlord may consider various factors including, without limitation, the following: (w) business criteria relating to the proposed transferee's background, experience, reputation, general operating ability and ability to perform Lease obligations, and potential for succeeding in its business, (x) financial criteria relating to the proposed transferee's financial responsibility, credit rating and capitalization, (y) the identity and personal characteristics of the proposed transferee and its invitees and guests, and (z) the nature of the proposed use and business of the proposed transferee and its effect on the tenant mix of the Building. Without limiting the generality of the foregoing, Landlord hereby reserves the right to reasonably condition consent to any Transfer upon Landlord's determination that (i) the proposed transferee is at least as financially and morally responsible as Tenant then is, or was upon the execution hereof, whichever is greater, and (ii) the proposed transferee shall use the Premises in compliance with all applicable Regulations. Notwithstanding any provision in this Lease to the contrary, but subject to Landlord's agreement not to unreasonably withhold consent as set forth in the first sentence of this Section 8.1, Tenant shall not enter into any proposed Transfer (1) with a prospective tenant that is negotiating directly with Landlord to lease space in the Building, (2) at a time when Landlord is offering space for lease in the Building of similar size and for a similar term as that space being offered by Tenant for sublease or assignment within the Building, or (3) that would result in (A) detraction from the first-class character or image of the Building or diminution in the value thereof, (B) the Premises being occupied by more than one (1) tenant, or (C) a breach by Landlord of any then-existing exclusive right in favor of any other tenant of the Building, any loan obligation or agreement, any covenants, conditions and restrictions of record, or any insurance policy. Any Transfer entered into without Landlord's consent, shall be voidable and, at Landlord's election, shall constitute a default under this Lease. All Transfers are subject to Section 11.1.

8.2 Notice and Procedure. If at any time or from time to time during the Term, Tenant desires to enter into a Transfer, then at least thirty (30) days, but not more than one

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hundred twenty (120) days, prior to the date when Tenant desires the Transfer to be effective (the "Transfer Date"), Tenant shall give Landlord a notice (the "Notice") which shall set forth the name, address and business of the proposed assignee or sublessee, information concerning the character of the proposed assignee or sublessee (including financial statements, business, credit and personal references and history), a detailed description of the space proposed to be assigned or sublet, which must be a single, self-contained unit (the "Space"), any rights of the proposed assignee or sublessee to use Tenant's improvements, the intended Transfer Date, and the fixed rent and/or other consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord may reasonably require. If Landlord reasonably requests reasonable additional detail, the Notice shall not be deemed to have been received until Landlord receives such reasonably requested reasonable additional detail. Landlord shall have the option, exercisable by giving notice to Tenant at any time within thirty (30) days after Landlord's receipt of the Notice (the "Option Period") (a) in the case of an assignment or sublease, to terminate this Lease as to the Space as of the Transfer Date, in which event Tenant shall be relieved of all further obligations hereunder as to the Space; or (b) in the case of a sublease, to sublease the Space from Tenant upon the terms and conditions set forth in the Notice, except that the rent shall be the lower of the per square foot Rent described in Articles 2 and 3 payable under this Lease for the Space, or that part of the rent and other consideration set forth in the Notice which is applicable to the Space. If Landlord exercises its option to sublet the Space, then Tenant shall sublet the Space to Landlord upon the terms and conditions set forth in clause (b) above; provided: (i) Landlord shall at all times under such sublease have the right and option further to sublet the Space without obtaining Tenant's consent or sharing any of the economic consideration received by Landlord; (ii) the provisions of Section 7.2 shall not be applicable thereto; (iii) Landlord and its subtenants shall have the right to use in common with Tenant all lavatories, corridors and lobbies which are within the Premises and the use of which is reasonably required for the use of the Space; (iv) Tenant shall have no right of set-off or abatement or any other right to assert a default hereunder by reason of any default by Landlord under such sublease; and (v) Landlord's liability under such sublease shall not be deemed assumed or taken subject to by any successor to Landlord's interest under this Lease. Should Landlord fail to exercise either option within the Option Period, such failure shall not constitute Landlord's consent to the Transfer. Notwithstanding anything herein to the contrary, the foregoing Landlord recapture right shall not apply to any proposed sublease of a portion of the Premises for a term of one (1) year or less. If Landlord elects not to exercise either option, then Tenant shall be free to enter into the Transfer subject to the following conditions:

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

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

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

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

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

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

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

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

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

8.6 Subsequent Bankruptcy Case. In the event that the Bankruptcy Case is dismissed, and Tenant subsequently files another petition for chapter 9 relief (initiating the "Subsequent Bankruptcy Case") and an order for relief is entered in the Subsequent Bankruptcy Case, Section 365 of the Bankruptcy Code shall apply to the Lease. In addition to the requirements of Section 365 of the Bankruptcy Code, if Tenant proposes to assume and assign this Lease pursuant to Section 365 to any person or entity who has made or accepted a bona fide offer to accept an assignment of the Lease on terms acceptable to Tenant, then notice of the proposed assignment setting forth (a) the name and address of the proposed assignee, (b) all of the terms and conditions of the offer and proposed assignment, and (c) the adequate assurance to be furnished by the proposed assignee of its future performance under the Lease, shall be given to Landlord by Tenant no later than twenty (20) days after Tenant has made or received such offer, but in no event later than ten (10) days prior to the date on which Tenant applies to a court of competent jurisdiction for authority and approval to enter into the proposed assignment. Landlord shall have the prior right and option, to be exercised by notice to Tenant given at any time prior to the date on which the court order authorizing such assignment becomes final and non-appealable, to receive an assignment of this Lease upon the same terms and conditions, and for the same consideration, if any, as the proposed assignee, less any brokerage commissions which may otherwise be payable out of the consideration to be paid by the proposed assignee for the assignment of this Lease. If this Lease is assigned in a Subsequent Bankruptcy Case pursuant to the provisions of the Bankruptcy Code, Landlord (i) may require from the assignee a deposit or other security for the performance of its obligations under this Lease in an amount substantially the same as would have been required by Landlord upon the initial leasing to a tenant similar to the assignee; and (ii) shall receive, as Additional Rent, the sums and economic consideration described in this Article 8. Any person or entity to which this Lease is assigned, pursuant to Section 365 of the Bankruptcy Code, shall be deemed, without further act or documentation, to have assumed all of the Tenant's obligations arising under this Lease on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Landlord an instrument confirming such assumption. No provision of this Lease shall be deemed a waiver of

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Landlord's rights or remedies under the Bankruptcy Code to oppose any assumption and/or assignment of this Lease, to require a timely performance of Tenant's obligations under this Lease, or to regain possession of the Premises if this Lease has neither been assumed nor rejected within sixty (60) days after the date of the order for relief or within such additional time as a court of competent jurisdiction may have fixed. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as Rent, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code.

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

ARTICLE 9

LIABILITY AND INDEMNIFICATION

9.1 Tenant's Waiver of Claims and Indemnity. Tenant, to the extent permitted by applicable Regulation, waives all claims for loss, theft or damage to property and for injuries to persons, including death, in, upon or about the Premises or the Project, from any cause whatsoever except loss, damage or injury caused by the gross negligence or willful misconduct of Landlord and, without limiting the generality of the foregoing, whether caused by water leakage of any character from the roof, walls, basement or any other portion of the Premises or the Project, or by gas, fire, oil or electricity, or by any interruption of utilities or services, or by any tenant, occupant or other person, or by any other cause whatsoever in, on or about the Premises or the Project. Notwithstanding any contrary provision in this Lease, neither Landlord, nor its members, officers, agents, managers, contractors, servants, employees or invitees (collectively, with Landlord, the "Landlord Parties") shall in any event be liable for consequential damages hereunder. Tenant indemnifies, defends, protects and holds Landlord and the other Landlord Parties harmless from and against any loss, liability, claim, damage or expense (including attorneys' fees and court costs) arising out of or resulting from Tenant's use or occupancy of the Premises, the Building, the Common Facilities or any other area within the Project, whether prior to, or following, the Lease Commencement Date, other than that caused by the gross negligence or willful misconduct of Landlord, its partners, agents, servants or employees. If any action or proceeding is brought against Landlord or any other Landlord Party by reason of any such matter, Tenant shall, upon Landlord's request, defend same at Tenant's expense by counsel selected by Tenant that is reasonably satisfactory to Landlord. The provisions of this Section 9.1 shall survive the expiration or termination of this Lease.

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

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

ARTICLE 10

INSURANCE

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

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

(b) Commercial general liability insurance with a combined single limit of Two Million Dollars ($2,000,000) per occurrence in the name of Tenant (naming Landlord as an additional insured thereunder, and, if requested by Landlord, naming any manager of any of the Premises or the Project, and any mortgagee, trust deed holder, ground lessor or secured party with an interest in this Lease, or any portion of the Project, as additional insureds thereunder); such policy shall specifically include, without limitation, personal injury, broad form property damage, and contractual liability coverage, the last of which shall cover the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements in Article 9 above; such policy shall contain cross-liability endorsements and shall provide coverage on an occurrence basis; the amount of such insurance required hereunder shall be subject to adjustment from time to time as reasonably requested by Landlord;

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

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

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

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

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

10.2 Policy Forms and Delivery. Unless otherwise maintained by Tenant as permitted under Section 10.1, all policies shall be taken out from insurers licensed in California, acceptable to Landlord and in form satisfactory to Landlord. All policies must be issued by insurers with a policy holder rating of "A-VIII" or better and a financial rating of "X" in the most recent version of Best's Key Rating Guide. Without limiting the generality of the foregoing, any deductible amounts under said policies shall be subject to Landlord's approval. Tenant agrees that certificates of such insurance shall be delivered to Landlord as soon as practicable after the placing of the required insurance, but in no event later than thirty (30) days prior to the date Tenant takes possession of the Premises. All policies shall require at least ten (10) days prior written notice to Landlord, and to any other additional insureds thereunder, by the insurer prior to termination, cancellation or material change in such insurance. Tenant shall, at least thirty (30) days prior to the expiration of any of such policies, furnish Landlord with a renewal or binder therefor. Tenant may carry insurance under a so-called "blanket" policy, provided that such policy provides that the amount of insurance required hereunder shall not be prejudiced by other losses covered thereby, and as otherwise approved by Landlord. All insurance policies carried by Tenant shall be primary with respect to, and non-contributory with, any other insurance available to Landlord. Such policies shall provide that the interests of Landlord and any other additional insureds designated by Landlord shall not be invalidated due to any breach or violation of any warranties, representations or declarations contained in such policies or the applications therefor. Upon failure of Tenant to procure, maintain and place such insurance and pay all premiums and charges therefor, Landlord may, but shall not be obligated to, purchase such insurance, and in such event, Tenant shall pay all premiums and charges therefor to Landlord as Additional Rent within five (5) days after demand.

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

10.4 Landlord's Insurance. During the Term, Landlord shall keep and maintain property insurance for the Project in such amounts, and with such coverages, and Landlord may keep and maintain such other insurance (including, but not limited to, earthquake insurance), as

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Landlord may reasonably determine or as any of Landlord's Lenders may require. Tenant acknowledges that it shall not be a named insured in such policies and that it has no right to receive any proceeds from any such insurance policies carried by Landlord. Notwithstanding any contrary provision herein, Landlord shall not be required to carry insurance covering the property described in Subsection 10.1(a) above or covering flood or earthquake.

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

10.6 Premium Increases. Tenant shall pay any increases in insurance premiums relating to property in the Project (whether such insurance is maintained by Landlord or Tenant) to the extent that any such increase is specified by the insurance carrier as being caused by Tenant's acts or omissions or use or occupancy of the Premises.

10.7 Landlord's Insurance.

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

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

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ARTICLE 11

TRANSFER OF LANDLORD'S INTEREST

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

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

ARTICLE 12

DAMAGE OR DESTRUCTION

12.1 Repair or Termination.

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

promptly repaired by Tenant, at its sole cost and expense, to the reasonable satisfaction of Landlord.

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

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

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

(e) All proceeds of any insurance maintained by Tenant or Landlord upon the Premises (including insurance on Tenant improvements) shall be used to pay for the repairs to the property covered by said insurance, to the extent that repairs are made pursuant to this Article.

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

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

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

ARTICLE 13

DEFAULTS AND REMEDIES

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

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

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

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

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

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

(f) At Landlord's sole option, Tenant's failure to observe or perform according to the provisions of Article 10 (excluding any provision regarding payment of Rent, which shall be governed by Subsection (a) above), Article 15 or Section 18.11 hereof within (10) days after demand from Landlord; and

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

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

13.2 Landlord's Remedies.

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

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

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

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

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

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

For purposes of Subsection 13.2(a), the "time of award" means the date upon which the judgment in any action brought by Landlord against Tenant by reason of such default is entered or such earlier date as the court may determine. As used in (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the maximum interest rate allowed by applicable Regulation. As used in (iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank at San Francisco at the time of award, plus one (1) percentage point. Tenant agrees that such charges shall be recoverable by Landlord under California Code of Civil Procedure Section 1174(b) or any similar, successor or related Regulation. Further, Tenant hereby waives the provisions of California Code of Civil Procedure Section 1174(c) and California Civil Code Section 1951.7 or any other similar, successor or related Regulation providing for Tenant's right to satisfy any judgment in order to prevent a forfeiture of this Lease or requiring Landlord to deliver written notice to Tenant of any reletting of the Premises.

Notwithstanding anything to the contrary contained herein, including, but not limited to, anything contained in clause (ii) or (iii) above, Landlord hereby acknowledges that Tenant is a municipality, and, as a result thereof, certain Landlord remedies set forth in this Section 13.2(a)

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

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

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

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

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

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

(g) All rights, options, and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and

Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by applicable Regulations, whether or not stated in this Lease. The exercise of any one or more of such rights or remedies shall not impair Landlord's right to exercise any other right or remedy including, without limitation, any and all rights and remedies of Landlord under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related Regulation.

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

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

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

13.3 Landlord's Event of Default.

(a) Unless a shorter period of time is specified by which Landlord is required to perform an obligation under this Lease, Landlord shall not be deemed to be in default under this Lease unless and until it has failed to perform any of its obligations hereunder within thirty (30) days after written notice by Tenant to Landlord specifying the manner in which Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are reasonably required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecute the same to completion. In the event of a default by Landlord hereunder, the extent of Landlord's liability shall be strictly limited to and shall not extend beyond Landlord's interest in the Building. **[Note: Receiver will add extra exculpatory language.]**

(b) If Landlord fails to cure a default within the time period described in this Lease, and if such default renders all or any part of the Premises untenantable or unusable for Tenant's ordinary business, Tenant shall have the option to cure the default, in addition to any other remedies permitted by applicable Regulations. Should Tenant elect to cure the default, all reasonable costs associated with such cure, including reasonable attorneys' fees (if any), shall be reimbursed by Landlord to Tenant following receipt of Tenant's invoice for said costs. If

Landlord's default hereunder prevents Tenant's use of the Premises in accordance with the Permitted Uses set forth in Section 10 of the Basic Lease Provisions, there shall be an abatement of Basic Monthly Rent for the period of such non-use.

ARTICLE 14

EMINENT DOMAIN

If (i) twenty five percent (25%) or more of the rentable space in the Building or Parking Garage, or (ii) after restoration, such portion of the Premises as in Tenant's reasonable judgment makes the balance of the Premises untenantable or otherwise unsuitable for Tenant's use and requirements, shall be lawfully taken or condemned or conveyed under threat of such taking or condemnation, for any public or quasi-public use or purpose (such taking, condemnation or conveyance being referred to herein as a "Taking"), then either party hereto may immediately terminate this Lease by serving written notice upon the other party hereto within thirty (30) days thereafter. If twenty five percent (25%) or more of the Project excluding the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof, Landlord may so terminate this Lease by serving written notice upon the other party hereto within thirty (30) days thereafter. Tenant shall not be required to assign to Landlord any portion of an award/settlement made by reason of such Taking to Tenant. If a material part of the Building is condemned or taken or if a substantial alteration or reconstruction of the Building shall, in Landlord's opinion, be necessary or desirable as a result of such Taking, Landlord may terminate this Lease by written notice to Tenant within thirty (30) days after the date of the Taking. If a part of the Premises shall be so taken, appropriated or conveyed and neither party hereto shall elect to so terminate this Lease, (a) Basic Monthly Rent payable hereunder shall be abated in the proportion that the rentable area of the portion of the Premises so taken, appropriated or conveyed bears to the rentable area of the entire Premises, and (b) if the Premises shall have been damaged as a consequence of such partial taking, appropriation or conveyance, Landlord shall, to the extent of any severance damages received by Landlord, restore the Premises continuing under this Lease; however, Landlord shall not be required to repair or restore any damage to the property of Tenant or to make any repairs to or restoration of any alterations, additions, fixtures or improvements installed on the Premises by or at the expense of Tenant, and Tenant shall pay any amount in excess of such severance damages required to complete such repairs or restoration. Notwithstanding anything to the contrary contained in this Section, if the temporary use or occupancy of any part of the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof during the Term, this Lease shall be and remain unaffected by such taking, appropriation or conveyance and Tenant shall continue to pay in full all Rent payable hereunder by Tenant during the Term; in the event of any such temporary taking, appropriation or conveyance, Tenant shall be entitled to receive a separate award (not reducing Landlord's award) as compensation for loss of the use or occupancy of the Premises during the Term. To the extent that it is inconsistent with the above, each party waives the provisions of California Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate the Lease in the event of a partial taking of the Premises.

ARTICLE 15

SUBORDINATION

Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease is subject and subordinate to all declarations of restrictions, ground leases, deeds of trust or other security interests of any kind now or hereafter encumbering or affecting the Project or any portion thereof; subject, however, to the qualification that so long as Tenant is not in default under this Lease, its peaceful use and occupancy of the Premises under this Lease shall not be impaired, restricted or terminated by any such mortgagee, beneficiary, secured party or ground lessor whose interest arises after the date hereof. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such ground leases, deeds of trust or other security interests to this Lease. In the event of foreclosure or exercise of any power of sale under any deed of trust superior to this Lease, Tenant, upon demand, shall attorn to the purchaser at any foreclosure sale or sale pursuant to the exercise of any power of sale, in which event this Lease shall not terminate and Tenant shall automatically be and become the tenant of the purchaser; provided, however, no landlord or purchaser at any foreclosure sale or sale pursuant to the exercise of any power of sale, or any successor thereto shall be liable for any act or omission of any prior landlord (including Landlord) or be subject to any offsets, counterclaims, or defenses which Tenant might have against any prior landlord (including Landlord), or be bound by any Rent which Tenant might have paid in advance to any prior landlord (including Landlord) for a period in excess of one month or by any Security Deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord (including Landlord), or be bound by an agreement or modification of this Lease made after Tenant has written notice of the interest of such party, without the prior written consent of such party, or be obligated to repair the Premises in the event of total or substantial damage beyond that which can reasonably be accomplished from the net proceeds of insurance made available to such landlord. Tenant covenants and agrees to execute and deliver, not less than ten (10) business days after demand by Landlord or any lienholder or successor in interest, and in a commercially reasonable form requested thereby, any commercially reasonable additional documents evidencing the priority or subordination of this Lease and the attornment of Tenant with respect to any such ground leases, deeds of trust or other security interests; provided, that such entities agree to the non-disturbance of Tenant's rights as tenant under this Lease if Tenant is not in default hereunder. Tenant hereby irrevocably appoints Landlord as attorney-in-fact of Tenant to execute, deliver and record any such documents in the name and on behalf of Tenant if Tenant fails to do same pursuant to the foregoing. Upon request by Tenant, Landlord shall exercise commercially reasonable efforts to obtain execution by Landlord's Lenders of a Subordination, Non-Disturbance and Attornment Agreement. Moreover, if, in connection with the obtainment of financing for the Project or any portion thereof, a prospective lender requests reasonable modifications hereto as a condition to the furnishing of such financing, Tenant shall not unreasonably withhold or delay its consent thereto, provided such modifications do not increase the obligations of Tenant hereunder or adversely affect Tenant's rights hereunder.

ARTICLE 16

SURRENDER OF PREMISES; REMOVAL OF PROPERTY

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

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

ARTICLE 17

HAZARDOUS MATERIALS; EXCESSIVE BURDEN; WASTE

Tenant shall not cause or permit any nuisance in or about the Premises or the Project, nor shall Tenant cause or permit any Hazardous Materials (as hereinafter defined) to be brought to the Premises or the Project or used, handled, stored, released or disposed of in, under or about the Premises, Building or any other portion of the Project except for ordinary and general office and

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technology supplies typically used in the ordinary course of business within office buildings and technology centers and in full compliance with all applicable Regulations. Tenant shall not conduct business or other activity in or about the Premises of such a nature as to place an unreasonable or excessive burden upon the Common Facilities. Tenant shall not commit or suffer the commission of any waste in or about the Premises or the Project. As used in this Lease, the term "Hazardous Materials" means and includes any hazardous or toxic materials, substances or wastes as now or hereafter designated under any Regulation, including, without limitation, asbestos, petroleum, petroleum hydrocarbons and petroleum based products, urea formaldehyde and other chlorofluorocarbons. Tenant indemnifies, defends, protects and holds Landlord and the other Landlord Parties harmless from all costs, damages, liens and expenses (including attorney's fees and court costs) related to Tenant's breach of any provision of this Article 17.

ARTICLE 18

MISCELLANEOUS

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

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

(a) Post notices of nonresponsibility; and

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

Notwithstanding the foregoing, at all times Landlord shall use commercially reasonable efforts not to interfere with Tenant's business operations at the Premises. If during the last month of the Term, Tenant shall have removed substantially all of Tenant's property and personnel from the Premises, Landlord may enter the Premises and repair, alter and redecorate the same, without abatement of Rent and without liability to Tenant, and such acts shall have no effect on this Lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18.12 Holding Over.

(a) If Tenant, with Landlord's written consent, remains in possession of all or any portion of the Premises after the expiration or sooner termination of the Term, such holding over shall be deemed to constitute a tenancy from month to month only, upon such terms and conditions hereof as existed at the expiration or termination of the Term; provided, however, during such holding over, Basic Monthly Rent shall be the Basic Monthly Rent in effect

immediately prior to such expiration or termination or such other amount mutually agreed upon between Tenant and Landlord, and any and all options and rights of first refusal or other preferential rights of Tenant shall be deemed to have lapsed and to be of no further force or effect. Landlord may terminate such tenancy from month to month by giving Tenant at least thirty (30) days written notice thereof at any time. Acceptance by Landlord of any Rent after such expiration or termination shall not be deemed to constitute Landlord's consent to such holding over.

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

(c) If, for any reason, Tenant fails to surrender the Premises on the expiration or earlier termination of this Lease (including upon the expiration of any subsequent month-to-month tenancy consented to by Landlord pursuant to Section 18.12(a) above), then, in addition to, and by no means in lieu of, the other provisions of this Section 18.12, all other rights and remedies granted to Landlord under the provisions of this Lease, Tenant shall indemnify, protect, defend (by counsel approved in writing by Landlord) and hold Landlord harmless from and against any and all claims, judgments, suits, causes of action, damages, losses, liabilities and expenses (including attorneys' fees, court costs and any and all consequential damages awarded as a result thereof) resulting from such failure to surrender, including, without limitation, any claim made by any succeeding tenant based thereon, and Tenant hereby acknowledges and agrees that if Tenant holds over without Landlord's consent, Tenant shall be liable to Landlord for any net loss, liability or expense, that Landlord may suffer as a result, including lost rent (net of expenses). Landlord shall, in addition, continue to have all remedies for holdover as may be available to Landlord under other provisions of this Lease or at law or in equity. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

18.13 Notices. All notices, which Landlord or Tenant may be required or may desire to serve on the other shall be in writing and shall be served by personal delivery, by mailing the same by registered or certified mail, return receipt requested, postage prepaid, or sent by a nationally recognized courier service (such as Fed Ex) for next-day delivery, to be confirmed in writing by such courier, addressed as set forth in the Basic Lease Provisions or addressed to such other address or addresses as either Landlord or Tenant may from time to time designate to the other in writing in accordance with this Article. Notices, demands and other communications given in the foregoing manner shall be deemed given when actually received or refused by the party to whom sent, unless mailed, in which event same shall be deemed given on the day of

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actual delivery as shown by the addressee's registered or certified mail receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever first occurs. Notwithstanding anything to the contrary contained herein, but by no means limiting the foregoing, until such time as Landlord may otherwise notify Tenant in writing in accordance with the terms hereof, all communications to be delivered by Tenant to Landlord shall be delivered to Landlord at both of Landlord's addresses for notices set forth in Section 8 of the Basic Lease Provisions, and no notice shall be deemed received by Landlord until such notice has been received by Landlord at both such addresses.

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

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

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

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

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

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

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

18.21 [Intentionally Omitted.]

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

18.23 Entire Agreement. This Lease, along with any Exhibits affixed hereto, constitutes the entire and exclusive agreement between Landlord and Tenant relative to the Premises. This

Lease may not be changed, modified, abandoned or discharged, in whole or in part, nor any of its provisions waived, except by a written instrument which is executed by both parties hereto.

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

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

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

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

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

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

18.30 Waiver. The failure of Landlord to exercise its rights in connection with any breach or violation of any term, covenant, or condition herein contained, shall not be deemed to

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

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

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

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

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

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

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

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

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

mean “in this Lease”, “under this Lease” and “of this Lease”, respectively, except as otherwise specifically set forth in this Lease.

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

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

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

[SIGNATURES CONTINUE ON NEXT PAGE]

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"LANDLORD"

_____ ,
as Receiver

By: _____
Name:
Title:

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"TENANT"

THE CITY OF STOCKTON,
a municipal corporation

By: _____
Name:
Title:

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EXHIBIT "A"

Floor Plan of Premises

[TO BE PROVIDED]

EXHIBIT "B"

Real Property Description

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EXHIBIT "C"

RULES AND REGULATIONS

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

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

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

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

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

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

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

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

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

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

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

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

12. Furniture, freight, pictures, equipment, safes, bulky matter or supplies of any description shall be moved in or out of the Building only, after Landlord (or its designate) has

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

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

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

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

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

17. Tenant shall cooperate in keeping closed all doors opening onto public corridors, except when in use for ingress and egress. Tenant shall cooperate in keeping closed all doors leading to equipment and utility rooms. Tenant shall see that its doors are closed and securely locked before leaving the Project. Notwithstanding the foregoing, the location of all office

equipment of any electrical nature that is within the Premises as of the Commencement Date shall be deemed to be approved by Landlord.

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

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

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

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

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

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

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

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

26. Except as otherwise provided in the Lease, all parking ramps and areas plus other public areas forming a part of the Project shall be under the sole and absolute control of Landlord with the exclusive right to regulate and control these areas; provided, that such regulation and control shall not limit any of Tenant's rights expressly granted under this Lease beyond any limitation that may otherwise be set forth herein. Tenant agrees to conform to any additional rules and regulations that may be established by Landlord for these areas from time to time.

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

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

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EXHIBIT "D"

ESTOPPEL CERTIFICATE

[SEE ATTACHED]

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ESTOPPEL CERTIFICATE

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

1. The City of Stockton, a municipal corporation ("**Tenant**"), is the lessee of certain space in that certain office building located at 400 East Main Street, Stockton, California 95202 (the "**Building**"), containing approximately _____ rentable square feet and known as Suite No. 400 (the "**Premises**"), under a lease dated _____, 201__ (the "**Lease**") entered into between Tenant and _____, as Receiver ("**Landlord**").

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

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

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

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

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

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

8. The amount of the security deposit paid under the terms of the Lease is One Hundred Eleven Thousand Six Hundred Sixty-Eight and 20/100 Dollars ($111,668.20).

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

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

11. All guarantors of the Lease are identified as:
N/A.

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

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

[Signatures continue on next page]

EXECUTED: _____ __, 20__

[[Requesting Party**]]**:

By: _____
Name:
Title:

c. REAL PROPERTY OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

REAL PROPERTY OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS REAL PROPERTY OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("**Agreement**") is made as of _____ ___, 2014 ("**Effective Date**") by and between THE CITY OF STOCKTON, a municipal corporation ("**Optionor**") and _____, a _____ ("**Optionee**").

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

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

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

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

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

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

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

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

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

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

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

WHEREAS, subsequent to Main Street Stockton obtaining possession of the Building, Main Street Stockton, as landlord, and Optionor, as tenant, entered into that certain 400 East Main Street Office Lease for certain premises located on the Land (the "**Prior Lease**"), which Prior Lease (i) has been terminated pursuant to that certain Lease Termination Agreement dated on or about the date hereof, and (ii) shall be replaced by that certain 400 East Main Street Office Lease dated on or about the date hereof between the Receiver (as hereinafter defined) and Optionor (the "**New Lease**").

WHEREAS, to resolve the Chapter 9 Case, in part, (i) Optionor has agreed to convey the Property to Optionee in exchange for Assured's agreement to cancel the Bonds, as set forth in this Agreement; and (ii) Optionor and Optionee have agreed to appoint _____, as receiver for the Property (the "**Receiver**"), to manage the Property, collect revenues in respect of operation of the Property and distribute net operating revenues to Assured and to convey the Property to Optionee, if and when Optionee exercises the "Option" granted herein;

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

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

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

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

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

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

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

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

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

1.2. Option Term. "**Option Term**" shall mean the period of time that begins on the Effective Date and ends at 5:00 p.m. Pacific Standard Time eight (8) years thereafter, plus any partial calendar month following the Effective Date (the "**Expiration Date**"); provided, however, that, in the event **(i)** the term of the New Lease is extended pursuant to the terms thereof, the Option Term shall also be extended for each two (2) year extension term exercised under the New Lease, such that the term of the New Lease and the Option Term shall be coterminous~~.~~ ~~**[OPEN; TERM TO BE DETERMINED BY OPTIONOR AND OPTIONEE.]**~~**, or (ii) the term of the New Lease is terminated for any reason prior to the Expiration Date , as may be extended, then the Option Term shall also terminate and Optionee shall then be required to acquire the Property as otherwise set forth herein.**

1.3. Manner of Exercise. Optionee shall exercise the Option, if at all, by delivering written notice to Optionor in the form attached hereto as Exhibit "B" ("**Option Exercise Notice**"), at a time that Optionee is not in material default under this Agreement and that is prior to the expiration of the Option Term. If the Option is not exercised as permitted by this Agreement prior to the expiration of the Option Term, then Optionee shall be required to obtain title to the Property within ten (10) business from the Expiration Date and upon the terms and conditions of this Agreement, as if Optionee had otherwise exercised its Option and proceed to Closing hereunder.

1.4. Option Consideration. As consideration for Optionor's granting of the Option (the "**Option Consideration**"), Optionee has agreed to compromise the treatment of its Bonds under the Plan of Adjustment approved in the Chapter 9 Case (the "**Plan**"), which Option Consideration shall be deemed earned by Optionor as of the Effective Date, regardless of if or when Optionee exercises the Option.

ARTICLE 2. PURCHASE PRICE.

The consideration for the Property shall be Assured's acceptance of, and performance of its obligations under, the Plan and such other good and valuable non-cash consideration and de minimus cash consideration (not to exceed $1,000) as may be legally sufficient, and while no

material cash consideration shall be paid by Optionee to Optionor for the Property, the purchase price (the "**Purchase Price**") for the Property for accounting and tax purposes shall be Assured's valuation of the Property, as determined by Assured in its sole discretion prior to the Closing Date, subject to the credits, prorations and other adjustments provided for in this Agreement, which shall in no event be less than the Option Consideration.

ARTICLE 3. DUE DILIGENCE.

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

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

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

3.2. Provision of Due Diligence Documents. Notwithstanding Optionee's completion of its Due Diligence Investigation and in no way extending the Due Diligence Period, within fifteen (15) business days after the Effective Date, Optionor shall deliver to Optionee, copies of all of the documents described in the remaining subsections of this Section 3.2 concerning the Property which Optionor is able to locate through a reasonable search of Optionor's records and files (collectively, the "**Due Diligence Documents**"), and which are not ~~[~~confidential or~~]~~ ~~**[OPEN; OPTIONOR NEEDS THIS ADDITION]**~~ privileged in nature.

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

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

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

3.2.4. Notices. Copies of any notices received by Optionor from (i) any federal, state, county or municipal government, or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or

public body, or (iii) any court, administrative tribunal or public utility (collectively, (i)-(iii), an "**Agency**"), together with any correspondence to or from any Agency.

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

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

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

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

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

3.3. Title Review.

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

3.3.1.1. Title Report. An update to that certain title commitment (the "**Preliminary Title Report**") covering the Real Property and attached hereto as Exhibit "C" as issued and committed to by **Chicago Title Insurance Company** (the "**Title Company**"), together with a legible copy of each document, map and survey referred to therein (collectively, the "**Review Supplements**"); and

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

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

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

ARTICLE 4. CONDITIONS PRECEDENT.

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

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

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

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

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

4.2. Optionor's Conditions. If Optionee duly exercises the Option pursuant to the terms of this Agreement, Optionor's obligations to sell the Property under this Agreement are

expressly subject to the timely fulfillment of the conditions set forth in this Section 4.2 on or before the Closing Date, or such earlier date as is set forth below. Each condition may be waived in whole or part by Receiver, on behalf of Optionor, by written notice to Optionee. A failure to fulfill any of such conditions by Optionee shall constitute a default by Optionee hereunder.

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

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

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

Optionor hereby makes the following representations and warranties to Optionee, as of the Effective Date, and as of the Closing Date, with the understanding that each such representation and warranty is material and is being relied upon by Optionee. Whenever the words "Optionor's knowledge" are used in this Agreement, they shall mean the actual knowledge of the City Manager and the City Attorney of the City of Stockton. ~~**[OPEN; OPTIONEE REQUESTED ", following reasonable inquiry and investigation, of the two individuals, then employed (and disclosed by Optionor to Optionee) who are reasonably deemed by Optionor to have the most knowledge of the matters set forth in Optionor's representations and warranties contained in this Agreement: _____ and _____."]**~~

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

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

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

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

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

ARTICLE 6. OPTIONEE'S REPRESENTATIONS AND WARRANTIES.

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

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

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

ARTICLE 7. HAZARDOUS MATERIALS; RELEASE; INDEMNIFICATION.

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

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

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

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

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

ARTICLE 8. CLOSING.

8.1. Time. Provided Optionee has duly exercised the Option and all conditions set forth in Article 4 have been either satisfied or waived, the parties shall close this transaction (the "**Closing**") on the date ("**Closing Date**") that is fifteen (15) days after the date of delivery of the Option Exercise Notice by Optionee to Optionor~~, but in no event later than **[OPEN]**,~~ or as required under Section 1.3 hereof.

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

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

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

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

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

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

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

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

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

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

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

8.4.2. Prorations as provided in Section 8.6, all as shown on the estimated closing statement prepared by Escrow Holder pursuant to Section 8.6 below, in the form approved by Receiver and Optionee (such deposit shall be made by means of an electronic transfer of immediately available Federal funds to Escrow Holder not later than one (1) business day prior to the scheduled Closing Date); and

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

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

8.5.1. Record the Quitclaim Deed and Assignment of Leases;

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

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

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

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

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

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

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

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

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ARTICLE 9. DAMAGE, DESTRUCTION AND CONDEMNATION.

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

ARTICLE 10. DEFAULT; REMEDIES; AND RELEASE.

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

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

10.3. Remedies.

10.3.1. Upon the occurrence of an Optionor's Default, Optionee shall be entitled to pursue all rights and remedies available under this Agreement, at law and/or in equity (subject to Section 10.3 below), including, but not limited to, specific performance.

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

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

10.4. Judicial Reference; Waiver of Jury Trial. Any dispute, claim, controversy or action between the parties (collectively, "**Dispute**") arising directly or indirectly out of or in any

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way relating to this Agreement or the Property shall be resolved by a general judicial reference and a statement of decision issued thereon pursuant to California Code of Civil Procedure § 638, and/or other successor or applicable statute, court rule or provision of law, in accordance with the provisions set forth below:

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

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

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

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

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

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

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

Optionor Initials: _____ Optionee Initials: _____

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

Conditions of Title Matter or (v) any other matter, save and except for any paid to Optionee from proceeds of insurance carried by Optionor, or otherwise, or related to or arising out of, Optionor's gross negligence, willful misconduct or fraud.

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

Optionor has given Optionee material concessions regarding this transaction in exchange for Optionee agreeing to the provisions of this Section. Optionee has initialed this Section to further indicate its awareness and acceptance of each and every provision hereof; provided, however that failure of Optionee to initial this Section 3.7 below shall not invalidate this Section nor any other provision of this Agreement.

OPTIONOR	OPTIONEE
_____	_____

ARTICLE 11. HOLDING PERIOD OBLIGATIONS.

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

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

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ARTICLE 12. GENERAL.

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

The addresses for notice are:

Optionor:	The City of Stockton 425 N. El Dorado Street Second Floor Stockton, CA 95202 Attn: City Manager FAX: _____
with a copy to:	Orrick, Herrington & Sutcliffe, LLP The Orrick Building 405 Howard Street San Francisco, CA 94105 Attn: John Knox FAX: (415) 773-5759
Optionee:	_____ _____ Attn: _____ FAX: _____
with a copy to:	Assured Guaranty 31 West 52nd Street New York, NY 10019 Attn: Terence L. Workman FAX: (212) 857-0302
and a copy to:	Sidley Austin LLP 555 West Fifth Street, Suite 4000 Los Angeles, CA 90013 Attn: William D. Ellis, Esq. FAX: (213) 896-6600

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

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

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

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

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

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

12.7. Confidentiality and Publicity. Prior to the Closing, the parties shall at all times keep this transaction and any documents received from each other confidential, except to the extent necessary to (i) comply with applicable law and regulations, or (ii) carry out the obligations or investigations set forth in this Agreement; provided, however, that Optionor and Optionee each shall have the right to disclose such items to their respective legal and financial advisors and consultants, and to prospective investors, partners, brokers, lenders and purchasers

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so long as, in each such case, the disclosing party advises each recipient of any such item of the foregoing duty of confidentiality and the recipient agrees to be bound thereby. Any such disclosure to third parties shall indicate that the information is confidential and should be so treated by the third party. No press release or other public disclosure may be made by either party or any of its agents concerning this transaction without the prior written consent of the other party.

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

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

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

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

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

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

12.14. Commissions, Indemnity. Each party hereby indemnifies and agrees to protect, defend and hold harmless the other party from and against all liability, cost, damage or expense (including without limitation attorneys' fees and costs incurred in connection therewith) on

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account of any brokerage commission or finder's fee which the indemnifying party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying party. This Section 12.14 is intended to be solely for the benefit of the parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a party to this Agreement.

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

12.16. Survival of Covenants, Representations and Warranties.

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

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

[signatures follow on next page]

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

OPTIONOR:

THE CITY OF STOCKTON,
a municipal corporation

By:_____
Name:_____
Title:_____

OPTIONEE:

_____,
a _____

By:_____
Name:_____
Title:_____

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ACCEPTANCE BY ESCROW HOLDER

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

Dated: _____, 2014

Chicago Title Insurance Company

By:_____
Name:_____
Title:_____

EXHIBIT A

LEGAL DESCRIPTION

That certain real property located in the State of California, County of San Joaquin, described as follows:

[TO BE PROVIDED]

1 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

EXHIBIT B

FORM OF OPTION EXERCISE NOTICE

_____, 2014

City of Stockton
_____
_____
Attn: _____

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

Dear _____:

All capitalized terms used in this letter shall have the meanings assigned in that certain Real Property Option Agreement and Joint Escrow Instructions dated as of _____, 2014 by and between the City of Stockton, a municipal corporation, as Optionor, and _____, a _____, as Optionee, unless otherwise expressly provided herein.

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

OPTIONEE:

_____,
a _____

By:_____
Name:_____
Title:_____

cc: Chicago Title Company (Escrow Department)

1 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

EXHIBIT C

PRELIMINARY TITLE REPORT

[TO BE PROVIDED]

EXHIBIT D

Intentionally Omitted

1 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

EXHIBIT E

Intentionally Omitted

1 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

EXHIBIT F

FORM OF QUITCLAIM DEED

Assessor's Parcel No: _____

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
THIS QUITCLAIM DEED AND ALL
TAX STATEMENTS TO:

Assured Guaranty
31 West 52nd Street
New York, NY 10019
Attention: Terence L. Workman Esq.

(Above Space for Recorder's Use Only)

QUITCLAIM DEED

Documentary Transfer Tax not shown
pursuant to Section 11932 of the Revenue
and Taxation Code, as amended.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, THE CITY OF STOCKTON, a municipal corporation ("Grantor"), hereby QUITCLAIMS, RELEASES AND REMISES to _____, all of Grantor's right, title and interest to the following described real property (the "Property") located in the City of Stockton, County of San Joaquin, State of California:

SEE *EXHIBIT A* ATTACHED HERETO

[*Remainder of page intentionally left blank; signature page follows.*]

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IN WITNESS WHEREOF, this instrument has been executed as of the ___ day of _____, 20__.

THE CITY OF STOCKTON,
a municipal corporation

By: _____
Name:_____
Title:_____

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, before me, _____,
(insert name and title of the officer)
personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____(Seal)

EXHIBIT A
to Quitclaim Deed

LEGAL DESCRIPTION OF THE REAL PROPERTY

[~~Form to~~**To** be attached~~.~~]

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EXHIBIT "1"
LEGAL DESCRIPTION

That certain real property located in the State of California, County of San Joaquin, described as follows:

[TO BE PROVIDED]

Document No. _____

Recorded _____, 201__

STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION NOT BE MADE A PART OF THE PERMANENT RECORD IN THE OFFICE OF THE COUNTY RECORDER (PURSUANT TO SECTION 11932 REVENUE AND TAXATION CODE)

TO: Recorder
County of San Joaquin

Request is hereby made in accordance with the provisions of the Documentary Transfer Tax Act that the amount of the tax due not be shown on the original document which names:

Grantor: THE CITY OF STOCKTON, a municipal corporation

Grantee: _____, a _____

The property described in the accompanying document is located in the City of Stockton, California.

The amount of tax due on the accompanying document is $_____.

_____ Computed on full value of property conveyed

OR

_____ Computed on full value, less liens and encumbrances remaining at the time of sale.

_____

By:_____
Its:_____

1 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

EXHIBIT G

FORM OF BILL OF SALE

BILL OF SALE

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged by execution of this document, the undersigned, THE CITY OF STOCKTON, a municipal corporation ("**Seller**") does on _____, 20___, grant, convey, transfer, assign, bargain, sell, deliver and set over unto _____, a _____, its successors and assigns ("**Buyer**"), forever, all of Seller's right, title and interest in and to the following personal property located in and upon and used in connection with the operation of all the improvements ("**Improvements**") on the land located in Stockton, California, generally known as 400 East Main Street, as more particularly described on Exhibit A attached to this document (the "**Land**"): (a) all appliances, parts, instruments, equipment, personal property, appurtenances, accessories, furnishings, fixtures, and other property owned by Buyer and incorporated or installed in or on and used in connection with the operation of the Improvements or attached to the Land (collectively, the "**Personal Property**"); (b) all warranties, guaranties and indemnities, whether those warranties, guaranties, and indemnities are express or implied, and all similar rights that Seller may have against any manufacturer, supplier, seller, engineer, contractor, builder, or other third party in respect of the Personal Property, or any portion of the Personal Property (collectively, the "**Warranties**"); and (c) (i) all governmental permits, licenses, applications, subdivision maps, entitlements, certificates, rights under development agreements and school fee mitigation agreements, if any, building permit and development allocations, if any, and development rights relating to the Land and the Improvements, (ii) utility and other permits relating to the Land and the Improvements, and (iii) fee credits applicable to the Land and the Improvements, license tax credits, and previously paid expenses, fees and deposits (except for utility deposits paid by Seller) applicable to the Land and the Improvements (collectively, the "**Entitlements**").

The sale of the Personal Property is on an "as is," "with all faults" basis and without any warranty or representation, express or implied, of any nature or sort, including, without limitation, any warranty of merchantability, fitness of use for a particular purpose, or otherwise.

This Bill of Sale shall in all respects be governed by, and construed in accordance with the laws of the State of California, including all matters of construction, validity, and performance.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed and delivered on the day and year specified above.

Date:_____

THE CITY OF STOCKTON,
a municipal corporation

By:_____
Name: _____
Title: _____

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BILL OF SALE EXHIBIT "~~1~~A"
LEGAL DESCRIPTION

That certain real property located in the State of California, County of San Joaquin, described as follows:

[TO BE PROVIDED]

1 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

~~BILL OF SALE EXHIBIT "2"~~
~~DESCRIPTION OF PERSONAL PROPERTY~~

~~TO BE PROVIDED~~EXHIBIT H

FORM OF ASSIGNMENT OF LEASES

~~[attached]~~

~~RECORDING REQUESTED BY~~

~~Terence L. Workman Esq.~~

~~WHEN RECORDED, RETURN TO:~~

~~Assured Guaranty~~
~~31 West 52nd Street~~
~~New York, NY 10019~~
~~Attention: Terence L. Workman Esq.~~

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES ("**Assignment**") is executed as of _____, 20___ by and between THE CITY OF STOCKTON, a municipal corporation ("**Assignor**") and _____, a _____ ("**Assignee**").

RECITALS

A. Assignor, as owner of the real property and the improvements on it (collectively, the "**Property**"), located in the County of San Joaquin, California, and more thoroughly described in attached Exhibit A, is the landlord under the leases (the "**Leases**") described in attached Exhibit B that cover portions of the Property.

B. Assignor is selling to Assignee, and Assignee is purchasing from Assignor, all of Assignor's right, title and interest in and to the Property. In connection therewith, Assignor desires to assign to Assignee, and Assignee desires to accept the assignment of, all of Assignor's right, title and interest in and to the Leases, all on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and conditions contained in them, the parties agree as follows:

1. Assignment. Assignor assigns, transfers, and conveys to Assignee all of Assignor's right, title, and interest in and to the Leases, together with all of the rents, income, receipts, revenues, issues, profits, security deposits, prepaid rents, and all other benefits arising or issuing from or out of the Leases, and together with any and all rights that Assignor may have against the tenants under the Leases, or any of them.

2. Assumption. Assignee hereby assumes all of Assignor's obligations under the Leases subsequent to the date of this Assignment and shall indemnify and defend Assignor against and hold Assignor harmless from and against any and all losses, costs, damages, liabilities, and expenses, including, without limitation, reasonable attorneys' fees, incurred by Assignor as a result of any claim arising under any of the Leases and based on events occurring subsequent to the date of this Assignment, except to the extent caused by the gross negligence or willful misconduct of Assignor.

3. No Partnership. None of the terms and conditions of this Assignment shall create a partnership between or among the parties to this Assignment and their respective businesses or otherwise, nor shall it cause them to be considered joint venturers or members of any joint

enterprise. This Assignment is not intended, nor shall it be construed, to create any third-party beneficiary rights in any person who is not a party to this Assignment, including without limitation any tenant under a Lease.

4. Severability. If any term of this Assignment or the application of such term to a person or circumstance shall to any extent be declared invalid or unenforceable, the remainder of this Assignment, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected by it, and each term of this Assignment shall remain valid and enforceable to the fullest extent permitted by law.

5. Successors and Assigns. This Assignment shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

6. Attorneys' Fees. If a dispute arises concerning the performance of the obligations under this Assignment or the meaning or interpretation of any provision of this Assignment, the party not prevailing in the dispute shall pay any and all costs and expenses incurred by the other party in establishing its rights under this Assignment, including, without limitation, court costs and reasonable attorney fees.

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

Assignor: THE CITY OF STOCKTON,
a municipal corporation

By:_____
Name: _____
Title: _____

Assignee: _____,
a _____

By:_____
Name: _____
Title: _____

 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

EXHIBIT A

Legal Description

[TO BE PROVIDED]

EXHIBIT B

Leases

~~**EXHIBIT I**~~

~~**ENTITLEMENTS**~~

[TO BE PROVIDED]

1 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

EXHIBITS AND SCHEDULES

EXHIBIT A	LEGAL DESCRIPTION
EXHIBIT B	FORM OF OPTION EXERCISE NOTICE
EXHIBIT C	PRELIMINARY TITLE REPORT
EXHIBIT D	*Intentionally Omitted*
EXHIBIT E	*Intentionally Omitted*
EXHIBIT F	QUITCLAIM DEED
EXHIBIT G	BILL OF SALE
EXHIBIT H	ASSIGNMENT OF LEASES
~~EXHIBIT I~~	~~ENTITLEMENTS~~

 Workshare Compare comparison of 01.c Assured Option Agreement.doc and 01.c. Assured Option Agreement.doc. Performed on 2/12/2014.

REAL PROPERTY OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

Between

THE CITY OF STOCKTON,
a municipal corporation

as Optionor

and

_____,
a _____

as Optionee

400 East Main Street
City of Stockton, California

Dated as of _____ ___, 2014

COLLECTIVE EXHIBIT 2

NPFG ARENA SETTLEMENT DOCUMENTS

a. FORBEARANCE AGREEMENT

FORBEARANCE AGREEMENT

(2004 Arena Bonds)

THIS FORBEARANCE AGREEMENT (the "***Agreement***") is made as of this ____ day of _____, 2014 by and among the City of Stockton, California (the "***City***"), Wells Fargo Bank, National Association, as Trustee (the "***2004 Arena Bond Trustee***"), the City, as the Successor Agency (defined below), and National Public Finance Guarantee Corporation ("***NPFG***" and collectively with the City, the Successor Agency, and the 2004 Arena Bond Trustee, the "***Parties***") based on the facts and understandings set forth below.

RECITALS

A. Pursuant to the terms of that certain Indenture of Trust made and entered into as of March 1, 2004 (the "***2004 Arena Indenture***") by and between the Redevelopment Agency of the City of Stockton (the "***Agency***") and the 2004 Arena Bond Trustee, the Agency issued its Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center – Arena Project) (collectively, the "***2004 Arena Bonds***") in the original aggregate principal amount of $47,000,000 for the purpose of providing funds to finance a portion of the costs of constructing the Arena (defined below), to fund two years capitalized interest on the 2004 Arena Bonds, to fund a reserve account for the 2004 Arena Bonds and to pay certain costs of issuance of the 2004 Arena Bonds.

B. Pursuant to that certain Site Lease (the "***Arena Lease Out***") dated as of March 1, 2004, between the City (as lessor) and the Agency (as lessee), the City leased to the Agency certain real property located in San Joaquin County, State of California identified as Parcel 4, as shown on that Parcel Map filed for record in the office of the Recorder of the County of San Joaquin, State of California, on March 4, 2003, in Book 23 of Maps, page 15 (the "***Site***").

C. Contemporaneously therewith, the City and the Agency entered into that certain Lease Agreement (the "***Arena Lease Back***"), dated as of March 1, 2004, pursuant to which the Agency leased to the City the Site and the Arena (collectively, the "***Property***").

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

E. Pursuant to the 2004 Arena Indenture, and as memorialized in that certain Memorandum of Assignment of Lease dated as of March 1, 2004 by and between the Agency and the 2004 Arena Bond Trustee (the "***Memorandum of Assignment of Lease***"), the Agency assigned to the 2004 Arena Bond Trustee all of the rights of the Agency under the Arena Lease Back (other than certain rights expressly reserved by the Agency), including, without limitation, the right to receive and collect all of the Lease Payments from the City under the Arena Lease Back and the rights and remedies conferred on the Agency pursuant to the Arena Lease Back.

F. To provide additional security for the repayment of the obligations with respect to the 2004 Arena Bonds, the Agency and the City entered into that certain Pledge Agreement, dated as of March 1, 2004 (the "***Pledge Agreement***"), pursuant to which the Agency agreed to make payments of Tax Revenues (defined below) to the City arising from the Project Area (as defined in the Pledge Agreement) under, and pursuant to, Chapter 4 of Part 1 of Division 24 of the California Health and Safety Code, and which payments would be applied to pay debt service on the 2004 Arena Bonds, with a corresponding reduction in Lease Payments.

G. The Agency's obligation to make payments under the Pledge Agreement to the City was secured by a pledge of, and first lien on and security interest in, the Tax Revenues.

H. Pursuant to that certain Assignment of Pledge, dated as of March 1, 2004 by and between the City and the 2004 Arena Bond Trustee (the "***Assignment of Pledge***"), the City assigned to the 2004 Arena Bond Trustee the City's right to receive the Pledge Payments (defined below) from the Agency under the Pledge Agreement.

I. NPFG, as successor to Financial Guaranty Insurance Company, insures the payment of principal of and interest on the 2004 Arena Bonds, when due, subject to the terms and conditions set forth in that certain Municipal Bond Insurance Policy No. 04010198 (the "***2004 Arena Bond Policy***").

J. On June 29, 2011, the State of California adopted Assembly Bill x1 26 (as amended, "***AB 26***") dissolving all existing California redevelopment agencies (including the Agency), effective February 1, 2012, and allowing each city or county as applicable, to establish itself as the successor agency to its redevelopment agency.

K. In accordance with AB 26, on August 23, 2011, the City passed a resolution stating that it would serve as the successor agency to the Agency. Accordingly, the Successor Agency has succeeded to the rights and obligations of the Agency.

L. On June 28, 2012, the City filed a petition for relief under chapter 9 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Eastern District of California (the "***Bankruptcy Court***") commencing the case styled *In re City of Stockton, California,* Case No. 2012-32118 (the "***Bankruptcy Case***").

M. On June 12, 2013, following hearings conducted before the Bankruptcy Court concerning the City's eligibility to be a debtor under chapter 9 of the Bankruptcy Code (the "***Eligibility Contest***"), the Bankruptcy Court entered an order for relief with respect to the City.

N. On or about November 21, 2013, the City filed the Plan in the Bankruptcy Court.

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

P. As of the date hereof, the City expressly acknowledges that (i) it is in material default under the terms of the Existing Bond Documents (defined below) by reason of, the Existing Defaults (defined below) set forth on **Exhibit A** hereto, and (ii) the Existing Defaults have occurred and are continuing.

Q. In accordance with the terms of the 2004 Arena Indenture, as the result of the existence of such Existing Defaults, the 2004 Arena Bond Trustee is now entitled, among other things, to exercise its rights and remedies under the terms of the 2004 Arena Indenture and the other Existing Bond Documents.

R. Without prejudice to the exercise of any of the 2004 Arena Bond Trustee's or NPFG's rights or remedies arising as a result of the Existing Defaults, the 2004 Arena Bond Trustee, at the direction of NPFG, and NPFG are willing to forbear from exercising any of their rights and remedies arising from the occurrence or continuation of any Existing Defaults until the occurrence of a Termination Event (defined below) upon the terms and conditions set forth below.

NOW, THEREFORE, in exchange of fair and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each of the Parties hereto agrees as follows:

AGREEMENT

ARTICLE 1
DEFINITIONS

Section 1.1 Certain Defined Terms. The following terms used herein shall have the respective meanings as defined (or otherwise indicated) below:

(a) 2004 Arena Bond Trustee has the meaning ascribed to it in the preamble of this Agreement.

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

(c) 2004 Arena Bonds has the meaning ascribed to it in the preamble of this Agreement.

(d) 2004 Arena Indenture has the meaning ascribed to it in the Recitals, above.

(e) 2004 Parking Bonds means the Stockton Public Financing Authority Lease Revenue Bonds (Parking and Capital Projects), Series 2004 in the aggregate principal amount of $32,785,000.

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

(g) 2004 Parking Indenture means that certain Indenture of Trust dated as of June 1, 2004 by and between the Authority and the 2004 Parking Bond Trustee.

(h) AB 26 has the meaning ascribed to it in the Recitals, above.

(i) AB 506 Process means the neutral evaluation process in which the City participated between March 27, 2012 and June 25, 2012, pursuant to Assembly Bill 506, codified at California Government Code section 53760, *et seq*.

(j) Agency has the meaning ascribed to it in the Recitals, above.

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

(l) Amended and Restated Pledge Agreement means that certain Amended and Restated Pledge Agreement by and between the City of Stockton, as Successor Agency to the Redevelopment Agency of the City of Stockton, and the City of Stockton, dated as of the Effective Date, substantially in the form annexed as **Exhibit B** hereto.

(m) Arena means the arena component of the Stockton Events Center consisting of approximately 220,000 square feet of space, including media facilities, food services, a playing field, officials' facilities and various support facilities for minor league ice hockey, indoor soccer, concerts and other events located on the Site.

(n) Arena Contract Collateral has the meaning ascribed to it in Section 2.3(a) hereof.

(o) Arena Contracts has the meaning ascribed to it in Section 2.3(a)(iii) hereof.

(p) Arena Leases has the meaning ascribed to it in Section 2.3(a)(i) hereof.

(q) Arena Lease Back has the meaning ascribed to it in the Recitals, above.

(r) Arena Lease Out has the meaning ascribed to it in the Recitals, above.

(s) Assignment of Pledge has the meaning ascribed to it in the Recitals, above.

(t) Authority means the Stockton Public Financing Authority.

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

(v) Bankruptcy Case has the meaning ascribed to it in the Recitals, above.

(w) Bankruptcy Code has the meaning ascribed to it in the Recitals, above.

(x) Bankruptcy Court has the meaning ascribed to it in the Recitals, above.

(y) Bond Documents means the Existing Bond Documents (other than the Pledge Agreement), this Agreement, the Amended and Restated Pledge Agreement, and any other agreement, instrument or document executed in connection with this Agreement or the Amended and Restated Pledge Agreement relating to the 2004 Arena Bonds.

(z) Business Day means a day other than a Saturday, a Sunday, or any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order.

(aa) City has the meaning ascribed to it the preamble of this Agreement.

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

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

(dd) Contracting Parties has the meaning ascribed to it in Section 2.3(a)(iii) hereof.

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

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

(gg) Existing Bond Documents means the Arena Lease Out, the Arena Lease Back, the 2004 Arena Indenture, the Pledge Agreement, the Assignment of Pledge, the Memorandum of Assignment of Lease, the 2004 Arena Bond Policy and any other documents, instruments and agreements executed in connection with the issuance of, or evidencing or securing, the 2004 Arena Bonds.

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

(ii) Final Order means a judgment, order, ruling, or other decree issued and entered by the Bankruptcy Court or by any state or other federal court or other tribunal having jurisdiction over the subject matter thereof which judgment, order, ruling, or other decree has not been reversed, stayed, modified, or amended and as to which (i) the time to appeal or petition for review, rehearing, or certiorari has expired and no appeal or petition for review, rehearing, or certiorari is then pending or (ii) any appeal or petition for review, rehearing, or certiorari has been finally decided, and no further appeal or petition for review, rehearing, or certiorari can be taken or granted.

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

(kk) Forbearing Parties means NPFG and the 2004 Arena Bond Trustee.

(ll) Judgment by Confession means the entry of a judgment by confession substantially in the form annexed as **Exhibit D** hereto.

(mm) Lease Payments has the meaning ascribed to it in the 2004 Arena Indenture.

(nn) Memorandum of Assignment of Lease has the meaning ascribed to it in the Recitals, above.

(oo) No Adverse Effect Opinion means an opinion of nationally recognized bond counsel to be delivered to NPFG and the 2004 Arena Bond Trustee in substantially the form annexed as **Exhibit E** hereto.

(pp) NPFG has the meaning ascribed to it in the preamble of this Agreement.

(qq) Parking Authority means that certain parking authority to be created pursuant to the terms of the Parking Forbearance Agreement.

(rr) Parking Forbearance Agreement means that certain Forbearance Agreement, among the City, the Authority, the Parking Authority, NPFG, and the 2004 Parking Bond Trustee dated as of the date hereof relating to the 2004 Parking Bonds.

(ss) Parties has the meaning ascribed to it in the preamble of this Agreement.

(tt) Plan means the Plan for Adjustment of Debts of the City of Stockton, California, originally dated [____], 2014 (as amended or modified from time to time and as confirmed by the Bankruptcy Court pursuant to the Confirmation Order).

(uu) Pledge Agreement has the meaning ascribed to it in the Recitals, above.

(vv) Pledge Payments prior to the Effective Date has the meaning ascribed to it in the Pledge Agreement and, after the Effective Date, has the meaning ascribed to it in the Amended and Restated Pledge Agreement.

(ww) Property has the meaning ascribed to it in the Recitals, above

(xx) Rents has the meaning ascribed to it in Section 2.3(a)(ii), hereof.

(yy) Restructured Lease Payments means the payments set forth on the Restructured Lease Payment Schedule.

(zz) Restructured Lease Payment Schedule means the schedule annexed as **Exhibit F** hereto.

(aaa) Stockton Events Center means that certain multi-faceted project including a baseball stadium with a seating capacity of approximately 5,000, an indoor arena with a seating capacity of approximately 10,000, a 150-unit hotel complex and approximately 60,000 square feet of retail/commercial space, all located in downtown Stockton, California on approximately twenty-four acres immediately north of and adjacent to the Stockton Channel and within the West End Urban Renewal No. 1 Redevelopment Project of the Agency.

(bbb) Site has the meaning ascribed to it in the Recitals, above.

(ccc) Successor Agency means the City, acting in its capacity as Successor Agency to the Redevelopment Agency of the City of Stockton following the dissolution of such agency.

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

Section 1.2 General Rules of Construction: For all purposes of this Agreement, except as otherwise expressly provided or unless the contest otherwise requires, the following shall apply:

(a) Defined terms in the singular shall include the plural as well as the singular and vice versa.

(b) Unless otherwise indicated, all references in this Agreement to "Articles" or "Sections" are to the Articles or Sections of this Agreement.

(c) The terms "herein," "hereof," "hereto," and "hereunder" and other words of similar import refer to this Agreement, as a whole, and not to any particular Article, Section or subdivision in this Agreement.

ARTICLE 2
FORBEARANCE AND OTHER AGREEMENTS

Section 2.1 Forbearance by the 2004 Arena Bond Trustee and NPFG.

(a) Subject to the terms and conditions contained herein, including, without limitation, the City's acknowledgment of the items set forth in Recital P above and Section 2.3(b) below, from and after the Effective Date until the occurrence of a Termination Event (such period, the "***Forbearance Period***"), NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, agree to forbear from exercising the rights and remedies that are available to them under the Existing Bond Documents solely by reason of either the Existing Defaults or the City's failure to make full and timely payment of the Lease Payments in accordance with the terms of the Arena Lease Back during the Forbearance Period; *provided, however,* that, after the occurrence of a Termination Event, NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, may (but shall not be required to) (x) waive the Termination Event, (y) defer or waive the rights and remedies available to them following a Termination Event, or (z) reinstate the forbearance provided in this Agreement.

(b) Nothing contained in this Agreement, however, shall limit or restrict NPFG or the 2004 Arena Bond Trustee from taking any action that either NPFG or the 2004 Arena Bond Trustee may take under the Bond Documents or at law or in equity as may be necessary or appropriate in NPFG's or the 2004 Arena Bond Trustee's discretion to preserve, protect or defend any of the collateral or security interests described in the Bond Documents, including, without limitation, (i) defending, intervening in or filing any legal proceedings relating to any such collateral or security interests; (ii) sending any notices to any persons or entities concerning the existence of security interests or liens in favor of NPFG or the 2004 Arena Bond Trustee relating to such collateral or security interests; or (iii) otherwise preserving any of NPFG's or the 2004 Arena Bond Trustee's rights, remedies, positions or defenses.

(c) Notwithstanding the foregoing or any other provision to the contrary contained herein, upon the occurrence of a Termination Event, the Forbearance Period shall automatically and immediately terminate, and the Forbearing Parties shall be entitled to exercise

any and all rights and remedies available under the Bond Documents or available under applicable law or in equity; *provided, however,* that, after the occurrence of a Termination Event, NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, may (but shall not be required to) (x) waive the Termination Event, (y) defer or waive the rights and remedies available to them following a Termination Event, or (z) reinstate the forbearance provided in this Agreement.

Section 2.2 Restructured Lease Payments.

(a) Restructured Lease Payments; Credits. During the term of this Agreement, the City shall pay to the 2004 Arena Bond Trustee, as rent under the Arena Lease Back, the Restructured Lease Payments at the times and in the amounts provided in the Restructured Lease Payment Schedule. The Pledge Payments shall be credited against the Restructured Lease Payments in the manner as is currently provided in Section 4.3 of the Arena Lease Back for crediting the Pledge Payments against the Lease Payments.

(b) Each of the City and the Successor Agency hereby expressly acknowledges and agrees that failure of the City to make any Restructured Lease Payment when due in accordance with Section 2.3(a) hereof shall constitute an automatic default under this Agreement and the Bond Documents (including, without limitation, an "Event of Default" under the Indenture, the Arena Lease Back, and the Amended and Restated Pledge Agreement) (without any notice or cure period), and NPFG and the 2004 Arena Trustee shall thereafter immediately have the right to exercise any and all of their respective rights and remedies available under, and subject to the terms and conditions of the Bond Documents or otherwise, at law or in equity; *provided, however,* that, after the occurrence of a Termination Event, NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, may (but shall not be required to) (x) waive the Termination Event, (y) defer or waive the rights and remedies available to them following a Termination Event, or (z) reinstate the forbearance provided in this Agreement.

Section 2.3 Assignment of Contracts and Leases.

(a) As additional security for the payment of all principal, interest, charges, fees and other sums due to the 2004 Arena Bond Trustee under this Agreement and each of the other Bond Documents and for the observance, performance and discharge of each and every other obligation, covenant and agreement to be observed, performed or discharged under this Agreement and the other Bond Documents, each of the City and the Successor Agency, respectively and as applicable, hereby absolutely grant a first lien on and security interest in and hereby assign, transfer and set over to the 2004 Arena Bond Trustee for the benefit of the holders of the 2004 Arena Bonds and NPFG, all of City's and Successor Agency's right, title and interest (respectively and as applicable) in and to the following (collectively, the "***Arena Contract Collateral***"):

(i) any and all agreements (including, without limitation, leases, licenses, rental agreements, advertising agreements, concession agreements, parking agreements, and occupancy agreements) of whatever form now or hereafter relating to all or any part of the Property to the extent that rents or any other amounts payable to the City or the Successor Agency thereunder relate to occupancy or other beneficial use of the Property and any and all

guarantees, extensions, renewals, replacements and modifications thereof, including, without limitation, those leases and agreements set forth on **Exhibit C** hereto (collectively, the "***Arena Leases***");

(ii) all deposits (whether for security or otherwise), rents, issues, profits, revenues, royalties, accounts, rights, benefits and income of every nature of and from the Property, including, without limitation, minimum rents, additional rents, termination payments, forfeited security deposits, liquidated damages following default and all proceeds payable under any policy of insurance covering loss of rents resulting from untenantability due to destruction or damage to the Property, together with the immediate and continuing right to collect and receive the same, whether now due or hereafter becoming due, and together with all rights and claims of any kind that the City or the Successor Agency may have against any tenant, lessee or licensee under the Arena Leases or against any other occupant of the Property (collectively, the "***Rents***");

(iii) any and all contracts or agreements with management agents, leasing agents, sales agents, service and maintenance agents, contractors and other persons (collectively, the "***Contracting Parties***"), whether now existing or hereafter arising, to the extent such contracts or agreements relate to the management, operation, leasing, sale, maintenance or repair of the Property, including all license agreements, operating contracts, franchise agreements and all management, leasing, service, supply and maintenance contracts and agreements, indemnity agreements, and any other agreements or contracts of any nature whatsoever now or hereafter obtained or entered into by the City or the Successor Agency with respect to the ownership, operation, maintenance and administration of the Property, including, without limitation, those documents and agreements described on **Exhibit C** attached hereto, together with any amendments or modifications thereto and any replacements thereof (collectively the "***Arena Contracts***");

(iv) any and all indemnities, warranties and guaranties relating to the Property or any fixtures, equipment or personal property owned by the City or the Successor Agency and located on, and/or used in connection with, the Property now existing or hereafter arising;

(v) any and all plans, permits, licenses, certificates of use and occupancy (or their equivalent), trade names, insurance policies, applications and approvals issued by any governmental authority or agency relating to the construction, ownership, operation and/or use of the Property, whether now existing or hereafter arising;

(vi) any and all rights, powers, privileges, claims, remedies and causes of action of every kind that the City or the Successor Agency now has or may in the future have with respect to or by reason of its interest in the Arena Leases or the Arena Contracts or any other items referenced above; and

(vii) any and all proceeds (including non-cash proceeds) of any of the foregoing.

(b) The City and the Successor Agency each hereby represents, warrants and covenants, as to itself, as follows:

(i) Neither the City nor the Successor Agency shall make changes, modifications or amendments to any of the Arena Contract Collateral or shall enter into any new agreements relating to the Arena Contract Collateral that require the City or the Successor Agency either to expend, or forego from receiving, in the aggregate, an amount greater than $250,000 in any one calendar year or $500,000 in any three calendar year period without the prior written consent of the 2004 Arena Bond Trustee and NPFG; *provided, that*, notwithstanding the foregoing, the 2004 Arena Bond Trustee's and NPFG's consent shall not be required with respect to changes in or amendments to any Arena Contract:

(A) that is not a property management agreement and which change or amendment is otherwise not material and does not relate to the overall management, leasing or operation of the Property;

(B) that is terminable by the 2004 Arena Bond Trustee as assignee, without cause and without payment of any penalty or termination fee on thirty (30) days' notice;

(C) under which the Contracting Party does not have any right, by reason of applicable law or otherwise, to assert a lien against the Property or any portion thereof; and

(D) which change or amendment is done in the ordinary course of business.

Within seven (7) days following the entry by the City or the Successor Agency into any agreements, instruments or documents relating to the Arena Contract Collateral, the City or Successor Agency, as applicable, shall provide a copy of such agreement, instrument or document to the 2004 Arena Bond Trustee and NPFG.

(ii) Any new agreement relating to the Arena Contract Collateral that is executed by the City or the Successor Agency shall contain a right of termination, without penalty, in favor of the 2004 Arena Bond Trustee, acting at the direction of NPFG.

(iii) Neither the City nor the Successor Agency shall tender or accept a surrender, cancellation, or termination of any of the Arena Contract Collateral without the prior written consent of the 2004 Arena Bond Trustee and NPFG where such surrender or cancellation would materially adversely affect the Property, the 2004 Arena Bond Trustee's or NPFG's interest or security therein, or where such surrender or cancellation would violate the terms of this Agreement, the Amended and Restated Pledge Agreement or any Existing Bond Document.

(iv) The City and the Successor Agency shall promptly provide the 2004 Arena Bond Trustee with copies of all changes in or amendments to the Arena Contract Collateral whether or not the 2004 Arena Bond Trustee's or NPFG's consent thereto is required pursuant to clause (i) above, and the City or the Successor Agency shall promptly notify the 2004 Arena Bond Trustee in writing of any surrender or cancellation of any Arena Contract Collateral

whether or not the 2004 Arena Bond Trustee's or NPFG's consent thereto is required pursuant to clause (ii) above.

(v) Neither the City nor the Successor Agency has sold, transferred, hypothecated, assigned, pledged, encumbered or granted a security interest in and, without the prior written consent of the 2004 Arena Bond Trustee and NPFG, shall not sell, transfer, hypothecate, assign, pledge, encumber or grant a security interest in any of the Arena Contract Collateral to anyone other than the 2004 Arena Bond Trustee.

(vi) To the City's and the Successor Agency's knowledge, there exists no default or event of default on the part of any Contracting Party under any of the Arena Contract Collateral in existence as of the date hereof.

(vii) Neither the City's nor the Successor Agency's interest in the Arena Contract Collateral is subject to any claim, setoff, lien, deduction or encumbrance of any nature (other than the encumbrance created hereby and any encumbrance created by the Bond Documents).

(viii) The City or the Successor Agency, as applicable, shall make all required payments and otherwise perform their respective obligations under the Arena Contract Collateral, unless such payments or obligations are being disputed in good faith and no non-appealable, final order or judgment has been entered with respect to such payments or obligations.

(ix) The City or the Successor Agency, as applicable, shall give prompt notice (but in no event later than ten (10) Business Days after becoming aware of a default under any Arena Contract Collateral) to the 2004 Arena Bond Trustee and NPFG of any notice of default served upon the City or the Successor Agency, as applicable, with respect to their obligations under any of the Arena Contract Collateral and shall take commercially reasonable steps enforce or secure the performance of each and every obligation of the Contracting Parties to be kept or performed under the Arena Contract Collateral.

(c) Neither the assignment pursuant to this Section 2.3 nor any action or inaction on the part of the 2004 Arena Bond Trustee or NPFG (including any assumption by the 2004 Arena Bond Trustee or NPFG of the rights and obligations under the Arena Contract Collateral pursuant to the provisions of this Section 2.3) shall relieve the City or the Successor Agency of any obligation under the Arena Contract Collateral, and the City and/or the Successor Agency, as applicable, shall continue to be primarily liable for all obligations thereunder. The City and the Successor Agency each hereby agrees to perform each and all of its respective obligations under the Arena Contract Collateral.

(d) Upon or at any time after the occurrence of a Termination Event (and subject to the terms of any waiver or deferral by NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, of the Termination Event or the rights and remedies under this Agreement, or the reinstatement of the forbearance contained in this Agreement), the 2004 Arena Bond Trustee shall be entitled to all of the rights, remedies, powers and privileges available to a secured party under applicable law, including, without limitation, the California Uniform Commercial Code, as

amended from time to time. The 2004 Arena Bond Trustee may, but shall not be obligated to, assume all of the obligations of the City and/or the Successor Agency under any or all of the Arena Contract Collateral and/or exercise the rights, benefits and privileges of the City and the Successor Agency under any of the Arena Contract Collateral, and in such event, the 2004 Arena Bond Trustee shall be entitled to utilize the Arena Contract Collateral in the place and stead of the City or the Successor Agency, as applicable, in the name of the City or the Successor Agency, or otherwise. In connection therewith, the 2004 Arena Bond Trustee shall be entitled to review and copy all books of account and financial records of the City and the Successor Agency and any property managers and representatives relating to the Property. In such event, the 2004 Arena Bond Trustee may give notice to any or all of the Contracting Parties, either requiring the Contracting Party to continue performance under its agreement or, alternatively, terminating such agreement to the extent permitted under the terms of such agreement. The assignment set forth in this Section 2.3 shall constitute a direction to and full authority to the Contracting Parties under their agreements to act at the 2004 Arena Bond Trustee's written direction and otherwise perform on or under such agreements, without requiring proof of the Termination Event relied upon. The Contracting Parties shall be entitled to rely upon written notice from the 2004 Arena Bond Trustee that the 2004 Arena Bond Trustee has assumed all of the rights and obligations of the City or Successor Agency under the applicable agreement without any inquiry into whether the City or Successor Agency is in default hereunder, under the Amended and Restated Pledge Agreement or under any of the other Bond Documents. Such assumption of an agreement by the 2004 Arena Bond Trustee shall be evidenced by written notice from the 2004 Arena Bond Trustee to the applicable Contracting Party. Under no circumstances shall either the 2004 Arena Bond Trustee be deemed by any party to have assumed the City's or Successor Agency's obligations under an agreement unless and until such written notice is delivered to the Contracting Party in accordance with the foregoing provision.

(e) The City and the Successor Agency each hereby irrevocably constitutes and appoints the 2004 Arena Bond Trustee as their respective true and lawful attorney-in-fact in their name or in the 2004 Arena Bond Trustee's name, or otherwise, from and after the occurrence of a Termination Event (subject to the terms of any waiver or deferral by NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, of the Termination Event or the rights and remedies under this Agreement, or the reinstatement of the forbearance contained in this Agreement), to enforce all of the rights of the City and/or Successor Agency under the Arena Contract Collateral. It is hereby recognized that the power of attorney herein granted is coupled with an interest and shall not be revocable so long as any of the 2004 Arena Bonds remains outstanding or any sums are due to NPFG with respect to or in connection with the 2004 Arena Bonds or the 2004 Arena Bond Policy.

(f) It is understood that the assignment set forth in this Section 2.3 shall not operate to constitute the 2004 Arena Bond Trustee or NPFG a mortgagee in possession of the Property, or to place responsibility for the control, care, management or repair of the Property upon either the 2004 Arena Bond Trustee or NPFG, nor shall it operate to make either the 2004 Arena Bond Trustee or NPFG responsible or liable for any waste committed on the Property by any party, or for any dangerous or defective condition of the Property, including the presence of any hazardous substances, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee or any other person except during any periods of time in which NPFG or the 2004 Arena Bond Trustee have

repossessed, re-entered, re-let or otherwise taken possession and control of the Property as set forth in this Agreement and the Arena Lease Back.

(g) The assignment set forth in this Section 2.3 shall constitute a security agreement for all purposes. Each of the City and the Successor Agency hereby covenants and agrees to execute and deliver all such instruments and take all such actions as either the 2004 Arena Bond Trustee or NPFG, from time to time, may reasonably request in order to obtain the full benefits of the assignment and of the rights and powers herein created and to maintain and perfect the security interest granted hereby.

Section 2.4 Tax Exempt Status.

(a) No Adverse Effect Opinion. On the Effective Date, the City shall cause a nationally recognized bond counsel, reasonably acceptable to the City, the 2004 Arena Bond Trustee, and NPFG, to deliver the No Adverse Effect Opinion to NPFG and the 2004 Arena Bond Trustee for the benefit of the holders of the 2004 Arena Bonds. The No Adverse Effect Opinion shall provide, among other things, that the transactions contemplated herein and in the Amended and Restated Pledge Agreement shall not cause interest on the 2004 Arena Bonds to be includable in the gross income of the holders of the 2004 Arena Bonds for federal income tax purposes.

(b) Continued Obligation to Maintain Tax-Exempt Status. The City and the Successor Agency hereby covenant and agree, for the benefit of NPFG and the holders of the 2004 Arena Bonds, not to take or cause to be taken any action or actions, or fail to take any action or actions, that would cause the interest payable on the 2004 Arena Bonds to be includable in the gross income of the holders thereof for federal income tax purposes, and will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the 2004 Arena Bonds will be excluded from the gross income of the holders of the 2004 Arena Bonds for federal income tax purposes.

Section 2.5 Bond Documents Remain in Force and Effect. Except as otherwise may be expressly provided by the Agreement or the Amended and Restated Pledge Agreement, the Bond Documents shall remain in full force and effect, and each of the Parties shall continue to comply with its respective obligations and covenants thereunder. For the avoidance of doubt, the City shall continue to occupy and maintain the Arena in accordance with the terms of the Arena Lease Back and shall continue to be responsible for any costs and expenses required to be paid by the City under Article V of the Arena Lease Back.

Section 2.6 Successor Agency. The City agrees that it will, to the extent permitted by law, remain as the Successor Agency until all obligations relating to the Successor Agency in this Agreement and the Amended and Restated Pledge Agreement have been satisfied.

Section 2.7 Judgment by Confession. On the Effective Date, the City and the Successor Agency shall execute, and shall cause their counsel to execute, and provide to the 2004 Arena Bond Trustee, for the benefit of NPFG and the holders of the 2004 Arena Bonds, documents sufficient to authorize the Judgment by Confession to secure the City's obligations under this Agreement and the other Bond Documents. Notwithstanding the City's failure to

make the Restructured Lease Payments, the 2004 Arena Bond Trustee may not enforce the Judgment by Confession unless it becomes effective pursuant to Section 6.2(d). The City and the Successor Agency also hereby waive all errors, rights of appeal and stays of execution.

Section 2.8 Annual Reporting. Commencing on January 15, 2015, and continuing annually thereafter on or before January 15 of such calendar year, the City and the Successor Agency shall deliver to the 2004 Arena Bond Trustee and NPFG a notice certifying that (i) other than the Existing Defaults, there are no other events of default or defaults under the Bond Documents, and, to the knowledge of the City and Successor Agency, as applicable, no other event has occurred that, with the passage of time, the giving of notice, or both would result in an event of default under the Bond Documents and (ii) no Termination Event has occurred under this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the City. The City hereby makes the following representations and warranties to the other Parties:

(a) Due Organization and Existence. The City is a municipal corporation and chartered city organized and existing under and by virtue of its charter and the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into this Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action the City has duly authorized the execution and delivery of this Agreement.

(b) Due Execution. The representatives of the City executing the Agreement have been fully authorized as of the date hereof to execute the same pursuant to a resolution duly adopted by the City Council of the City.

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

(d) No Violation. The execution and delivery of the Agreement, the consummation of the transactions herein and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both, and excepting all Existing Defaults) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Agreement, or the financial condition, assets, properties or operations of the City.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission,

authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect prior to the date hereof.

(f) No Litigation. With the exception of objections that have been or may be filed to the confirmation of the Plan, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City (excepting the Bankruptcy Case) that, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Agreement, or upon the financial condition, assets properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Agreement, or the financial conditions, assets, properties or operations of the City (excepting all Existing Defaults and the Bankruptcy Case).

(g) No Additional Defaults. Other than the Existing Defaults, there are no other events of default or defaults under the Bond Documents, and, to the knowledge of the City, no other event has occurred that, with the passage of time, the giving of notice, or both would result in an event of default under the Bond Documents.

Section 3.2 Representations and Warranties of the Successor Agency. The Successor Agency hereby makes the following representations and warranties to the other Parties:

(a) Due Organization and Existence. The Successor Agency is a public body, corporate and politic organized and existing by virtue of the laws of the State of California and has full legal right, power and authority under the laws of the State of California to enter into this Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action the Successor Agency has duly authorized the execution and delivery of this Agreement.

(b) Due Execution. The representatives of the Successor Agency executing the Agreement have been fully authorized as of the date hereof to execute the same pursuant to official action taken by a governing body of the Successor Agency.

(c) Valid, Binding and Enforceable Obligations. The Agreement has been duly authorized, executed and delivered by the Successor Agency and constitutes the legal, valid and binding obligation of the Successor Agency enforceable against the Successor Agency in accordance with its terms.

(d) No Violation. The execution and delivery of the Agreement, the consummation of the transactions herein and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any

indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Successor Agency is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Agreement, or the financial condition, assets, properties or operations of the Successor Agency.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Successor Agency, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect prior to the date hereof.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Successor Agency, threatened against or affecting the Successor Agency or the assets, properties or operations of the Successor Agency (excepting the Bankruptcy Case) that, if determined adversely to the Successor Agency or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Agreement, or upon the financial condition, assets properties or operations of the Successor Agency, and the Successor Agency is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Agreement, or the financial conditions, assets, properties or operations of the Successor Agency.

(g) No Additional Defaults. Other than the Existing Defaults, there are no other events of default or defaults under the Bond Documents, and no other event has occurred that, with the passage of time, the giving of notice, or both would result in an event of default under the Bond Documents.

Section 3.3 Representation and Warranties of NPFG. NPFG hereby makes the following representations and warranties to the other Parties:

(a) Due Authorization and Execution. This Agreement has been executed on behalf of NPFG by persons duly authorized to do so and with the power to bind NPFG.

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

(c) Consents and Approvals. NPFG has the power and authority to enter into this Agreement, and no consents are required that have not been obtained from any person or entity to make this Agreement enforceable against NPFG.

(d) No Litigation. Excepting the Bankruptcy Case, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending, or to the knowledge of NPFG, threatened against or affecting NPFG that, if determined adversely to NPFG or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Agreement, and NPFG is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions of this Agreement.

Section 3.4 Representation and Warranties of the 2004 Arena Bond Trustee. The 2004 Arena Bond Trustee hereby makes the following representations and warranties to the other Parties:

(a) Due Authorization and Execution. This Agreement has been executed on behalf of the 2004 Arena Bond Trustee by persons duly authorized to do so and with the power to bind the 2004 Arena Bond Trustee.

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

(c) Consents and Approvals. The 2004 Arena Bond Trustee has the power and authority to enter into this Agreement, and no consents are required that have not been obtained from any person or entity to make this Agreement enforceable against the 2004 Arena Bond Trustee.

(d) No Litigation. Excepting the Bankruptcy Case, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending, or to the knowledge of the 2004 Arena Bond Trustee, threatened against or affecting the 2004 Arena Bond Trustee that, if determined adversely to the 2004 Arena Bond Trustee or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Agreement, and the 2004 Arena Bond Trustee is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions of this Agreement.

ARTICLE 4
CONDITIONS PRECEDENT TO CLOSING; TERMINATION

Section 4.1 Conditions Precedent to Closing. The terms and provisions of this Agreement, including but not limited to the representations and warranties herein, are expressly subject to the following conditions precedent unless waived, in writing, by the Parties:

(a) Each Party shall have executed (and NPFG shall have issued a direction letter to the 2004 Arena Bond Trustee directing the 2004 Arena Bond Trustee to execute) the

Agreement, the Amended and Restated Pledge Agreement and any other documents, agreements and instruments (including, without limitation, the No Adverse Effect Opinion) required be executed by such Party in order to effectuate the terms of this Agreement;

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

(c) The Parking Forbearance Agreement shall become effective in accordance with its terms;

(d) The City shall have made any accrued and unpaid Restructured Lease Payments that would be due and owing if the Effective Date had occurred on September 1, 2014 plus interest thereon at a rate of 5% from September 1, 2014 to the Effective Date;

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

(f) The Effective Date shall have occurred;

(g) This Agreement and the Amended and Restated Pledge Agreement shall have been approved by the Successor Agency's Oversight Board and by the State Department of Finance; and

(h) The City and the Successor Agency shall have obtained any other regulatory approvals necessary so as to be able to execute and perform under this Agreement.

Section 4.2 Termination of Agreement. In the event any or all of the Conditions Precedent have not occurred (or have not been waived in writing by the Parties) by September 1, 2014 (the "***Automatic Termination Date***"), this Agreement shall terminate unless the Automatic Termination Date is extended by NPFG, in its sole discretion upon written notice to the other Parties to a date no later than thirty (30) days after the Automatic Termination Date, and following such extension, the Automatic Termination Date may be further extended upon written consent by all of the Parties.

Section 4.3 Effect of Termination. In the event of the termination of this Agreement pursuant to this Article 4, this Agreement shall become null and void and shall be deemed of no force and effect, with no liability on the part of any Party hereto (or of any of its directors, officers, employees, consultants, agents, legal and financial advisors and other representatives), and no Party shall have any obligations to any other Party arising under this Agreement or the Amended and Restated Pledge Agreement and this Agreement and the Amended and Restated Pledge Agreement shall be void *ab initio* and shall be of no force and effect; *provided, that*, any Restructured Lease Payments made by the City as of such time, shall be credited against any remaining obligations of the City under the Existing Bond Documents. Upon termination of this Agreement pursuant to this Article 4, neither the existence of this Agreement or the Amended and Restated Pledge Agreement nor any terms or provisions set forth herein or therein shall be admissible in any dispute, litigation, proceeding or controversy between or among the Parties, and nothing contained herein shall constitute or be deemed an admission by any Party as to any matter, it being understood that the statements and resolutions reached herein were as a result of

negotiations and compromises of the respective positions of the Parties. In addition, after such termination in accordance with this Article 4, no Party shall seek to take discovery concerning this Agreement, or the Amended and Restated Pledge Agreement or admit this Agreement or any part thereof or the Amended and Restated Pledge Agreement or any part of thereof into evidence against any other Party hereto.

ARTICLE 5
MUTUAL RELEASES

Section 5.1 Mutual Releases. **[To be reviewed.]** From and after the Effective Date, **each of** the City **and the Successor Agency** hereby fully, finally and completely releases and forever discharges each of NPFG, the 2004 Arena Bond Trustee, and their predecessors, successors, assigns, affiliates, subsidiaries, parents, partners, constituents, officers, directors, employees, attorneys and agents (past, present, and future), and their respective heirs, successors, and assigns of and from, and each of NPFG and the 2004 Arena Bond Trustee hereby fully, finally and completely releases and forever discharges the City **and the Successor Agency**, of and from any and all claims, causes of action, litigation claims, avoidance actions, and any other debts, obligations, rights, suits, damages, actions, remedies, judgments and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or unmatured, existing as of the Effective Date or thereafter arising, in law, at equity, whether for tort, contract or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence or circumstances existing or taking place prior to or on the Effective Date arising from or related in any way **to the** AB 506 Process, the Eligibility Contest or the Bankruptcy Case; *provided, that,* nothing in this Agreement shall be deemed to release any Party from any claims, demands, or causes of action with respect to the Existing Defaults or its obligations under this Agreement and the other Bond Documents.

Section 5.2 Waiver of Provisions of Section 1542 of the California Civil Code. Section 1542 of the California Civil Code states:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

All rights under Section 1542 of the California Civil Code, or any analogous state or federal law, are hereby expressly WAIVED by the Parties, as and to the extent set forth in Section 5.1, with respect to any claims, injuries, or damages whether known or unknown existing at the time of this release.

Workshare Compare comparison of 02.a Arena Forbearance.docx and 02.a. Arena Forbearance.docx. Performed on 2/12/2014.

ARTICLE 6
TERMINATION EVENTS

Section 6.1 Termination Events. The occurrence of any of the following events shall constitute a Termination Event under this Agreement:

(a) the City shall fail to make any Restructured Lease Payment when due (subject to any applicable abatement with respect to such Restructured Lease Payment) in accordance with Section 2.3(a) hereof;

(b) the failure by the Successor Agency to make any Pledge Payment when due at the times and in the manner set forth in the Amended and Restated Pledge Agreement;

(c) the failure by the City or the Successor Agency to perform any of its covenants, agreements or obligations under the Agreement (except for the failure to make any Restructured Lease Payment required hereunder, which failure is governed by Section 6.1(a), above) or the Amended and Restated Pledge Agreement (except for the failure to make any Pledge Payment required thereunder, which failure is governed by Section 6.1(b), above), and such failure continuing for thirty (30) days after written notice thereof from the 2004 Arena Bond Trustee or NPFG;

(d) subject to the terms of the Agreement and the Amended and Restated Pledge Agreement, the failure by the City or the Successor Agency to comply with the Bond Documents, except as their effect is modified pursuant to this Agreement, which failure continues for the period(s), if any, set forth in the applicable Bond Documents, after written notice thereof from the 2004 Arena Bond Trustee or NPFG, if applicable; or

(e) an "Event of Default" (as such term is used or defined in the 2004 Arena Indenture, the Arena Lease Back or the Amended and Restated Pledge Agreement) (other than an Event of Default that is an Existing Default or that arises as a result of the City's failure to make the Lease Payments under the Arena Lease Back) shall occur.

Section 6.2 Remedies Upon Occurrence of Termination Event. Upon the occurrence of a Termination Event (and subject to the deferral or waiver by NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG, of the rights and remedies available to them following a Termination Event or the ~~reinstate~~**reinstatement** by NPFG and the 2004 Arena Bond Trustee, at the direction of NPFG**,** of the forbearance provided in this Agreement), this Agreement shall remain in full force and effect, and each the following shall occur:

(a) Effect on Forbearance. The Forbearing Parties shall no longer be required to forbear from exercising any remedies available to them at law or equity, or under the terms of the Bond Documents.

(b) Ability to Exercise Remedies. NPFG shall have the right to direct the 2004 Arena Bond Trustee to exercise, and the 2004 Arena Bond Trustee shall have the right to exercise, at the direction of NPFG, any and all rights and remedies that may be available at law or equity or under the terms of the Bond Documents. Such rights and remedies include, without limitation, the following:

Workshare Compare comparison of 02.a Arena Forbearance.docx and 02.a. Arena Forbearance.docx. Performed on 2/12/2014.

(i) the right to repossess, re-enter and re-let the Property (and the City and the Successor Agency hereby expressly consent to the repossession, reentry and reletting of the Property by the 2004 Arena Bond Trustee or the NPFG, as may be applicable); *provided, that*, notwithstanding any reentry by the 2004 Arena Bond Trustee or NPFG, the City shall continue to remain liable for its obligations under the Bond Documents (including, without limitation, the City's obligations to make Lease Payments under the Arena Lease Back); and

(ii) the right to exercise any or all of the City's and the Successor Agency's rights under the Arena Contract Collateral, including, without limitation, the right to collect any revenues or other payments due and owing to the City under the Arena Leases and Arena Contracts.

(c) Termination of Arena Lease Back. At the option of the 2004 Arena Bond Trustee (at the direction of NPFG), the Arena Lease Back shall be terminated ninety (90) days following delivery to the Successor Agency or the City of a written notice of intent to terminate. During such time, neither the City nor the Successor Agency shall make changes, modifications or amendments to any of the Arena Contract Collateral or shall enter into any new agreements relating to the Arena Contract Collateral without prior written consent of the 2004 Arena Bond Trustee and NPFG. The Successor Agency and the City hereby waive any rights they may have under Section 9.2 of the Arena Lease Back or otherwise to challenge the termination of the Arena Lease Back. NPFG and the 2004 Arena Bond Trustee hereby acknowledge that, following any such termination of the Arena Lease Back, the Arena Lease Out shall remain in full force and effect, and the rights of NPFG and the 2004 Arena Bond Trustee to possess, repossess, re-enter, re-let or otherwise obtain and maintain possession and control of the Property shall, at all times, remain subject to the terms, conditions and qualifications applicable to the rights of the Successor Agency to possession and control of the Property. NPFG and the 2004 Arena Bond Trustee further agree that, in the event of such possession, repossession, re-entry or re-let by NPFG and/or the 2004 Arena Bond Trustee from and after any termination of the Arena Lease Back, then (i) NPFG or the 2004 Arena Bond Trustee, as applicable, shall not commit, suffer or permit any waste on the Property, (ii) to the extent that NPFG or the 2004 Arena Bond Trustee, as applicable, remains in possession ~~during the Arena Lease Out, following~~**until** the expiration or other termination of the Arena Lease Out, NPFG or the 2004 Arena Bond Trustee, as applicable, shall quit and surrender the Property in the same good order and condition as the same were in at the time of such possession, repossession or re-entry by NPFG and/or the 2004 Arena Bond Trustee, excepting only reasonable wear and tear, and (iii) if NPFG or the 2004 Arena Bond Trustee, as applicable, re-lets or otherwise transfers the entirety of its interest in the Property and the Arena Lease Out, NPFG or the 2004 Arena Bond Trustee, as applicable, shall take commercially reasonable steps to ensure that any transferee reaffirms and agrees to abide by the covenants set forth herein for the benefit of the Successor Agency.

(d) Effectiveness of Judgment by Confession. The Judgment by Confession shall become effective without any further action by the 2004 Arena Bond Trustee and without any further notice to the City, and the 2004 Arena Bond Trustee shall have the right to proceed to collect any amounts due and owing by the City pursuant thereto.

ARTICLE 7
MISCELLANEOUS

Section 7.1 Amendments. This Agreement may not be modified, amended, or supplemented except by a written agreement executed by each of the Parties.

Section 7.2 No Admission of Liability.

(a) Except as otherwise set forth herein, the execution of this Agreement is not intended to be, nor shall it be construed as, an admission or evidence in any pending or subsequent suit, action, proceeding or dispute of any liability, wrongdoing, or obligation whatsoever (including, without limitation, as to the merits of any claim or defense) by any Party to any other Party or any other person with respect to any of the matters addressed in this Agreement.

(b) None of this Agreement (including, without limitation, the recitals and exhibits hereto) or any act performed or document executed pursuant to or in furtherance of this Agreement: (i) is or may be deemed to be or may be used as an admission or evidence of the validity of any claim or of any wrongdoing or liability of any Party or (ii) is or may be deemed to be or may be used as an admission or evidence of any liability, fault or omission of any Party in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. None of this Agreement or any act performed or document executed pursuant to or in furtherance of this Agreement shall be admissible in any proceeding for any purposes, except to enforce the terms of the Agreement, and except that any Party may file this Agreement in any action for any purpose, including, without limitation, in order to support a defense or counterclaim based on the principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

Section 7.3 Good Faith Negotiations. The Parties recognize and acknowledge that each of the Parties hereto is represented by counsel, and such Party received independent legal advice with respect to the advisability of entering into this Agreement. Each of the Parties acknowledges that the negotiations leading up to this Agreement were conducted regularly and at arm's length; this Agreement is made and executed by and of each Party's own free will; that each knows all of the relevant facts and its rights in connection therewith, and that it has not been improperly influenced or induced to enter into this Agreement as a result of any act or action on the part of any Party or employee, agent, attorney or representative of any party to this Agreement. The Parties further acknowledge that they entered into this Agreement because of their desire to avoid the further expense and inconvenience of litigation and other disputes, and to compromise permanently and settle the claims between and among the Parties settled by the execution of this Agreement.

Section 7.4 Rights and Immunities. Notwithstanding anything herein to the contrary, the 2004 Arena Bond Trustee is entitled to all of the rights, privileges and immunities set forth in the Bond Documents. The 2004 Arena Bond Trustee is executing this Agreement solely as trustee with respect to the 2004 Arena Bonds and not in its capacity as trustee with respect to any other obligations of the Agency, City or Successor Agency. Furthermore, nothing in this Agreement is intended to impair any rights, remedies and interests, including, without limitation, liens, of any of

the Parties hereto in any other capacity. NPFG's right to direct the 2004 Arena Bond Trustee, from and after the Effective Date, is subject to the terms and conditions of the 2004 Arena Indenture, including without limitation, the condition that NPFG has not failed to comply with its payment obligations under the 2004 Arena Bond Policy.

Section 7.5 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any person other than the Parties hereto and their respective successors and assigns any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof, and the covenants, stipulations and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the Parties hereto and their respective successors and assigns.

Section 7.6 Professional Fees. **[To be reviewed.]** Each of the City, the Successor Agency, and NPFG shall bear the fees and costs of its respective professionals (including, without limitation, its attorneys and financial advisors). Without limiting the foregoing, the City hereby waives any right to seek reimbursement of any fees and costs incurred by its professionals (including, without limitation, its attorneys and financial advisors as a result of the negotiation and drafting of this Agreement and the Amended and Restated Pledge Agreement, the Bankruptcy Case, the Eligibility Contest or the AB 506 Process). NPFG hereby waives any right to seek reimbursement from the City for the fees incurred by its professionals (including, without limitation, its attorneys and financial advisors) under the Bond Documents through the date of this Agreement; *provided, however, that*, nothing herein is intended to constitute a waiver of (and NPFG expressly reserves the right to assert) any claims for any fees and costs of NPFG's professionals incurred as a result of breach by the City or the Successor Agency of this Agreement, the Amended and Restated Pledge Agreement or the Bond Documents from and after the date of this Agreement. The 2004 Arena Bond Trustee shall be entitled to recover its reasonable fees and expenses, including fees and expenses of its attorneys, from any funds held by the 2004 Arena Bond Trustee and from which such fees are recoverable pursuant to, and to the extent provided in, the Existing Bond Documents, whether such fees and expenses were incurred prior to, or after, the date of this Agreement; *provided, however, that*, in the event the amounts in such funds are insufficient to pay the fees and costs of the 2004 Arena Bond Trustee, the 2004 Arena Bond Trustee shall not be entitled to the payment of such fees and costs from the City's general fund, but shall have the right to recover such fees and expenses to the extent otherwise provided in the Bond Documents.

Section 7.7 Notices. All demands, notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when personally delivered by courier service or messenger, (ii) upon actual receipt (as established by confirmation of receipt or otherwise) during normal business hours, otherwise on the first business day thereafter if transmitted electronically (by e-mail transmission), by facsimile or telecopier with confirmation of receipt, or (iii) three (3) Business Days after being duly deposited in the mail, by certified or registered mail, postage prepaid-return receipt requested, to the following addresses, or such other addresses as may be furnished hereafter by notice in writing, to the following Parties:

If to the City:

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

With a copy to:

Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall, Suite 3000
Sacramento, California 95814-4497
Attention: Marc A. Levinson, Esq.
Fax: (916) 329-4900
Email: malevinson@orrick.com

If to the Successor Agency:

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

With a copy to:

Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall, Suite 3000
Sacramento, California 95814-4497
Attention: Marc A. Levinson, Esq.
Fax: (916) 329-4900
Email: malevinson@orrick.com

If to the 2004 Arena Bond Trustee:

Wells Fargo Bank, National Association
Corporate Trust Services – Special Accounts
625 Marquette Avenue, 11th Floor
MAC N9311-115
Minneapolis, Minnesota 55479
Attention: Lucinda Hruska-Claeys
Fax: (612) 667-5047
Email: lucinda.hruska-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

Section 7.8 Entire Agreement. This Agreement reflects the entire agreement between the Parties with respect to the matters set forth herein and therein and supersedes any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto, and is intended by each of the Parties to be the complete statement of the terms and conditions, and the final expression, of their agreement relating to the subject matter hereof and thereof.

Section 7.9 Interpretation. This Agreement and the Amended and Restated Pledge Agreement are the result of negotiations among, and have been reviewed by, counsel to the Parties, respectively, and are the product of all Parties. Accordingly, this Agreement and Agreement and the Amended and Restated Pledge Agreement shall not be construed against any Party merely because of the Party's involvement in the preparation thereof.

Section 7.10 Severability. Whenever possible, each provision of this Agreement and the Amended and Restated Pledge Agreement shall be interpreted in such a manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of any of this Agreement or the Amended and Restated Pledge Agreement shall be prohibited by or be

deemed invalid under any such law or regulation in any jurisdiction, the Agreement or the Amended and Restated Pledge Agreement, as applicable, shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, at the option of the Party for whose benefit such provision existed (exercised in such Party's sole and absolute discretion) it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of his Agreement or any of the agreements and documents executed pursuant hereto, or the validity or effectiveness of such provision in any other jurisdiction.

Section 7.11 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement, and all signatures need not appear on any one counterpart.

Section 7.12 Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience purposes only, are not part of this Agreement, do not (in any way) limit or modify the terms or provisions of this Agreement, and shall not affect the interpretation thereof.

Section 7.13 Binding Agreement on Successors and Assigns; Joint and Several Obligations. This Agreement shall be binding only upon the execution and delivery of this Agreement by the Parties listed on the signature pages hereto, subject to the occurrence of the Conditions Precedent set forth in Article 4 of this Agreement. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, administrators, assigns, constituents, and representatives. The agreements, representations, covenants, and obligations of the Parties under this Agreement are several only and not joint in any respect, and except as may be otherwise set forth expressly herein, no Party shall be responsible for the performance or breach of this Agreement by the other.

Section 7.14 Exhibits. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein.

Section 7.15 Governing Law. The Parties hereto hereby agree that the State of California has a substantial relationship to the Parties and the transactions embodied in this Agreement. The Parties hereto hereby agree that this Agreement shall be deemed to be a contract made under the laws of the State of California and for all purposes shall be governed and construed in accordance with the internal laws of the State of California, without regard to the principles of conflicts of laws.

[Signatures appear on next page.]

Workshare Compare comparison of 02.a Arena Forbearance.docx and 02.a. Arena Forbearance.docx. Performed on 2/12/2014.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of date first written above.

CITY OF STOCKTON

By:_____

Name:_____

Title:_____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as 2004 ARENA BOND TRUSTEE

By:_____

Name:_____

Title:_____

CITY OF STOCKTON, AS SUCCESSOR AGENCY

By:_____

Name:_____

Title:_____

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

By:_____

Name:_____

Title:_____

Workshare Compare comparison of 02.a Arena Forbearance.docx and 02.a. Arena Forbearance.docx. Performed on 2/12/2014.

Exhibit A

Existing Defaults

~~**TO BE PROVIDED**~~

Workshare Compare comparison of 02.a Arena Forbearance.docx and 02.a. Arena Forbearance.docx. Performed on 2/12/2014.

[To be provided]

Exhibit B

Amended and Restated Pledge Agreement

~~**ATTACHED SEPARATELY TO THE PLAN SUPPLEMENT AS EXHIBIT 2.B**~~

[Attached separately to the Supplemental Plan Supplement as Exhibit 2.b]

Workshare Compare comparison of 02.a Arena Forbearance.docx and 02.a. Arena Forbearance.docx. Performed on 2/12/2014.

Exhibit C

Schedule of Arena Contracts and Arena Leases

~~**TO BE PROVIDED**~~

Workshare Compare comparison of 02.a Arena Forbearance.docx and 02.a. Arena Forbearance.docx. Performed on 2/12/2014.

[To be provided]

Exhibit D

Judgment by Confession

~~**TO BE PROVIDED**~~
[To be provided]

Exhibit E

Form of No Adverse Effect Opinion

~~**TO BE PROVIDED**~~
[To be provided]

Workshare Compare comparison of 02.a Arena Forbearance.docx and 02.a. Arena Forbearance.docx. Performed on 2/12/2014.

~~Exhibit F~~

~~Restructured Lease Payment Schedule~~

~~TO BE PROVIDED~~

EXHIBIT F

RESTRUCTURED LEASE PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Debt Service
8/25/2014*	$ 449,007.69	$ 2,093,546.26	$ 2,542,553.95
2/25/2015	0.00	1,036,448.13	1,036,448.13
8/25/2015	519,076.11	1,036,448.13	1,555,524.24
2/25/2016	0.00	1,025,226.25	1,025,226.25
8/25/2016	600,264.14	1,025,226.25	1,625,490.39
2/25/2017	0.00	1,011,257.50	1,011,257.50
8/25/2017	681,008.65	1,011,257.50	1,692,266.15
2/25/2018	0.00	996,317.50	996,317.50
8/25/2018	769,529.13	996,317.50	1,765,846.63
2/25/2019	0.00	979,297.50	979,297.50
8/25/2019	830,515.81	979,297.50	1,809,813.31
2/25/2020	0.00	960,012.50	960,012.50
8/25/2020	978,731.25	960,012.50	1,938,743.75
2/25/2021	0.00	937,712.50	937,712.50
8/25/2021	1,080,731.25	937,712.50	2,018,443.75
2/25/2022	0.00	913,312.50	913,312.50
8/25/2022	1,192,931.25	913,312.50	2,106,243.75
2/25/2023	0.00	885,778.13	885,778.13
8/25/2023	1,310,406.24	885,778.13	2,196,184.37
2/25/2024	0.00	855,768.75	855,768.75
8/25/2024	1,433,087.50	855,768.75	2,288,856.25
2/25/2025	0.00	822,193.75	822,193.75
8/25/2025	1,566,062.50	822,193.75	2,388,256.25
2/25/2026	0.00	785,750.00	785,750.00
8/25/2026	1,709,250.00	785,750.00	2,495,000.00
2/25/2027	0.00	739,125.00	739,125.00
8/25/2027	1,873,500.00	739,125.00	2,612,625.00
2/25/2028	0.00	688,375.00	688,375.00
8/25/2028	2,043,000.00	688,375.00	2,731,375.00
2/25/2029	0.00	633,250.00	633,250.00

*8/25/14 payment subject to formula: $2,542,533.95 less Revenues (as such term is defined in the Indenture) received by the Trustee from February 1, 2014 to August 24, 2014.

EXHIBIT F

RESTRUCTURED LEASE PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Debt Service
8/25/2029	2,233,000.00	633,250.00	2,866,250.00
2/25/2030	0.00	573,375.00	573,375.00
8/25/2030	2,423,250.00	573,375.00	2,996,625.00
2/25/2031	0.00	508,625.00	508,625.00
8/25/2031	2,624,000.00	508,625.00	3,132,625.00
2/25/2032	0.00	438,750.00	438,750.00
8/25/2032	2,840,250.00	438,750.00	3,279,000.00
2/25/2033	0.00	363,375.00	363,375.00
8/25/2033	3,072,000.00	363,375.00	3,435,375.00
2/25/2034	0.00	282,125.00	282,125.00
8/25/2034	3,314,250.00	282,125.00	3,596,375.00
2/25/2035	0.00	194,750.00	194,750.00
8/25/2035	3,562,000.00	194,750.00	3,756,750.00
2/25/2036	0.00	100,875.00	100,875.00
8/25/2036	3,840,750.00	100,875.00	3,941,625.00
Total	$ 40,946,601.52	$ 33,556,946.28	$ 74,503,547.80

b. AMENDED AND RESTATED PLEDGE AGREEMENT

AMENDED AND RESTATED PLEDGE AGREEMENT

by and between the

CITY OF STOCKTON, AS SUCCESSOR AGENCY

to the

REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

and the

CITY OF STOCKTON

Dated as of [_____] 1, 2014

Relating to
$47,000,000
Redevelopment Agency of the City of Stockton
Revenue Bonds, Series 2004
(Stockton Events Center—Arena Project)

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AMENDED AND RESTATED PLEDGE AGREEMENT

THIS AMENDED AND RESTATED PLEDGE AGREEMENT (this "Pledge Agreement"), is made and entered into as of [_____] 1, 2014, by and between the CITY OF STOCKTON, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the "Successor Agency"), and the CITY OF STOCKTON, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California (the "City");

WITNESSETH:

WHEREAS, the City constructed the Stockton Events Center (the "Events Center"), a multi-faceted project to include a baseball stadium with a seating capacity of approximately 5,000, an indoor arena with a seating capacity of approximately 10,000, a 150-unit hotel complex and approximately 60,000 square feet of retail/commercial space, located in downtown Stockton on approximately twenty-four acres immediately north of and adjacent to the Stockton Channel;

WHEREAS, the City and the former Redevelopment Agency of the City of Stockton (the "Former Agency") financed a portion of the costs of the arena component of the Events Center, consisting of approximately 220,000 square feet of space, including, without limitation, media facilities, food services, a playing field, officials' facilities and various support facilities for minor league ice hockey, indoor football, indoor soccer, concerts and other events (the "Project") through the issuance of Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project), in the aggregate principal amount of $47,000,000 (the "Bonds");

WHEREAS, the Bonds were issued under the provisions of Article 5 of Part 1 of Division 24 (commencing with section 33640) of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto, and an Indenture of Trust (the "Indenture"), by and between the Former Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee");

WHEREAS, in order to provide for the repayment of the Bonds, the Former Agency leased the Project to the City pursuant to a lease agreement (the "Lease Agreement") pursuant to which the City agreed to make lease payments from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds;

WHEREAS, in addition, the Former Agency and the City entered into a Pledge Agreement (the "Prior Pledge Agreement") pursuant to which the Former Agency agreed to make payments of "Tax Revenues" (as such term is defined in the Indenture) arising from the "Project Area" (as such term is defined in the Indenture") under and pursuant to Chapter 4 of Part 1 of Division 24 of the California Health and Safety Code;

WHEREAS, pursuant the provisions of Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code

(collectively, the "Dissolution Act"), the Former Agency was dissolved and the City of Stockton became the Successor Agency;

WHEREAS, the Prior Pledge Agreement was secured by a lien on former tax increment revenues and is an enforceable obligation of the Successor Agency pursuant to Section 34171(d)(1)(A) of the Health and Safety Code entitled to payment pursuant to Section 34183;

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

WHEREAS, in connection with the Bankruptcy Case, the City has agreed to a tentative settlement (the "Settlement") of the claims of National Public Finance Guarantee Corporation (as successor to Financial Guaranty Insurance Company) ("National") as the insurer of the Bonds pursuant to the terms and conditions of that certain Municipal Bond Insurance Policy No. 04010198 (the "Municipal Bond Insurance Policy"), which Settlement, among other things, calls for amendments to the Prior Pledge Agreement and a reduction of the payments to be made thereunder from tax increment revenues, and which Settlement is a part of the City's proposed First Amended Plan for the Adjustment of Debts of City of Stockton, California ([_____], 2014) in the Bankruptcy Case (as it may be further amended and as confirmed by the Bankruptcy Court, the "Plan of Adjustment");

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) authorizes the Successor Agency to refund outstanding indebtedness provided that (i) the total interest cost to maturity on the refunding indebtedness plus the principal amount of the refunding indebtedness shall not exceed the total remaining interest cost to maturity on the indebtedness to be refunded plus the remaining principal of the indebtedness to be refunded, (ii) the principal amount of the refunding indebtedness shall not exceed the amount required to defease the refunded indebtedness, to establish customary debt service reserves, and to pay related costs of issuance, and (iii) approval of the refunding indebtedness and pledge of property tax revenues by the oversight board for the Successor Agency (the "Oversight Board"), subject to review by the California Department of Finance;

WHEREAS, California Health and Safety Code Section 34181(e) authorizes the Successor Agency to determine whether any contracts, agreements, or other arrangements of the Former Agency should be terminated or renegotiated to reduce liabilities and increase net revenues to one or more taxing entities identified in California Health and Safety Code Section 34171(k) (the "Taxing Entities"), and to present proposed termination or amendment agreements to the Oversight Board for its approval;

WHEREAS, (i) debt service savings can be achieved through a refunding of the Pledge Payments as provided in the Settlement and set forth in this Pledge Agreement, and
(ii) renegotiation of the Prior Pledge Agreement to reduce Pledge Payments as provided in the Settlement and set forth herein will reduce liabilities and increase net revenues to one or more Taxing Entities (collectively, the "Refunding");

WHEREAS, the City, the Successor Agency and the Oversight Board have approved: (i) agreements effecting the Refunding in connection with the Settlement, including this Pledge Agreement, and (ii) the refunding indebtedness and pledge of property tax revenues set forth herein; and

WHEREAS, the California Department of Finance has reviewed and approved the actions of the Oversight Board described herein, and the Refunding satisfies all requirements of the Dissolution Act;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Pledge Agreement, the parties hereto do hereby agree that the Prior Pledge Agreement is hereby amended and restated in its entirety, as follows:

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ARTICLE I

DEFINITIONS; TERM

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined in this Pledge Agreement, the capitalized terms in this Pledge Agreement shall have the respective meanings given them in the Indenture.

For purposes of this Pledge Agreement, the following terms shall have the meanings specified:

"Bankruptcy Case" has the meaning ascribed to such term in the Recitals.

"Bankruptcy Court" has the meaning ascribed to such term in the Recitals.

"Dissolution Act" shall mean Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code.

"Effective Date" has the meaning ascribed to such term in the Plan of Adjustment.

"Former Agency" mens the former Redevelopment Agency of the City of Stockton

"National" shall mean National Public Finance Guarantee Corporation, a New York stock insurance corporation, or any successor thereto.

"Permitted Liens" shall mean the permitted liens set forth on Exhibit B annexed hereto.

"Plan of Adjustment" shall mean the City's proposed First Amended Plan for the Adjustment of Debts of City of Stockton, California ([_____], 2014) in the Bankruptcy Case, as it may be further amended and as confirmed by the Bankruptcy Court.

"Pledged Tax Revenues" has the meaning ascribed to such term in Section 3.01 of this Pledge Agreement.

"Tax Revenues" shall mean the amounts required to be applied to pay enforceable obligations under Section 34183(a)(2) of the California Health and Safety Code.

Section 1.02. Rules of Construction. All references in this Pledge Agreement to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Pledge Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Pledge Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Term of Agreement. This Pledge Agreement shall become effective upon its execution and delivery by the Successor Agency and the City and shall continue in effect until all amounts required to be paid under the terms of the Pledge Agreement have been paid in full.

Section 1.04. Authorization. The Successor Agency hereby agrees to provide financial assistance to the City in order to pay the principal of and interest on the Bonds, the proceeds of

which were used by the City to finance the Project, all under and subject to the terms and conditions of the Indenture, the Lease Agreement and this Pledge Agreement. The City agrees to accept such assistance and to undertake the financing of the Project subject to the terms of this Pledge Agreement, the Indenture and the Lease Agreement. Sections 3.01 and 4.01 of this Pledge Agreement constitute a continuing agreement between the Successor Agency and the City to secure the full and final payment of the principal and interest due on the Bonds, subject to the agreements, provisions and conditions contained in this Pledge Agreement.

The Successor Agency hereby acknowledges that the agreements of the City in this Pledge Agreement are intended to satisfy the requirements of the Redevelopment Law with respect to the use of Tax Revenues to assist in the financing of the Project.

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ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the Successor Agency. The Successor Agency hereby represents and warrants to the City and the Trustee, for the benefit of National and the Owners of the Bonds, as follows:

(a) At the time of issuance of the Bonds, the Former Agency was a public body, corporate and politic, organized and existing under and by virtue of the laws of the State with full power to issue the Bonds and authority to perform its obligations under the Prior Pledge Agreement, and the Successor Agency is the duly established successor to the Former Agency and by virtue of the laws of the State has the full power and authority to perform its obligations hereunder.

(b) The execution and delivery of the Indenture, the Lease Agreement and the Prior Pledge Agreement and the performance of its obligations hereunder and thereunder have been duly authorized by the Former Agency, and the execution and delivery of this Pledge Agreement and the performance of its obligations hereunder have been duly authorized by the Successor Agency, its oversight board and the State of California Department of Finance.

(c) The Indenture and the Lease Agreement have been executed and delivered by the Former Agency, and this Pledge Agreement has been executed and delivered by the Successor Agency, and each constitutes legal, valid and binding obligations of the Successor Agency enforceable against the Successor Agency in accordance with its terms.

(d) The execution and delivery of the Indenture and the Lease Agreement by the Former Agency and the execution and delivery of this Pledge Agreement by the Successor Agency and the consummation of the transactions by the Successor Agency contemplated hereby and thereby do not conflict with or constitute a breach of or a default under or result in a violation of (i) the Redevelopment Law (as amended by the Dissolution Act), (ii) any constitutional or statutory provision or order, rule, regulation or ordinance, or any order, decree or judgment of any court or governmental authority having jurisdiction over the Successor Agency or any of its properties, or (iii) any agreement or instrument to which it is a party or by which it is bound.

(e) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending against or threatened against or affecting the Successor Agency wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability of, or the authority or ability of the Successor Agency to perform its obligations under, the Indenture, the Lease Agreement and this Pledge Agreement or any other agreement or instrument to which the Successor Agency is a party and which has been or will be executed by it in connection with the consummation of the transactions contemplated hereby, or (ii) the transactions contemplated to be performed by it under the Indenture, the Lease Agreement and this Pledge Agreement, in each case as such obligations have been modified by the terms of the Plan of Adjustment.

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Section 2.02. Representations and Warranties of the City. Any representations and warranties of the City in the Lease Agreement to any party are hereby made by the City for the benefit of the Successor Agency, as if fully set forth in this Pledge Agreement. In addition to the foregoing, the City hereby represents and warrants to the Successor Agency as follows:

(a) The City is a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State with full power and authority to finance the Project and perform its obligations under the Lease Agreement and this Pledge Agreement.

(b) The execution and delivery of this Pledge Agreement and the Lease Agreement, and the performance of its obligations hereunder and thereunder, have been duly authorized by the City.

(c) The Lease Agreement has been executed and delivered by the City and is, and this Pledge Agreement, when executed and delivered by the City and the other parties thereto, will be, the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

(d) The execution and delivery of the Indenture, the Lease Agreement and this Pledge Agreement, and the consummation of the transactions by the Successor Agency contemplated hereby and thereby do not and will not conflict with or constitute a breach of or a default under or result in a violation of (i) any constitutional or statutory provision or order, rule, regulation or ordinance, or any order, decree or judgment of any court or governmental authority having jurisdiction over the City or any of its properties, or (ii) any agreement or instrument to which it is a party or by which it is bound.

(e) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending against or threatened against or affecting the City wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability of, or the authority or ability of the City to perform its obligations under, this Pledge Agreement and the Lease Agreement or any other agreement or instrument to which the City is a party and which has been or will be executed by it in connection with the consummation of the transactions contemplated by this Pledge Agreement and the Lease Agreement, or (ii) the transactions contemplated to be performed by it under this Pledge Agreement, the Indenture or the Lease Agreement, in each case as such obligations have been modified by the terms of the Plan of Adjustment.

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ARTICLE III

PLEDGE AND PLEDGE PAYMENTS

Section 3.01. Pledge. Subject only to the provisions of this Pledge Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Tax Revenues are hereby pledged as follows to secure the payment of the Successor Agency's obligation to make Pledge Payments in accordance with their terms and the provisions of this Pledge Agreement. Said pledge shall constitute (i) a first lien on and security interest in "Tax Revenues" (as such term is defined in the Indenture) attributable to the Successor Agency from West End Urban Renewal No. 1 Redevelopment Project of the Former Agency and (ii) as to all other Tax Revenues, a lien on and security interest in such Tax Revenues on parity with all other enforceable obligations of the Successor Agency payable from Tax Revenues except to the extent such enforceable obligations have a prior, senior lien on special portions of such Tax Revenues under the specific provisions of documents securing such other enforceable obligations as shown in Exhibit B (the revenues pledged in clauses (i) and (ii) above, collectively, and subject to the priority described therein, the "Pledged Tax Revenues"). Said pledge shall attach, be perfected and be valid and binding from and after the Effective Date, without any physical delivery thereof or further act. Except for the Pledged Tax Revenues, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the satisfaction of the Successor Agency's obligations under this Pledge Agreement. The obligation of the Successor Agency to make Pledge Payments to the Trustee from the Pledged Tax Revenues as specified in Section 3.02 shall constitute an indebtedness of the Successor Agency incurred in carrying out the Redevelopment Project in accordance with the Redevelopment Plan and a pledge of the Pledged Tax Revenues to repay such indebtedness under the provisions of Section 16 of Article XVI of the Constitution of the State of California and under the Redevelopment Law.

Section 3.02. Pledge Payments.

(a) On each Pledge Payment Date throughout the term of this Pledge Agreement, the Successor Agency shall pay to the Trustee for deposit into the Revenue Fund held by the Trustee pursuant to the Indenture the Pledge Payments, which Pledge Payments on each such Pledge Payment Date shall constitute all of the Pledged Tax Revenues received by the Successor Agency since the last Pledge Payment Date not exceeding the amounts shown on Exhibit A attached hereto for each such Pledge Payment Date (but subject to the next succeeding paragraph). So long as it deposits, on a given Pledge Payment Date, all of the Pledged Tax Revenues received since the last Pledge Payment Date, not exceeding the amounts shown on Exhibit A attached hereto for each such Pledge Payment Date (but subject to the next succeeding paragraph), the Successor Agency shall have met its obligation to make the Pledge Payment for such Pledge Payment Date and shall not be in default under this Pledge Agreement even if the amount of Pledged Tax Revenues deposited on such Pledge Payment Date is less than the amount shown for such Pledge Payment Date in the attached Exhibit A. If the amount of Tax Revenues available to the Successor Agency is less than the amount needed to make payments on all enforceable obligations of the successor Agency entitled to payment pursuant to the Dissolution Act, the Successor Agency first shall make payments hereunder from amounts representing "Tax Revenues" (as such term is defined in the Indenture) derived from the Pledged Tax Revenues attributed to the West End Urban Renewal No. 1 Redevelopment Project of the Former Agency,

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and second, subject to the payment of the Permitted Liens, shall make payments hereunder from the Pledged Tax Revenues attributed to other sources on parity with the Pledged Tax Revenues on a *pari passu* basis with other obligations of the Successor Agency payable from Tax Revenues.

If, on any Pledge Payment Date, available Pledged Tax Revenues allocable to this Pledge Agreement exceed the Pledge Payment due on such Pledge Payment Date as shown in the attached Exhibit A, and the Successor Agency had, on any preceding Pledge Payment Date, made a Pledge Payment that was less than the amount shown for such Pledge Payment Date, the Successor Agency shall pay to the Trustee an increased amount, derived from such excess Pledged Tax Revenues, and shall continue to make payments on future Pledge Payment Dates from future excess Pledged Tax Revenues, until all preceding shortfalls have been made up.

(b) Except as otherwise provided in the second paragraph of Section 3.02(a), Pledged Tax Revenues received by the Successor Agency since the last Pledge Payment Date in excess of the maximum amount payable on each Pledge Payment Date as shown on Exhibit A shall be released from the pledge and lien hereunder. The Successor Agency's pledge of Pledged Tax Revenues shall be renewed in connection with each subsequent Pledge Payment.

(c) The Successor Agency understands and agrees that the City has assigned its right, title and interest in this Pledge Agreement to the Trustee pursuant to the Assignment of Pledge for the benefit of the Owners and National, **to which assignment the Former Agency has previously assented,** and the Successor Agency **hereby** assents to ~~such~~**and confirms the** assignment **as set forth in the Assignment of Pledge**. The City hereby directs the Successor Agency, and the Successor Agency hereby agrees, to pay to the Trustee at the Trustee's principal corporate trust office in San Francisco, California, or to the Trustee at such other place as the Trustee shall direct in writing, all payments payable by the Successor Agency pursuant to this Section 3.02.

Section 3.03. Prepayment Option. The City hereby grants an option to the Successor Agency to prepay the principal component of the Pledge Payments, from any available funds, in full or in part, without premium.

Said option may be exercised on any date, commencing September 1, 2014. Said option shall be exercised by the Successor Agency by giving written notice to the City, National and the Trustee of the exercise of such option at least sixty (60) days prior to the date of prepayment. Such option shall be exercised in the event of prepayment in full, by depositing with said notice cash in an amount, which, together with amounts then on deposit in the Revenue Fund and the Insurance and Condemnation Fund, will be sufficient to pay all outstanding Bonds, together with accrued interest thereon, or, in the event of prepayment in part, by depositing with said notice cash in an amount divisible by $5,000 equal to the amount desired to be prepaid. In the event of prepayment in part, the partial prepayment shall be applied against the principal component of Lease Payments in such manner as the Successor Agency shall determine and if the Successor Agency shall fail to make such determination, in inverse order of their payment dates. Pledge Payments due after any such partial prepayment shall be in the amounts set forth in a revised Pledge Payment schedule which shall be provided by, or caused to be provided by, the Successor

Agency to the City and the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit A attached hereto taking into account said partial prepayment.

Section 3.04. Development of Project. In consideration for the Former Agency's agreement to make specified proceeds of the Bonds available to the City pursuant to the Indenture and the Former Agency's execution and performance of the Pledge Agreement, the City used all Bond proceeds disbursed to the City pursuant to the Indenture for purposes of financing the completed Project.

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ARTICLE IV

COVENANTS OF THE AGENCY

Section 4.01. Punctual Payment. The Successor Agency will punctually pay or cause to be paid to the Trustee the Pledge Payments in strict conformity with the terms of this Pledge Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of it under this Pledge Agreement.

Section 4.02. Parity Obligations. The Successor Agency shall not create, incur, assume or suffer to exist any lien, pledge, encumbrance or security interest on any of the Pledged Tax Revenues either senior to or *pari passu* with the lien created pursuant to this Pledge Agreement other than the Permitted Liens, except that the Successor Agency may issue Parity Obligations, to the extent permitted by law, as follows:

(a) to pay in full or otherwise defease, pursuant to the terms of the Indenture, all Outstanding Bonds, plus all amounts due and payable under this Pledge Agreement as of the date of such prepayment; or

(b) to prepay in full the total maximum amounts of all Pledge Payments remaining unpaid plus all other amounts due and payable under this Pledge Agreement as of the date of such prepayment.

Section 4.03. Subordinate Obligations; Other Obligations.

(a) Only to the extent permitted by law, the Successor Agency may issue or incur Subordinate Obligations in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue or incur such Subordinate Obligations if, and to the extent, such Subordinate Obligations are payable from Pledged Tax Revenues within the Plan Limitations, provided that all Outstanding Bonds, Parity Obligations and Subordinate Obligations coming due and payable following the issuance or incurrence of such Subordinate Debt Obligations shall not exceed the maximum amount of Pledged Tax Revenues permitted within the Plan Limitations.

(b) Only to the extent permitted by law, the Successor Agency may issue or incur obligations not payable from Pledged Tax Revenues in such principal amount as shall be determined by the Successor Agency without regard to or limitation under this Pledge Agreement.

Section 4.04. Payment of Claims. The Successor Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or any part thereof, or which might impair the security for the Successor Agency's obligations hereunder. Nothing in this Pledge Agreement contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims, or any payment in respect of the City's interest in the Project.

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Section 4.05. Books and Accounts; Financial Statement. The Successor Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency, in which complete and correct entries shall be made of all transactions relating to the Pledged Tax Revenues. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (although the Trustee shall have no duty to undertake any such inspection), National, the Owners of any Bonds then outstanding, or their representatives authorized in writing.

Section 4.06. Payments of Taxes and Other Charges. The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, when the same shall become due. Nothing in this Pledge Agreement contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Area or any part thereof.

Section 4.07. Protection of Security. The Successor Agency agrees to contest any assertion by any officer of any governmental entity or any other person with respect to the enforceability of the Successor Agency's obligations hereunder. From and after the issuance of the Bonds, the Successor Agency's obligations hereunder shall be incontestable by the Successor Agency.

Section 4.08. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Pledge Agreement, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided*, *however*, that National or the Trustee, at the direction of National, for the benefit of the Owners of the Bonds may take such actions as may be necessary and appropriate to compel performance by the Successor Agency of its obligations under this Section 4.08, including, without limitation, seeking mandate or specific performance by court order.

Section 4.09. Further Assurances. The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the obligations on its part under this Pledge Agreement and for the better assuring and confirming unto the Trustee and the Owners of the Bonds of the rights and benefits provided in Section 3.01 and this Article IV.

Section 4.10. Petition for Final and Conclusive Determination. Pursuant to the Dissolution Act, including Section 34177.5(i) of the Health and Safety Code, within ten (10) days of the execution of this Pledge Agreement, the Successor Agency shall petition the Department of Finance of the State to confirm that its determination that the Pledge Payments approved in the Recognized Obligation Payments Schedules required by the Dissolution Act

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constitute enforceable obligations is final and conclusive, and that it has finally and conclusively approved of subsequent payments made pursuant to this Pledge Agreement.

Section 4.11. Filing of ROPS and Successor Agency Refunding Revenues. The Successor Agency shall timely file all Recognized Obligation Payments Schedules as required by the Dissolution Act and shall comply with all requirements of the Dissolution Act to ensure the allocation and payment to the Successor Agency of the Pledged Tax Revenues.

ARTICLE V

INDEMNITY

Section 5.01. Indemnity. The City covenants and agrees to indemnify and save the Successor Agency, the Trustee and its respective officers, directors, agents and employees, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise and performance of their powers and duties under this Pledge Agreement or the Indenture, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Successor Agency or the Trustee, or their respective officers, directors, agents or employees. The obligations of the City under this paragraph shall survive the resignation or removal of the Trustee under the Indenture or any defeasance of the Bonds.

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ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) If sufficient Pledged Tax Revenues are available to the Successor Agency in accordance with the terms and provisions of this Pledge Agreement to make a Pledge Payment, failure by the Successor Agency to make such Pledge Payment when and as the same shall become due and payable.

(b) Failure by the Successor Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Pledge Agreement, other than as referred to in the preceding clause (a), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the Successor Agency by the Trustee; *provided, however*, that if in the reasonable opinion of the Successor Agency the failure stated in such notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within such sixty (60) day period and thereafter is diligently pursued until such failure is corrected.

(c) The filing by the Successor Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Successor Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

(d) If the Successor Agency ceases to be a public body, corporate and politic organized and existing by virtue of the laws of the State of California with the full legal right, power and authority under the laws of the State of California to carry out and consummate all transactions contemplated hereby.

(e) The occurrence and continuation of an "Event of Default" under the Indenture following the occurrence and continuation of a "Termination Event" under the Forbearance Agreement which has been neither deferred nor waived by National.

If an Event of Default has occurred and is continuing, the Trustee may, with the consent of National, and at the written direction of National or of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, with the consent of National, the Trustee shall, subject to the provisions of the Indenture, exercise any remedies available to the Trustee in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone, fax or other telecommunication device, promptly confirmed in writing.

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Section 6.02. Application of Funds Upon Default. All Pledged Tax Revenues received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Pledge Agreement, shall be applied by the Trustee as follows:

(a) *first*, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VI, including reasonable compensation to its agents, attorneys and counsel,

(b) *second*, to the payment of all installments of interest then due and unpaid, on a *pro rata* basis with respect to this Pledge Agreement and any Parity Obligations in the event that the available amounts are insufficient to pay all such interest in full,

(c) *third*, to the payment of all installments of principal then due and payable, on a *pro rata* basis with respect to this Pledge Agreement and any Parity Obligations in the event that the available amounts are installments of principal in full, and

(c) fourth, to the payment of interest on overdue installments of principal and interest, on a *pro rata* basis with respect to this Pledge Agreement and any Parity Obligations in the event that the available amounts are insufficient to pay all such interest in full.

Any remaining amounts shall be used to pay any Subordinate Obligations.

Section 6.03. No Waiver. Nothing in this Article VI or in any other provision of this Pledge Agreement, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Bonds to the Trustee when due, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Trustee to institute suit to enforce such payment by virtue of the contract embodied in this Pledge Agreement.

A waiver of any default by the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee by the Redevelopment Law or by this Article VI may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, the Successor Agency and the Trustee shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 6.04. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Pledge Agreement should default under any of the provisions hereof and the nondefaulting party or the Trustee should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor

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pay to the nondefaulting party or the Trustee, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

Section 6.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

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ARTICLE VII

MISCELLANEOUS

Section 7.01. No Successor Agency Liability on Bonds. The Successor Agency shall have no liability for payment of the Bonds except as set forth in this Pledge Agreement.

Section 7.02. Benefits Limited to Parties; No Successor Agency Liability for Projects. Nothing in this Pledge Agreement, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, National and the City any right, remedy or claim under or by reason of this Pledge Agreement. All covenants, stipulations, promises or agreements in this Pledge Agreement contained by and on behalf of the Successor Agency or the City shall be for the sole and exclusive benefit of the City, the Successor Agency, National and of the Trustee acting as trustee for the benefit of the Owners of the Bonds.

The Successor Agency shall have no liability whatsoever with respect to the Project, including but not limited to any liability related to the acquisition, rehabilitation, maintenance or operation of the Project.

Section 7.03. Obligations of the City. All of the obligations of the City under this Pledge Agreement shall apply only to the City and any person who expressly assumes in writing all or any portion of the City's obligations under this Pledge Agreement.

Section 7.04. Successor Is Deemed Included in All References to Predecessor; Assignment. Whenever in this Pledge Agreement any of the Successor Agency, the City, National or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Pledge Agreement contained by or on behalf of the Successor Agency, the City, National or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

The City shall not assign any of its rights or responsibilities under this Pledge Agreement without the prior written consent of the Successor Agency. The Trustee shall not assign its rights or responsibilities under this Pledge Agreement, except to a successor trustee under the Indenture.

Section 7.05. Amendment. This Pledge Agreement may be amended by the parties to this Pledge Agreement by written instrument, subject to the written consent of the Trustee and, provided that National is not in default or otherwise failing to fulfill its obligations under the Municipal Bond Insurance Policy, the written consent of National. The City and the Trustee covenant that the Indenture shall not be amended in any manner that adversely affects the Successor Agency's liability hereunder without the prior written consent of the Successor Agency.

Section 7.06. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the obligations of the Successor Agency under this Pledge Agreement; but nothing contained in this Pledge Agreement shall relieve any such member, officer, agent or employee from the performance of any official

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duty provided by law. No director, officer, agent or employee of the City shall be individually or personally liable for the obligations of the City hereunder unless such person expressly assumes in writing all or any portion of the City's obligations hereunder.

Section 7.07. Notices. All written notices to be given under this Pledge Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time. Notice shall be effective 48 hours after deposit in the United States mail, postage prepaid or, in the case of any notice to the Trustee or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the Successor Agency:	City of Stockton, as Successor Agency to the Redevelopment Successor Agency of the City of Stockton 425 North El Dorado Street Stockton, CA 95202-1997 Attention: City Manager Phone: (209) 937-8212 Fax: (209) 937-7149
If to the City:	City of Stockton 425 North El Dorado Street Stockton, CA 95202-1997 Attention: City Manager Phone: (209) 937-8212 Fax: (209) 937-7149
If to the Trustee:	Wells Fargo Bank, National Association 555 Montgomery Street, 10th Floor San Francisco CA 94111 Attention: Corporate Trust, MAC A0167-102 Phone: (415) 222-2868 Fax: (415) 395-9064
If to National:	~~[address for notice]~~**Optinuity Alliance Resources, an MBIA Inc. Company** **Special Situations Group** **113 King Street** **Armonk, New York 10504** **Phone: (914) 765-3533** **Attn: Daniel E. McManus, Jr., Esq.**

Section 7.08. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Pledge Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Pledge Agreement. The Successor Agency and the City hereby declare that they would have entered into this Pledge Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact

that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Pledge Agreement may be held illegal, invalid or unenforceable.

Section 7.09. Execution in Several Counterparts. This Pledge Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Successor Agency and the City shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 7.10. Applicable Law. This Pledge Agreement shall be governed by and construed in accordance with the laws of the State.

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IN WITNESS WHEREOF, the CITY OF STOCKTON, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON and the CITY OF STOCKTON have caused this Pledge Agreement to be signed by their respective officers, all as of the day and year first above written.

CITY OF STOCKTON, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

By _____

City Manager

Attest:

_____

Secretary

CITY OF STOCKTON

By _____

City Manager

Attest:

_____

City Clerk

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~~EXHIBIT A~~

~~SCHEDULE OF PLEDGE PAYMENTS~~

EXHIBIT A
PLEDGE PAYMENTS

~~Pledge~~ Payment Date	Principal	~~Rate~~	Interest	~~Maximum Amount Pledge Payment~~ Total Debt Service
~~9~~8/~~1~~25/2014*	$ ~~504,988.00~~ 449,007.69	~~3.500%~~	$ ~~2,037,565.95~~ 2,093,546.26	$ 2,542,553.95
~~9~~2/~~1~~25/2015	~~572,081.00~~0.00	~~3.375~~	~~2,019,891.37~~1,036,448.13	~~2,591,972.37~~1,036,448.13
8/25/2015	519,076.11		1,036,448.13	1,555,524.24
~~9~~2/~~1~~25/2016	~~650,133.00~~0.00	~~3.750~~	~~2,000,583.64~~1,025,226.25	~~2,650,716.64~~1,025,226.25
8/25/2016	600,264.14		1,025,226.25	1,625,490.39
2/25/2017	0.00		1,011,257.50	1,011,257.50
~~9~~8/~~1~~25/2017	~~727,320.00~~681,65	~~3.600~~	~~1,976,203.65~~1,011,257.50	~~2,703,523.65~~1,692,266.15
2/25/2018	0.00		996,317.50	996,317.50
~~9~~8/~~1~~25/2018	~~812,144.00~~769,13	~~3.700~~	~~1,950,020.13~~996,317.50	~~2,762,164.13~~1,765,846.63
2/25/2019	0.00		979,297.50	979,297.50
~~9~~8/~~1~~25/2019	~~869,140.00~~830,81	~~3.800~~	~~1,919,970.81~~979,297.50	~~2,789,110.81~~1,809,813.31
2/25/2020	0.00		960,012.50	960,012.50
~~9~~8/~~1~~25/2020	~~1,014,839.00~~981,7.49	~~4.000~~	~~1,886,943.49~~960,012.50	~~2,901,782.49~~1,941,769.99
2/25/2021	0.00		937,712.50	937,712.50
~~9~~8/~~1~~25/2021	~~1,128,777.00~~1,0901.93	~~4.000~~	~~1,846,349.93~~937,712.50	~~2,975,126.93~~2,037,414.43
2/25/2022	0.00		913,312.50	913,312.50
~~9~~8/~~1~~25/2022	~~1,245,637.00~~1,2210.85	~~4.125~~	~~1,801,198.85~~913,312.50	~~3,046,835.85~~2,133,523.35
~~9~~2/~~1~~25/2023	~~1,363,317.00~~0.00	~~4.125~~	~~1,749,816.32~~885,77	~~3,113,133.32~~885,77

*8/25/14 payment subject to formula: $2,542,533.95 less Revenues (as such term is defined in the Indenture) received by the Trustee from February 1, 2014 to August 24, 2014.

EXHIBIT A PLEDGE PAYMENTS				
Pledge Payment Date	Principal	Rate	Interest	Maximum Amount Pledge Payment Total Debt Service
			8.13	8.13
8/25/2023	1,341,577.06		885,778.13	2,227,355.19
92/125/2024	1,491,500.000.00	4.250	1,693,579.49855,768.75	3,185,079.49855,768.75
8/25/2024	1,473,541.99		855,768.75	2,329,310.74
92/125/2025	1,625,581.000.00	4.250	1,630,190.74822,193.75	3,255,771.74822,193.75
8/25/2025	1,611,384.24		822,193.75	2,433,577.99
2/25/2026	0.00		785,750.00	785,750.00
98/125/2026	1,807,331.001,7934.55	5.000	1,561,103.55785,750.00	3,368,434.552,582,684.55
92/125/2027	1,973,893.000.00	5.000	1,470,737.00739,125.00	3,444,630.00739,125.00
8/25/2027	1,966,380.00		739,125.00	2,705,505.00
2/25/2028	0.00		688,375.00	688,375.00
98/125/2028	2,147,205.002,1497.35	5.000	1,372,042.35688,375.00	3,519,247.352,830,872.35
2/25/2029	0.00		633,250.00	633,250.00
98/125/2029	2,362,552.002,3634.10	5.000	1,264,682.10633,250.00	3,627,234.102,993,984.10
92/125/2030	2,589,233.000.00	5.000	1,146,554.50573,375.00	3,735,787.50573,375.00
8/25/2030	2,589,037.50		573,375.00	3,162,412.50
2/25/2031	0.00		508,625.00	508,625.00
98/125/2031	2,794,270.002,7912.85	5.000	1,017,092.85508,625.00	3,811,362.853,302,737.85
2/25/2032	0.00		438,750.00	438,750.00
98/125/2032	3,014,323.003,0102.35	5.000	877,379.35438,750.00	3,891,702.353,452,952.35
2/25/2033	0.00		363,375.00	363,375.00
98/125/2033	3,249,365.003,24	5.000	726,663.20363,375.	3,976,028.203,612,6

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EXHIBIT A PLEDGE PAYMENTS				
~~Pledge~~ Payment Date	Principal	~~Rate~~	Interest	~~Maximum Amount Pledge Payment~~ Total Debt Service
	78.20		00	53.20
2/25/2034	0.00		282,125.00	282,125.00
~~9~~8/~~1~~25/2034	~~3,494,405.00~~3,49 49.95	~~5.000~~	~~564,194.95~~282,125. 00	~~4,058,599.95~~3,776,4 74.95
2/25/2035	0.00		194,750.00	194,750.00
~~9~~8/~~1~~25/2035	~~3,754,494.00~~3,75 68.70	~~5.000~~	~~389,474.70~~194,750. 00	~~4,143,968.70~~3,949,2 18.70
2/25/2036	0.00		100,875.00	100,875.00
~~9~~8/~~1~~25/2036	4,035,000.00	~~5.000~~	~~201,750.00~~100,875. 00	~~4,236,750.00~~4,135,8 75.00
~~Totals~~ Total	$~~43,227,528.00~~ 42,774,570.64		~~$33,103,988.92~~$ 33,556,946.28	$76,331,516.92

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EXHIBIT B PERMITTED LIENS			
Item #	**Contract/ Agreement Execution Date**	**Description/Project Scope**	**Priority Lien Project Area or Fund**
1	6/1/2003	2003 Housing COP	Low/Mod
2	7/1/2006	2006 Series C - Revenue Bond	Low/Mod
3	7/1/2006	2006 Series A - Revenue Bond	Midtown
4	7/1/2006	2006 Series A - Revenue Bond	South
5	7/1/2006	2006 Series A - Revenue Bond	North
~~6~~	~~7/1/2006~~	~~2006 Series B - Revenue Bond~~	~~Midtown~~
~~7~~	~~7/1/2006~~	~~2006 Series B - Revenue Bond~~	~~South~~
~~8~~	~~7/1/2006~~	~~2006 Series B - Revenue Bond~~	~~North~~
~~9~~6	3/1/2004	2004 Revenue Bond - Arena	Waterfront
~~10~~7	6/1/2003	2003 Housing COP: Retention for debt service in following period.	Low/Mod
~~11~~8	7/1/2006	2006 Series C - Revenue Bond: Retention for debt service in following period.	Low/Mod
~~12~~9	7/1/2006	2006 Series A - Revenue Bond: Retention for debt service in following period.	Midtown
~~13~~10	7/1/2006	2006 Series A - Revenue Bond: Retention for debt service in following period.	South
~~14~~11	7/1/2006	2006 Series A - Revenue Bond: Retention for debt service in following period.	North
~~15~~	~~7/1/2006~~	~~2006 Series B - Revenue Bond: Retention for debt service in following period.~~	~~Midtown~~
~~16~~	~~7/1/2006~~	~~2006 Series B - Revenue Bond: Retention for debt service in following period.~~	~~North~~
~~17~~12	3/1/2004	2004 Revenue Bond - Arena: Retention for debt service in following period.	Waterfront
~~18~~13	11/15/2001	DBAW Planning Loan	Waterfront
~~19~~14	11/26/2002	Development Impact fees for 612 Carlton Ave	Midtown
~~20~~15	8/4/2004	Development Impact fees for Worknet Office Building	Waterfront
~~21~~16	8/29/2003	Development Impact fees for Cineplex project	Waterfront

EXHIBIT B PERMITTED LIENS			
Item #	**Contract/ Agreement Execution Date**	**Description/Project Scope**	**Priority Lien Project Area or Fund**
~~22~~17	9/28/2004	Union Oil Dispute Re: Ground Water Contamination	Waterfront
~~23~~18	1/9/2006	Tenant relocation assistance $1,455,000: $460,652 expended, remaining obligation $994,348. Replacement of 185 housing units: 146 completed, remaining obligation 39 units @ 30% of AMI (estimated cost $4M). *Subject to final determination by the parties.	Low/Mod
~~24~~19	6/25/2005	Developer Claims RDA Breached Contract (Estimated legal defense costs)	Waterfront
~~25~~20	6/27/2005	Contamination at Worknet Site & Southpointe (Estimated litigation costs)	Waterfront
~~26~~21	6/27/2005	Contamination at Worknet Site & Southpointe Settlement Agreement	Waterfront
~~27~~22	6/27/2005	Coincides with BNSF case, Caltrans is a former owner (Estimated litigation costs)	Waterfront
~~28~~23	6/29/2005	Polanco Act corrective action trial (Estimated litigation costs)	Waterfront
~~29~~24	4/14/2011	Contract for installation of Security Cameras	Midtown
~~30~~25	4/14/2011	Contract for installation of Security Cameras	South
~~31~~26	4/14/2011	Contract for installation of Security Cameras	North
~~32~~27	7/1/2010	Housing Loan	Low/Mod
~~33~~28	3/16/2011	Housing Loan	Low/Mod
~~34~~29	5/15/2007	South Shore	Waterfront
~~35~~30	1/11/2008	Marina Water Quality Testing	Waterfront
~~36~~31	7/23/2008	Parcel 2A & 24 Remediation	Waterfront
~~37~~32	8/12/2008	Removal Action Plan for Promenade & South Pointe	
~~38~~33	7/21/2010	McKinley Park caretaker Building Asbestos	South

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EXHIBIT B PERMITTED LIENS			
Item #	**Contract/ Agreement Execution Date**	**Description/Project Scope**	**Priority Lien Project Area or Fund**
3		Removal	
~~39~~34	1/18/2005	Renovation of Hotel Stockton - for affordable housing	Low/Mod
~~40~~35	7/20/2009	Remediation of lots north and south of Worknet site (Estimated cost of Remediation)	Waterfront
~~41~~36	7/10/2007	DSA Assessment of RDA owned properties. PBID expiration is 12/31/2017. (Estimated assessments to be paid at $50,000 per year for 5 years, may be longer if properties not sold)	Waterfront
~~42~~37	5/25/2011	Reimbursement Agreement Mariposa Walgreens	South
~~43~~38	7/1/2013	Maintenance costs of RDA/SA-Owned properties (estimated annual cost)	All
~~44~~39	4/26/2011	Repayment of loan from Low/Mod Housing funds to make SERAF payment in 2011	Midtown
~~45~~40	4/26/2011	Repayment of loan from Low/Mod Housing funds to make SERAF payment in 2011	South
~~46~~41	6/30/2011	To cover negative cash position of Agency	Waterfront
~~47~~42	7/1/2013	Salary, benefits, overhead, and administrative costs of the Successor Agency (Fiscal Year budget of $750,000)	All
~~48~~43	7/1/2012	Salary, benefits, overhead, and administrative costs of the Successor Agency (Other Funding: Subsidy from City of Stockton per adopted budget)	All
~~49~~44	6/26/2013	Agreement to perform the due diligence reviews	All
~~50~~45	8/24/2013	For operating and administrative costs	All
~~51~~46	6/1/2003	2003 Housing COP: Replenish minimum reserve requirement per loan agreement.	Low/Mod
~~52~~47	7/1/2006	2006 Series C - Revenue Bond: Replenish minimum reserve requirement per loan agreement.	Low/Mod
~~53~~48	7/1/2006	2006 Series A - Revenue Bond: Replenish minimum reserve requirement per loan	Midtown

3 Workshare Compare comparison of 02.b. Arena Pledge.docx and 02.b. Arena Pledge Agreement.docx. Performed on 2/12/2014.

EXHIBIT B PERMITTED LIENS			
Item #	**Contract/ Agreement Execution Date**	**Description/Project Scope**	**Priority Lien Project Area or Fund**
		agreement.	
~~54~~**4 9**	7/1/2006	2006 Series A - Revenue Bond: Replenish minimum reserve requirement per loan agreement.	South
~~55~~**5 0**	7/1/2006	2006 Series A - Revenue Bond: Replenish minimum reserve requirement per loan agreement.	North
~~56~~**5 1**	3/1/2004	2004 Revenue Bond - Arena: Replenish minimum reserve requirement per loan agreement.	Waterfront
~~57~~**5 2**	8/24/2013	For operating and administrative costs	All

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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 _____, 2014 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 ~~B~~**A** and Exhibit ~~C~~**B** to the Parking Structure Lease Out (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. NPFG, 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 NPFG.

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 NPFG.

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.

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

M. On or about May 18, 2012, the Receiver entered into that certain Garage Management Agreement with Central Parking Systems, Inc. (the "***Central Parking Contract***") 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 21, 2013, the City filed the Plan (defined below) in the Bankruptcy Court.

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

R. On or about [_____], 2014, the City, the 2004 Parking Bond Trustee, and SCC 16 entered into the SCC 16 Settlement, settling the SCC 16 Litigation.

S. 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 Parking Assets (defined below).

T. 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.

U. 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 is now entitled, among other things, to exercise its rights and remedies under the terms of the 2004 Parking Indenture and the other Existing Bond Documents.

V. 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 preamble, 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 preamble, above.

(h) 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.*

(i) Additional Parking Assets means each of the parking facilities (including, without limitation, surface parking lots, parking meters, metered spaces, and other parking garages) within the City's Downtown Parking District, ~~as reflected on **Exhibit B** hereto~~ other than the Excluded Parking Assets.

(j) 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 or acquired by the City or the Parking Authority following the date of this Agreement other than the Excluded Parking Assets.

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

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

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

(m) 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/or 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.

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

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

(p) 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 ~~E~~D** hereto.

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

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

(s) Bankruptcy Case has the meaning ascribed to it in the Recitals, above.

(t) Bankruptcy Code has the meaning ascribed to it in the Recitals, above.

(u) Bankruptcy Court has the meaning ascribed to it in the Recitals, above.

(v) 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.

(w) 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.

(x) California State Court has the meaning ascribed to it in the Recitals, above.

(y) Central Parking Contract has the meaning ascribed to it in the Recitals, above.

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

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

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

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

(dd) 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.

(ee) Deeds means, collectively, those certain recordable warranty deeds annexed hereto as **Exhibit ~~F~~E1 – ~~F~~E[ ].**

(ff) Downtown Parking District means the area ~~of the City~~ 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.

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

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

(ii) Excluded Parking Assets means ~~[ ].~~**the real property located at 400 East Main Street, Stockton, California 95202.**

(jj) 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 NPFG in connection with the issuance of, or evidencing or securing, the 2004 Parking Bonds.

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

(ll) ~~(kk)~~ 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.

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

(nn) ~~(mm)~~ Forbearing Parties means NPFG and the 2004 Parking Bond Trustee.

(oo) ~~(nn)~~ Installment Payment has the meaning ascribed to it in the Installment Sale Agreement.

(pp) ~~(oo)~~ 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 ~~G~~F** hereto.

(qq) ~~(pp)~~ Judgment By Confession means the entry of a judgment by confession substantially in the form annexed as **Exhibit ~~H~~G** hereto.

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

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

(tt) ~~(ss)~~ Lease Payments has the meaning ascribed to it in the 2004 Parking Indenture.

(uu) ~~(tt)~~ 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.

(vv) ~~(uu)~~ 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 ~~I~~H** hereto.

(ww) ~~(vv)~~ NPFG has the meaning ascribed to it in the preamble, above.

(xx) ~~(ww)~~ Parties has the meaning ascribed to it in the preamble, above.

(yy) ~~(xx)~~ Parking Authority has the meaning ascribed to it in the Recitals, above.

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

(aaa) ~~(zz)~~ Parking Assets has the meaning ascribed to it in Section 2.2, below.

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

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

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

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

(fff) ~~(eee)~~ Permitted Liens means the following encumbrances: (a) liens for taxes or assessments or other governmental charges or levies, not yet due; (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, licenses, 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 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.

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

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

(iii) ~~(hhh)~~ Plan means the Plan for Adjustment of Debts of the City of Stockton, California, originally dated [____] (as amended or modified from time to time and as confirmed by the Bankruptcy Court pursuant to the Confirmation Order).

(jjj) ~~(iii)~~ Receiver has the meaning ascribed to it in the Recitals, above.

(kkk) ~~(jjj)~~ Receivership Order has the meaning ascribed to it in the Recitals, above.

(lll) ~~(kkk)~~ SCC 16 has the meaning ascribed to it in the Recitals, above.

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

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

(ooo) ~~(nnn)~~ SCC 16 Settlement means that certain Settlement Agreement and Mutual Release, dated as of [_____], between and among the City, SCC 16 and the 2004 Parking Bond Trustee.

(ppp) ~~(ooo)~~ 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.

~~(ppp) Stipulation Amending the Judgment of Possession means that certain Stipulation Amending the Judgment of Possession, by and between the City and the 2004 Parking Bond Trustee amending the Judgment of Possession, a form of which is annexed hereto as **Exhibit K.**~~

(qqq) 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.

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

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

(ttt) 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.

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

(vvv) Transfer Documents means **[~~_____~~TBD],** the forms of which are annexed hereto as **Exhibits ~~L~~J1 to ~~L~~J[__]**.

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

(xxx) 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 contest 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 T, 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 City'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 any and all rights and remedies available under the Bond Documents or available under applicable law or in equity; *provided, however* that, after the occurrence of a Termination Event, NPFG and the 2004 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 Parking Assets to the Parking Authority.

(a) Transfer of Leased Parking Facilities. On the Effective Date, 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 free and clear of all liens and encumbrances other than Permitted Liens and in each case subject to, as may be applicable, the Parking Structure Lease Out, the Parking Structure Lease Back, and the SCC 16 Lease.

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

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

(c) 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 the warranty deed or warranty 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.

Section 2.3 Assignment of City's Rights in Bond Documents and Leases. On the Effective Date, the following will occur:

(a) Assignment of Parking Structure Lease Out. 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.

(b) Assignment of City's Rights in Parking Structure Lease Back. 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.

(c) Assignment of City's Rights in SCC 16 Lease and SCC 16 Settlement. 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.

Section 2.4 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 Leased Parking Facilities, the Additional Parking Assets and any After-Acquired Parking Assets.

Section 2.5 Installment Payments.

(a) 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 any and all of ~~their~~**its** respective rights and remedies available under, and subject to the terms and conditions of, the Bond Documents or otherwise, **at law or in equity; *provided, however* that, 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 2.6 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 2.7 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 herein 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 2.8 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, 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 2.9 Judgment by Confession. On the Effective Date, the Authority and the Parking Authority shall execute, and shall cause their 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. 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 Authority and the Parking Authority also hereby waive all errors, rights of appeal and stays of execution.

Section 2.10 Annual Reporting. Commencing on January 15, 2015, 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 2.11 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, the Leased Parking Facilities, the Additional Parking Assets, and the After-Acquired Parking Assets, in each case without the prior written consent of the 2004 Parking Bond Trustee, at the direction of 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, 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) 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;

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

(c) The 2004 Parking Bond Trustee shall have received an order from the California State Court (i) vacating or terminating, as appropriate, the Receivership Order and directing the Receiver to relinquish control of the Leased Parking ~~Facilties~~**Facilities** to the 2004 Parking Bond Trustee or (ii) approving a stipulation with the Receiver providing for the discharge and termination of the Receiver's duties under the Receivership Order and submit such stipulation for approval by the California State Court;

(d) The Receiver shall have terminated the Central Parking Contract;

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

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

(g) The City shall have made any accrued and unpaid Installment Payments that would be due and owing if the Effective Date had occurred on [_____]**September 1, 2014** plus interest thereon at a rate of [____]**5**% from [_____]**September 1, 2014** to the Effective Date;

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

(i) The "Operator," as such term is defined and used in the Installment Sale Agreement, shall have become engaged to manage and operate the Facilities (as such term is used in the Installment Sale Agreement);

(j) (i) The Effective Date shall have occurred; and

(k) (j) 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 [_____,**September 1,** 2014] (the "***Automatic Termination Date***"), this Agreement shall terminate unless the Automatic Termination Date is extended by NPFG, in its sole discretion upon written notice to the other Parties to a date no later than [thirty (30)] days after the Automatic Termination Date, and following such extension, the Automatic Termination Date may be further extended upon written consent by all of the Parties.

Section 4.3 Effect of Termination. In the event of the termination of this Agreement pursuant to this Article 4, this Agreement shall become null and void and shall be deemed of no force and effect, with no liability on the part of any Party hereto (or of any of its directors, officers, employees, consultants, agents, legal and financial advisors and other representatives), and no Party shall have any obligations to any other Party arising under this Agreement or the 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. **[To be reviewed.]** From and after the Effective Date, each of the City~~, the Authority,~~ and the ~~Parking~~ Authority hereby fully, finally and completely releases and forever discharges each of NPFG, 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 NPFG and the 2004 Parking Bond Trustee hereby fully, finally and completely releases and forever discharges the City~~, the Authority,~~ and the ~~Parking~~ 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 (~~other than as set forth in~~**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 City, and the 2004 Parking Bond Trustee shall have the right to proceed to collect any amounts due and owing by the City pursuant thereto.

ARTICLE 7
MISCELLANEOUS

Section 7.1 Amendments. This Agreement may not be modified, amended, or supplemented except by a written agreement executed by each of the Parties.

Section 7.2 No Admission of Liability.

(a) Except as otherwise set forth herein, the execution of this Agreement is not intended to be, nor shall it be construed as, an admission or evidence in any pending or subsequent suit, action, proceeding or dispute of any liability, wrongdoing, or obligation whatsoever (including, without limitation, as to the merits of any claim or defense) by any Party to any other Party or any other person with respect to any of the matters addressed in this Agreement.

(b) None of this Agreement (including, without limitation, the recitals and exhibits hereto) or any act performed or document executed pursuant to or in furtherance of this Agreement: (i) is or may be deemed to be or may be used as an admission or evidence of the validity of any claim or of any wrongdoing or liability of any Party, or (ii) is or may be deemed to be or may be used as an admission or evidence of any liability, fault or omission of any Party in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. None of this Agreement or any act performed or document executed pursuant to or in furtherance of this Agreement shall be admissible in any proceeding for any purposes, except to enforce the terms of the Agreement, and except that any Party may file this Agreement in any action for any purpose, including, without limitation, in order to support a defense or counterclaim based on the principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

Section 7.3 Good Faith Negotiations. The Parties recognize and acknowledge that each of the Parties hereto is represented by counsel, and such Party received independent legal advice with respect to the advisability of entering into this Agreement. Each of the Parties acknowledges that the negotiations leading up to this Agreement were conducted regularly and at arm's length; this Agreement is made and executed by and of each Party's own free will; that each knows all of the relevant facts and its rights in connection therewith, and that it has not been improperly influenced or induced to enter into this Agreement as a result of any act or action on the part of any Party or employee, agent, attorney or representative of any party to this Agreement. The Parties further acknowledge that they entered into this Agreement because of their desire to avoid the further expense and inconvenience of litigation and other disputes, and to compromise permanently and settle the claims between and among the Parties settled by the execution of this Agreement.

Section 7.4 Rights and Immunities. Notwithstanding anything herein to the contrary, the 2004 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.

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

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. **[To be reviewed.]** 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, 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, whether such fees and expenses were incurred prior to, or after, the date of this Agreement; *provided, however,* that in the event the amounts in such funds are insufficient to pay the fees and costs of the 2004 Parking Bond Trustee, the 2004 Parking Bond Trustee shall not be entitled to the payment of such fees and costs from the City's general fund, but shall have the right to recover such fees and expenses to the extent otherwise provided in the Bond Documents.

Section 7.7 Notices. All demands, notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when personally delivered by courier service or messenger, (ii) upon actual receipt (as established by confirmation of receipt or otherwise) during normal business hours, otherwise on the first business day thereafter if transmitted electronically (by e-mail transmission), by facsimile or telecopier with confirmation of receipt, or (iii) three (3) Business Days after being duly deposited in the mail, by certified or registered mail, postage prepaid-return receipt requested, to the following addresses, or such other addresses as may be furnished hereafter by notice in writing, to the following Parties:

If to the City:

~~City of Stockton~~
~~22 E. Weber Avenue, Room 350~~
~~Stockton, California 95202~~
~~Attention: [●]~~
~~Fax: (209) 937-8822~~
~~Email: [●]~~

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

~~and~~

City of Stockton
425 North El Dorado Street
Stockton, California 95202**-1997**
Telephone: (209) 937-8212
Facsimile: (209) 937-7149
Attn: City Manager
~~Fax: (209) 937-8447~~

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 Parking Authority:

~~[Name]~~**Parking Authority of the City of Stockton**
~~[Address]~~
425 North El Dorado Street
Stockton, CA 95202-197
Attn: Parking Manager
~~[~~Phone~~]~~**: (209) 937-8212**
~~[Email]~~
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:

~~[Name]~~**Stockton Public Financing Authority**
~~[Address]~~
425 North El Dorado Street
Stockton, CA 95202-197
Attn: Executive Director
~~[~~Phone~~]~~**: (209) 937-8212**
~~[Email]~~

Fax: (209) 937-7149

With a copy to:

~~[Name]~~
~~[Address]~~
~~[Phone]~~
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
~~Attn: [●]~~**Telephone: (914) 765-3533**
Facsimile: ~~[●]~~**(914) 765-3665**
~~Email: [●]~~**Attn: Daniel E. McManus, Jr., Esq.**

With a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Debra A. Dandeneau, Esq.
Fax: (212) 310-8007
Email: debra.dandeneau@weil.com

Section 7.8 Entire Agreement. This Agreement reflects the entire agreement between the Parties with respect to the matters set forth herein and therein and supersedes any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto, and is intended by each of the Parties to be the complete statement of the terms and conditions, and the final expression, of their agreement relating to the subject matter hereof and thereof.

Section 7.9 Interpretation. This Agreement and the 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.

[Signatures appear on the next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of date first written above.

CITY OF STOCKTON

By:_____

Name:_____

Title:_____

WELLS FARGO BANK, NATIONAL ASSOCIATION**, as 2004 PARKING BOND TRUSTEE**

By:_____

Name:_____

CITY OF STOCKTON PARKING AUTHORITY

By:_____

Name:_____

Title:_____

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

By:_____

Name:_____

STOCKTON PUBLIC FINANCING AUTHORITY

By:_____

Name:_____

Title:_____

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

Exhibit A

Existing Defaults

~~**TO BE PROVIDED**~~
[To be provided]

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

Exhibit B

~~Additional Parking Assets~~

~~TO BE PROVIDED~~

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

~~**Exhibit C**~~

Assignment of Parking Structure Lease Back

~~**TO BE PROVIDED**~~
[To be provided]

Exhibit ~~D~~C

Assignment of Parking Structure Lease Out

~~TO BE PROVIDED~~
[To be provided]

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

Exhibit ~~E~~D

Assignment of SCC 16 Lease

~~TO BE PROVIDED~~
[To be provided]

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

Exhibits ~~F~~E1 – ~~F~~E[__]

Deeds

~~TO BE PROVIDED~~
[To be provided]

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

Exhibit ~~G~~F

Installment Sale Agreement

~~ATTACHED SEPARATELY TO THE PLAN SUPPLEMENT AS EXHIBIT 3.B~~
[Attached separately to the Supplemental Plan Supplement as Exhibit 3.b]

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

Exhibit ~~H~~G

Judgment by Confession

~~**TO BE PROVIDED**~~
[To be provided]

Exhibit ~~I~~H

No Adverse Effect Opinion

[TO BE ~~PROVIDED~~REVIEWED]

[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. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The City is the debtor in a bankruptcy case under chapter 9 of Title 11 of the United States Code, Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division, styled *In re City of Stockton, California* (the "Bankruptcy Case"). In connection with the Bankruptcy Case, the City has agreed to a settlement of the claims of National Public Finance Guarantee Corporation ("NPFG"), as insurer of the Bonds (as successor to Financial Guaranty Insurance Company), which settlement, among other things, calls for 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 and the Parking Authority will make certain installment payments (the "Installment Payments") to the Trustee pursuant to the terms of an Installment Sale Agreement, dated [_____], 2014 (the "Installment Sale Agreement"), by and among the Parking Authority, the Trustee and NPFG. Such 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 [which the City has subleased to the Parking Authority pursuant to a Sublease Agreement, dated [_____], 2014 (the "Sublease"), by and between the City and the Parking Authority] (collectively, the "Settlement").

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 Sublease Agreement,] certificates of the Issuer, the Authority, the Parking Authority, the Trustee, NPFG 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 second 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), excluding the filing of the Bankruptcy Case and the payment defaults that occurred on September 1, 2012 and September 1, 2013, but 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. We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth below, we have not otherwise reviewed any actions, omissions or events occurring

after the date of issuance of the Bonds or the exclusion of interest on the Bonds from gross income for federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. Nothing in this letter should imply that we have considered or in any manner affirm any of the matters covered in the opinion of Quint & Thimmig LLP rendered in connection with the issuance of the Bonds.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the execution and delivery of the Forbearance Agreement [and the Sublease Agreement] in accordance with the provisions of the Indenture, and the execution and delivery of the Installment Sale Agreement, will not, in and of themselves, cause interest on the Bonds to be included in gross income.

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 ~~J~~I

Permitted Encumbrances

~~TO BE PROVIDED~~
[To be provided]

~~Exhibit K~~

~~Stipulation Amending the Judgment of Possession~~

~~TO BE PROVIDED~~

Workshare Compare comparison of 03.a Parking Forbearance.docx and 03.a. Parking Forbearance.docx. Performed on 2/12/2014.

Exhibits ~~L~~J1 – ~~L~~J[_]

Transfer Documents

~~TO BE PROVIDED~~
[To be provided]

b. INSTALLMENT SALE AGREEMENT

INSTALLMENT SALE AGREEMENT

(PARKING GARAGES AND DOWNTOWN PARKING DISTRICT FACILITIES)

Dated as of [_____], 2014

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) (the "Agreement") is made and entered into as of [_____], 2014 by and between NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION, a New York stock insurance corporation ("NPFG"), 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 (the "Trustee") under the Indenture (defined below), 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 (the "Parking Authority");

W I T N E S S E T H:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of June 1, 2004 (the "Site and Facility Lease"), the City of Stockton (the "City"), as lessor, leased to the Stockton Public Financing Authority (the "Financing Authority"), as lessee, those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and 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 hereto and made a part hereof (collectively, the "Leased Parking Facilities");

WHEREAS, pursuant to that certain Lease Agreement, dated as of June 1, 2004 (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 its Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects), in the initial aggregate principal amount of $32,785,000 (the "Bonds"), pursuant to an Indenture, 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, pursuant to that certain Memorandum of Assignment of Lease, dated as of June 1, 2004 (the "Assignment Agreement"), by and between the Financing Authority and the Trustee, 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 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 court in the 2004 Parking Proceeding also entered that certain Order Appointing Receiver (the "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;

WHEREAS, pursuant to that certain 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, 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 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, NPFG is not in default under the 2004 Parking Bond Policy;

WHEREAS, the City is the debtor in a bankruptcy case under chapter 9 of Title 11 of the United States Code, Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division, 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~~**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 NPFG and the owners of the Bonds, for the purchase of such rights (as set forth in Schedule I attached hereto and made a part hereof, the "Installment Payments");

WHEREAS, additional terms of the Settlement are set forth in that certain Forbearance Agreement, dated as of [_____] 1, 2014, by and between the City, the Financing Authority, the Parking Authority, NPFG and the Trustee;

WHEREAS, the City has heretofore transferred to the Parking Authority all of its rights, title and interest in the ~~Site and the Leased Parking Facilities, and all of its rights, title and interest in the parking facilities, including parking meters and other metered spaces, owned by the City within the Downtown Parking District, being the area shown in Figure 1 of Exhibit C attached hereto and made a part hereof and located within the boundaries as described in such~~

Workshare Compare comparison of 03.b Parking Installment Sale Agreement.doc and 03.b. Parking Installment Sale Agreement.doc. Performed on 2/12/2014.

~~Exhibit C, (the "Downtown Parking Facilities" and, together with the Site and the Leased Parking Facilities, the "Facilities"~~**Facilities (as such term is defined herein**);

WHEREAS, commencing upon the date on which the Trustee's possessory interests in the Leased Parking Facilities **(as such term is defined herein)** are transferred, the Parking Authority will rent, lease, maintain, repair, manage and operate all of the Facilities either by itself undertaking such actions or by entering into one or more management agreements (each, a "Management Agreement") with one or more independent operators (each, an "Operator"); and

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.

"Additional Facilities" means any additional parking facilities acquired or constructed by the Parking Authority within the Downtown Parking District following the date of this Agreement.

"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, 2014, 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 (the "Assignment Agreement"), by and between the Financing Authority and the Trustee.

"Bankruptcy Case" means 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*, commenced pursuant to the petition filed by the City under chapter 9 of Title 11 of the United States Code.

"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.

"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.

"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.

"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. On the Effective Date no Debt is outstanding.

"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~~, other than the Leased Parking Facilities~~**.**

"Downtown Parking Facilities" means the parking facilities, including parking meters and other metered spaces, owned by the City within the Downtown Parking District**, other than the Leased Parking Facilities and the Excluded Parking Assets**.

"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~~ and~~**,** the Downtown Parking Facilities**,** and ~~the~~**any** Additional Facilities~~, if any~~.

"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.

"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 [_____], 2014, by and between the City, the Financing Authority, the Parking Authority, NPFG and the Trustee.

~~"Forbearance Default" means an event of default as defined in Section 6.1 of the Forbearance Agreement.~~

"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 ~~which~~**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 (the "Lease Agreement"), 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 [_____].

"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.

"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.

"Obligation" means the obligation of the City under this Agreement to make the Installment Payments and to pay interest thereon, as applicable.

"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(s), person(s), firm(s) or corporation(s) 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~~. On the Effective Date, the Operator is [_____]~~.

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

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

"Permitted Encumbrances" means, as of any particular time: (i) liens for general and ad valorem taxes and assessments, if any, not then delinquent, or which the Parking Authority may, pursuant to provisions of Article V hereof, permit to remain unpaid; (ii) this Agreement; (iii) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; and (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of this Agreement or which the Parking Authority certifies in writing will not materially impair the use of the Facilities.

"Plan" means the City's First Amended Plan for the Adjustment of Debts of City of Stockton, California dated, [_____], as amended or modified and as confirmed in the Bankruptcy Case.

"Revenues" means, for any period of calculation, all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Facilities, 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 from the ownership or operation of the Facilities; 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.

"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.

"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

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 Facilities.

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 2013-14, 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) ~~(e)~~ 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 2013-14,** 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 1.1 times Maximum Annual Debt Service for such Fiscal Year calculated as provided in Section 4.8 hereof.

(g) ~~(f)~~ 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) ~~(g)~~ 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) ~~(h)~~ 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.

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 ~~Forbearance Default~~**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 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

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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 Leased Parking Facilities shall be deemed conveyed to and vested in the Parking Authority upon the Effective Date following the delivery of this Agreement, subject only to Permitted Encumbrances. The Trustee shall take all actions necessary to vest in the Parking Authority all such possessory rights, title and interest in the Leased Parking Facilities.

Section 4.2 Term of Agreement. 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. The Parking Authority shall pay to the Trustee**, to be held in trust** for the ~~account~~**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 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.

(b) Option to Prepay. Subject to the terms and conditions of this Section, the ~~Trustee hereby grants an option to the~~ Parking Authority ~~to~~**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

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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 ~~Seller~~**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 ~~a~~**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 ~~must~~**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; ~~Forbearance Default~~**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 (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 ~~the purchase price~~**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)~~ or the occurrence and continuation of a Forbearance Default~~, 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 City 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 ~~or cure~~**of the Termination Event and reinstatement** of the Forbearance ~~Default~~**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 ~~Forbearance Default~~**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 ~~Forbearance Default~~**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 1.1 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) ~~[Rate covenant to be determined.]~~**[Parking Consultant provision TBD.]**

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 remaining 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 Additional Facilities, or for the purpose of refunding 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. 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, 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 Public Liability and Property Damage Insurance. 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 insured. Said policy or policies shall provide for indemnification of said parties against direct or

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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 and $[_____] for personal injury or deaths**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. Upon prior written approval of the Trustee and NPFG, such insurance may be maintained in the form of self-insurance by the Parking Authority; provided, however, that any self-insurance shall be in an appropriate form and provide adequate coverage, as determined by an independent insurance consultant or risk manager and otherwise be acceptable to the Trustee and NPFG. The net proceeds**[Self insurance subject to review.] 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.

Section 5.5 Fire and Extended Coverage Insurance. 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 insured. 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. Upon prior written approval of the Seller, such insurance may be maintained in the form of self-insurance by the Parking Authority; provided, however, that any self-insurance shall be in an appropriate form and provide adequate coverage, as determined by an independent insurance consultant or risk manager and otherwise be acceptable to the Seller. The net proceeds **[Self insurance subject to review.] 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. Any such policy or policies shall name the Trustee as an additional insured. **[Self insurance subject to review.]**

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 insured. **[Self insurance subject to review.]**

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 insureds the Parking Authority and 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 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 required pursuant to this Agreement may be obtained from a joint powers authority authorized and existing under the laws of the State.

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~~ unless directed by NPFG~~, 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 Subcontracting. The Parking Authority may employ one or more Operators to operate all or any portion of the Facilities in connection with the discharge of the Parking Authority's related duties and covenants under this Agreement. The Parking Authority shall provide notice to the Trustee and NPFG within fifteen (15) days of 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.

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~~**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.

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Section 6.2 Application of Net Proceeds.

(a) From Insurance Award. The ~~net proceeds~~**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~~, modification or improvement~~ 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~~, modification or improvement~~ 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~~, modification or improvement~~ of the damaged or destroyed ~~portions~~**portion** of the Facilities has been completed **[and final accounting TBD]** 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 Leased Parking Facilities. The Parking Authority acknowledges and agrees that the Parking Authority will be purchasing the Trustee's possessory interest in the Leased Parking Facilities based solely upon its inspection and investigations of the Leased Parking Facilities and that the

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Parking Authority will be purchasing the possessory interest "AS IS" and "WITH ALL FAULTS" based upon the condition of 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 Leased Parking Facilities.

Section 7.2 Indemnification. The Parking Authority shall and hereby agrees to indemnify and save harmless the ~~Trustee, 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,~~ **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 increase 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

Workshare Compare comparison of 03.b Parking Installment Sale Agreement.doc and 03.b. Parking Installment Sale Agreement.doc. Performed on 2/12/2014.

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 ~~balance of such Revenues after such insufficiency~~**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 Manager
Phone: (209) 937-~~-----~~**8212**
Fax: (209) 937-~~-----~~**7149**

If to the Trustee:
Wells Fargo Bank, National Association
555 Montgomery Street, 10th Floor
San Francisco CA 94111
Attention: Corporate Trust, MAC A0167-102

Phone: (415) 222-2868
Fax: (415) 395-9064

If to 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 ~~Section 10.7~~ 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 ~~Section 10.8~~ 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 ~~BETWEEN~~**AMONG** NPFG, THE TRUSTEE AND THE ~~CITY~~**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 WAVER 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 ~~Section 10.9~~ ~~Seller~~**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.

Section 10.11 ~~Section 10.10~~ 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 Manager

Workshare Compare comparison of 03.b Parking Installment Sale Agreement.doc and 03.b. Parking Installment Sale Agreement.doc. Performed on 2/12/2014.

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 OFCHANNEL 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.

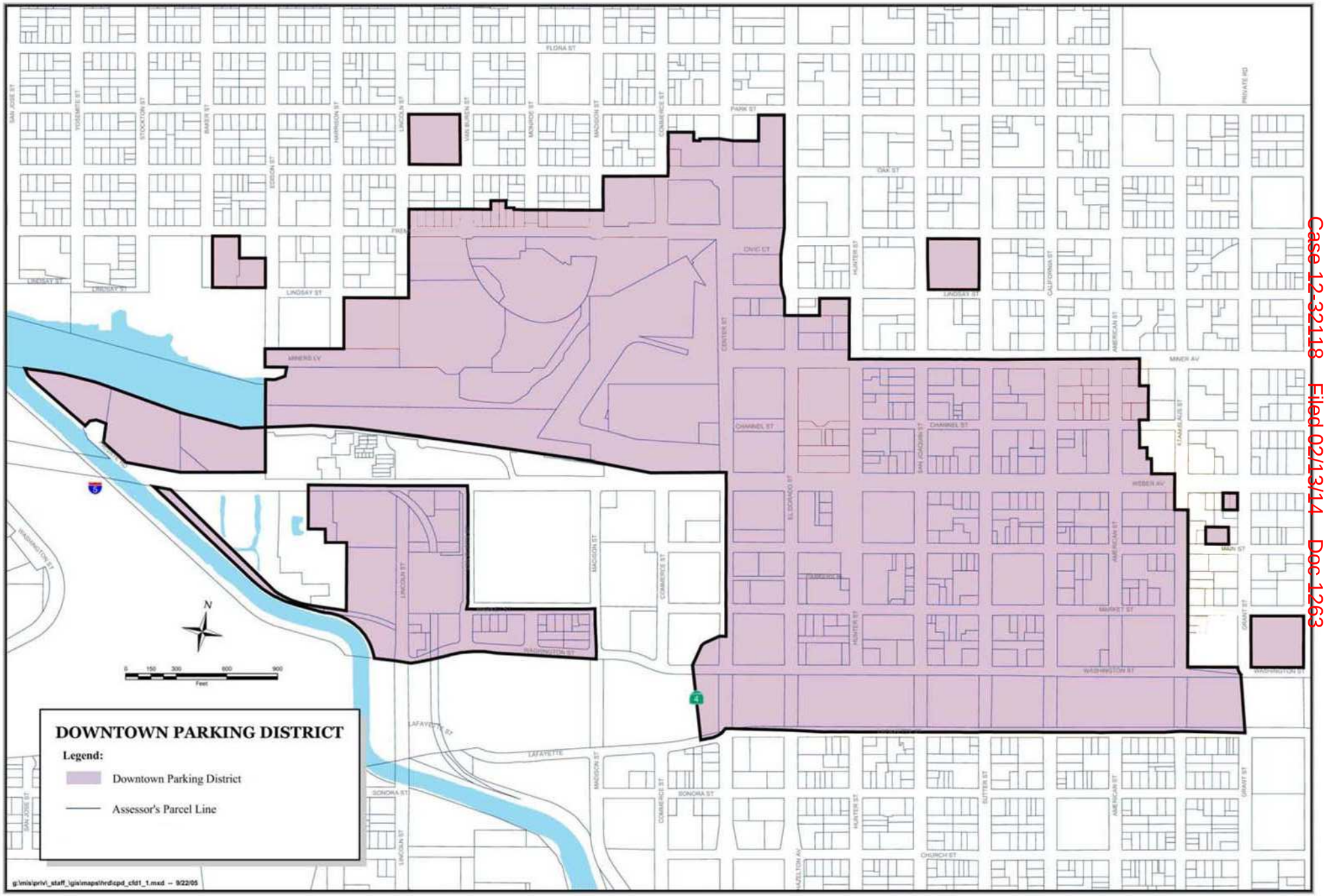
Stockton Events Center Parking Structure

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



Case 12-32118 Filed 02/13/14 Doc 1263

EXHIBIT D

EXCLUDED PARKING ASSETS

[TO BE REVIEWED]

The parking garage and facilities located at 400 E. Main Street, in the City of Stockton, California.

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 Debt Service	Fiscal Year Debt Service	Scheduled Debt Service	Remaining Principal	Optional Prepayment
06/01/14										
08/25/14	700,187.63	-	5.000	98.847	8,114.87	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	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	24,282,676.47	24,990,978.97
02/25/16	650,193.63	-	5.000	91.796	58,108.87	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	22,998,147.59	23,706,450.09
02/25/17	618,863.65	-	5.000	87.373	89,438.85	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	21,775,514.52	22,483,817.02
02/25/18	589,043.34	-	5.000	83.163	119,259.16	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	20,541,393.28	21,336,467.29
02/25/19	629,344.29	-	5.000	79.155	165,729.72	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	19,295,544.75	20,093,868.76
02/25/20	601,467.55	-	5.000	75.341	196,856.46	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	18,104,842.94	18,906,481.95
02/25/21	574,862.69	-	5.000	71.711	226,776.32	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	16,966,772.98	17,771,793.29
02/25/22	549,470.51	-	5.000	68.255	255,549.80	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	15,878,937.02	16,687,406.26
02/25/23	525,234.59	-	5.000	64.967	283,234.65	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	14,839,048.73	15,651,035.87
02/25/24	502,101.18	-	5.000	61.836	309,885.96	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	13,844,928.02	14,660,503.42
02/25/25	480,019.05	-	5.000	58.856	335,556.35	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	12,894,496.08	13,713,731.51
02/25/26	458,939.41	-	5.000	56.020	360,296.02	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	11,985,770.54	12,808,739.20
02/25/27	438,815.73	-	5.000	53.321	384,152.93	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	11,116,861.01	11,943,637.56
02/25/28	419,603.70	-	5.000	50.752	407,172.85	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	10,285,964.70	11,116,625.30
02/25/29	401,261.09	-	5.000	48.306	429,399.51	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	9,491,362.29	10,325,984.63
02/25/30	383,747.63	-	5.000	45.979	450,874.71	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	8,731,414.07	9,570,077.37
02/25/31	367,024.97	-	5.000	43.763	471,638.33	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	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**			