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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION

In re:) Case No. 12-32118
CITY OF STOCKTON, CALIFORNIA,) DC No. OHS-1
Debtor,) Chapter 9
) Date: March 20, 2013
) Time: 9:30 a.m.
) Dept.: C, Courtroom 35
) Judge: Hon. Christopher M. Klein

EXHIBIT TO OFFER OF PROOF IN SUPPORT OF SUPPLEMENTAL OBJECTION OF ASSURED GUARANTY CORP. AND ASSURED GUARANTY MUNICIPAL CORP. TO DEBTOR'S CHAPTER 9 PETITION AND STATEMENT OF QUALIFICATIONS

Exhibit A Declaration of Jeffrey E. Bjork In Support Of Supplemental Objection Of Assured Guaranty Corp. And Assured Guaranty Municipal Corp. To Debtor's Chapter 9 Petition And Statement Of Qualifications3

EXHIBIT A

1 **3**

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22 and Assured Guaranty Municipal Corp.

23 **UNITED STATES BANKRUPTCY COURT**
24 **EASTERN DISTRICT OF CALIFORNIA**
25 **SACRAMENTO DIVISION**

<p>26 In re:</p> <p>27 CITY OF STOCKTON, CALIFORNIA,</p> <p>28 Debtor.</p>	}	<p>Case No. 12-32118</p> <p>D.C. No. OHS-1_</p> <p>Chapter 9</p> <p>DECLARATION OF JEFFREY E. BJORK IN SUPPORT OF SUPPLEMENTAL OBJECTION OF ASSURED GUARANTY CORP. AND ASSURED GUARANTY MUNICIPAL CORP. TO DEBTOR'S CHAPTER 9 PETITION AND STATEMENT OF QUALIFICATIONS</p> <p>Date: March 20, 2013</p> <p>Time: 9:30 a.m.</p> <p>Dept.: C, Courtroom 35</p> <p>Judge: Hon. Christopher M. Klein</p>
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1 I, Jeffrey E. Bjork, declare as follows:

2 1. I am an attorney licensed to practice in California and am admitted to practice before
3 the United States District Court for the Eastern District of California. I am a partner with the law
4 firm of Sidley Austin LLP ("Sidley"), counsel of record for Assured in this chapter 9 case. Assured
5 provided credit enhancement for certain (i) pension obligation bonds (the "POBs") issued by the
6 City in 2007 and (ii) certain variable rate demand lease revenue bonds issued by the City in 2007 in
7 respect of the proposed new City Hall at 400 E. Main Street in Stockton (the "400 E. Main Bonds")
8 and, collectively with the POBs, the "Assured Obligations"). I have personal knowledge of the
9 matters stated herein, and if called as a witness, I could competently testify hereto. Capitalized
10 terms not defined herein have the meaning ascribed to such terms in the Supplemental Objection of
11 Assured Guaranty Corp. and Assured Guaranty Municipal Corp. to Debtor's Chapter 9 Petition and
12 Statement of Qualifications (the "Supplemental Objection").

13 2. I understand the City of Stockton formally began the AB 506 Process in late
14 February, 2012. Representatives for Assured, along with its counsel and financial advisors, attended
15 due diligence meetings called by the City on April 30 and May 1, 2012.

16 3. On May 7, 2012, the City delivered to Assured, its counsel and its financial advisors a
17 790-page document titled "Proposals for Modification to Obligations Under AB 506 Process" (the
18 "Ask").

19 4. On May 15 and 16, 2012, Assured, with its counsel and financial advisors, attended
20 additional mediation sessions called by the City. I participated in these sessions in my capacity as
21 counsel to Assured. The City did not engage in any negotiations with Assured in respect of its
22 proposed treatment for the Assured Obligations before or during these mediation sessions.

23 5. Following receipt of the Ask, and on numerous occasions throughout the AB 506
24 Process, I initiated discussions with counsel for the City in an effort to explore other repayment
25 options or alternatives with respect to the Assured Obligations (in contrast to the proposed treatment
26 set forth in the Ask), as well as potential budget efficiencies and sources of revenue the City might
27 wish to consider to free up additional funds to repay its obligations. These discussions principally
28 occurred through phone calls and e-mails during the months of May and June.

