

18

1 MARC A. LEVINSON (STATE BAR NO. 57613)
 malevinson@orrick.com
 2 NORMAN C. HILE (STATE BAR NO. 57299)
 nhile@orrick.com
 3 PATRICK B. BOCASH (STATE BAR NO. 262763)
 pbocash@orrick.com
 4 ORRICK, HERRINGTON & SUTCLIFFE LLP
 400 Capitol Mall, Suite 3000
 5 Sacramento, California 95814-4497
 Telephone: +1-916-447-9200
 6 Facsimile: +1-916-329-4900

7 Attorneys for Debtor
 City of Stockton
 8

9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION
 12

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

Case No. 2012-32118
 D.C. No. OHS-15
 Chapter 9

16
 17 WELLS FARGO BANK, NATIONAL
 ASSOCIATION, FRANKLIN HIGH
 18 YIELD TAX-FREE INCOME FUND,
 AND FRANKLIN CALIFORNIA
 19 HIGH YIELD MUNICIPAL FUND,

20 Plaintiffs,

21 v.

22 CITY OF STOCKTON, CALIFORNIA,
 23 Defendant.

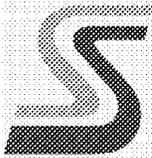
**EXHIBITS E THROUGH K TO THE
 DIRECT TESTIMONY
 DECLARATION OF ROBERT
 LELAND IN SUPPORT OF
 CONFIRMATION OF FIRST
 AMENDED PLAN FOR THE
 ADJUSTMENT OF DEBTS OF CITY
 OF STOCKTON, CALIFORNIA
 (NOVEMBER 15, 2013)¹**

Adv. No. 2013-02315

Date: May 12, 2014
 Time: 9:30 a.m.
 Dept: Courtroom 35
 Judge: Hon. Christopher M. Klein

24
 25
 26
 27 ¹ While this declaration is made in support of confirmation of the Plan, out of an abundance of caution, and because
 the evidentiary hearing on Plan confirmation and the trial in the adversary proceeding share common issues, it is
 28 being filed in both in the main case and the adversary proceeding.

Exhibit E



STOCKTON

2013/14 PROPERTY TAX SUMMARY



The City of Stockton experienced a net taxable value increase of 3.6% for the 2013/14 tax roll, which was slightly less than the increase experienced countywide at 5.0%. The assessed value increase between 2012/13 and 2013/14 was \$600 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$104 million, which accounted for 17% of all growth experienced in the city.

The largest assessed value increase was reported on a formerly vacant property owned by WalMart Real Estate Business Trust at 10355 Trinity Pike. New improvement values were added to this site for an increase of \$12.5 million. This store opened in July 2012. Two industrial properties owned by AEC BBSTNCA 001 at 3610 S. Airport Way were purchased in 2012 and the value enrolled for 2013-14 reflects the price paid in the sale transaction. The two properties were purchased for a total of \$63 million and the year to year value change reported on the 2 sites was \$17.5 million. This is the location of the Cost Plus World Market Stockton distribution center.

The largest value decline was posted by Dameron Hospital Association at 525 W. Acacia Street. This owner failed to have their exemption applied before the close of the roll last year. The tax bill last year was cancelled after the exemption was appropriately accounted for, so there will be no tax loss related to the exemption filing, however last year's reported value was inflated until the exemption was applied.

The housing market has continued to improve in 2013 as home buying increased due to continued low interest rates and affordable prices. Foreclosure levels are back to historical norms. Median prices and numbers of sale transactions are up statewide. The median sale price of a single family home in Stockton from January through September 2013 was \$150,000. This represents a \$24,500 (19.5%) increase in median sale price from 2012.

Year	SFR Sales	Median Price	% Change
2007	1,667	\$314,000	
2008	4,682	\$165,000	-47.45%
2009	5,498	\$125,000	-24.24%
2010	3,902	\$135,000	8.00%
2011	3,918	\$125,000	-7.41%
2012	3,487	\$125,500	0.40%
2013	2,412	\$150,000	19.52%

2013/14 Tax Shift Summary

ERAF I & II	\$-10,232,981
VLFAA (est.)	\$17,981,933
Triple Flip	\$9,643,230
Triple Flip True up	\$62,989

Top 10 Property Owners

Owner	Net Taxable Value	% of Total	Use Type
1. EXCEL STOCKTON LLC	\$119,812,678	0.70%	Commercial
2. SIMPSON MANUFACTURING COMPANY INC	\$85,069,131	0.50%	Industrial
3. DTE STOCKTON LLC	\$82,913,182	0.49%	Unsecured
4. PACIFIC ETHANOL STOCKTON LLC	\$80,207,039	0.47%	Unsecured
5. BUZZ OATES ENTERPRISES II PARTNERSHIP	\$72,453,191	0.42%	Industrial
6. DIAMOND WALNUT GROWERS INC	\$69,480,675	0.41%	Industrial
7. AG SPANOS PROFESSIONAL OFFICE CENTER LLC	\$68,629,819	0.40%	Residential
8. CORN PRODUCTS INTERNATL INC	\$67,429,349	0.39%	Industrial
9. ARC BBSTNCA001	\$66,429,758	0.39%	Industrial
10. FERGUSON ENTERPRISES INC	\$64,222,295	0.38%	Unsecured
Top Ten Total	\$776,647,117	4.55%	

Real Estate Trends

Home Sales

Home sales began to rebound in many parts of the State as continued low interest rates are spurring on the market. Mid and high end sales are up and prices are rebounding quickly due to low inventories. The reported median price of an existing, single family detached home in California during July 2013 was \$363,000. This was a 29.2 percent increase from \$281,000 in July 2012.

All Homes	Units Sold July-2012	Units Sold July-2013	% Change	Median Price July-2012	Median Price July-2013	% Change
Fresno County	914	1,008	10.28%	\$156,500	\$191,000	22.04%
Kern County	992	1,083	9.17%	\$135,000	\$178,000	31.85%
Merced County	228	133	-41.67%	\$120,000	\$167,000	39.17%
Monterey County	334	332	-0.60%	\$272,750	\$355,000	30.16%
San Joaquin County	861	854	-0.81%	\$165,000	\$230,000	39.39%
San Luis Obispo County	374	437	16.84%	\$365,000	\$417,000	14.25%
Santa Barbara County	393	404	2.80%	\$342,500	\$370,000	8.03%
Santa Cruz County	185	178	-3.78%	\$457,000	\$500,000	9.41%
Tulare County	413	443	7.26%	\$122,500	\$158,000	28.98%

Recapturing SFR Proposition 8 Reductions

In 1978 California voters approved Proposition 8 that (among other things) allows county assessors to reduce the value of properties below their Proposition 13 taxable values when the real estate market declines. Such reductions are to be recaptured as the real estate market improves. Now, after five years of declining real estate values, county assessors are beginning to restore values. The graph below reflects the percentage of assessed value restored in 2013-14 for residential properties that have not changed ownership. Assessors will not restore values to their trended Proposition 13 values until the strength of the market recovery is proven. We are anticipating continued recovery of Proposition 8 reductions for 2014-15.

Estimated SFR Prop 8 Recaptures between 2012-13 and 2013-14

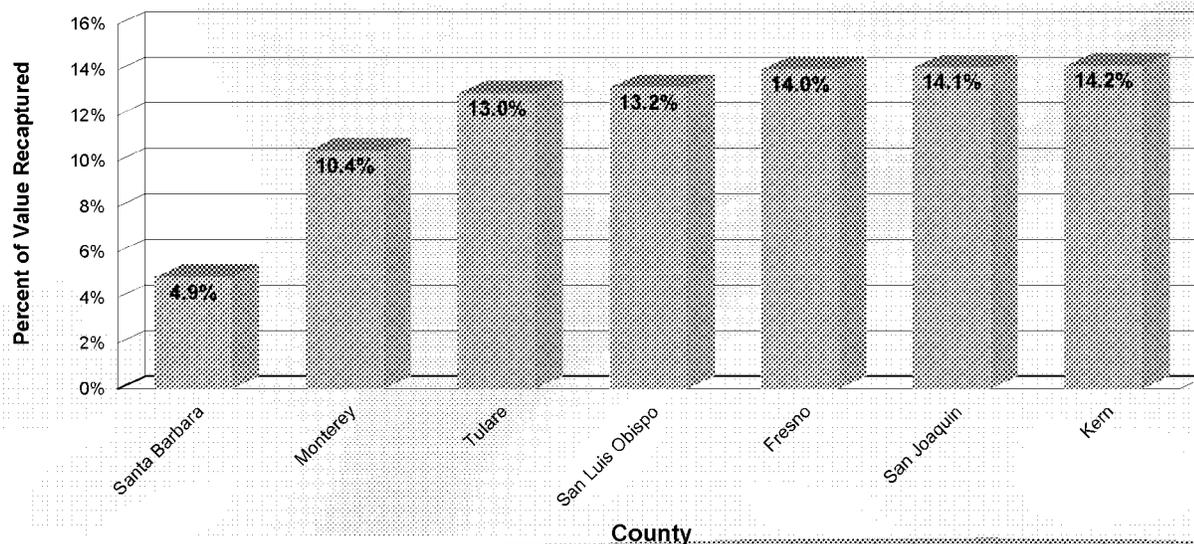
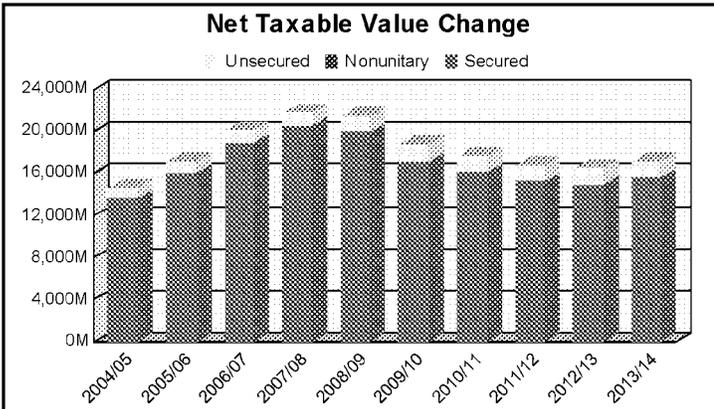
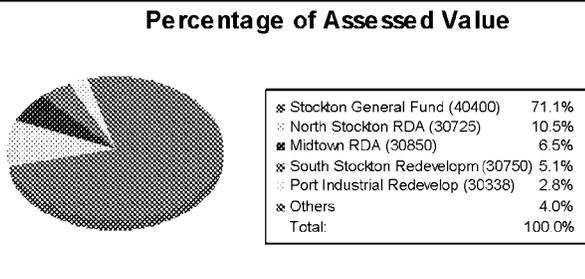


Exhibit F

<u>Tax Year</u>	<u>Total Taxable Value</u>
2013/14	17,079,490,783
2012/13	16,479,101,234
	600,389,549 Total Value Change
	Dollar Change Change Event
	104,475,207 Net Value Change of CPI Growth (2.000%)
	-245,315,066 Net Change of Parcels with Negative Growth
	-8,665,292 Unsecured Roll Change
	-103,544 Cross Reference Roll Change
	19,016,311 Transfer of Ownership Change
	53,349,932 Non Residential New Construction
	449,964,129 Single Family Residential Prop 8 Recaptures
	227,667,872 Other Net AV Change*
	600,389,549

<u>Year to Year Value Change by Use Category</u>		
<u>Category</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	\$595,723,521	6.00%
Commercial	-\$86,055,910	-3.69%
Industrial	-\$8,132,881	-0.40%
Govt. Owned	\$309,513	8.07%
Institutional	\$2,126,655	7.06%
Irrigated	\$265,372	1.75%
Miscellaneous	\$7,496,632	4.16%
Recreational	-\$269,679	-0.65%
Unknown	\$62,104,496	132.76%
Vacant	\$36,866,475	11.52%
SBE Nonunitary	-\$1,275,809	-17.00%
Cross Reference	-\$103,544	-1.37%
Unsecured	-\$8,665,292	-0.57%

<u>Change by Component</u>	<u>Total</u>	<u>Personal Property</u>
Entire City	3.64%	-4.68%
Stockton General Fund	4.23%	-5.20%
Successor Agency	2.22%	-4.24%
Countywide	4.98%	-0.37%



- Notes:**
- Formerly vacant property owned by WalMart Real Estate Business Trust at 10355 Trinity Pike reported the enrollment of new improvement values on this site for an increase of \$12.5 million.
 - 2 industrial properties owned by AEC BBSTNCA 001 at 3610 S. Airport Way were purchased in 2012 and the value enrolled for 2013-14 reflects the price paid in the sale transaction. Cost Plus World Market Stockton distribution center
 - The largest decline was posted by Dameron Hospital Association at 525 W. Acacia Street. This owner failed to have their exemption applied before the close of the roll last year
 - Industrial property at 1320 Performance Drive was purchased by Universal Molding Extrusion Company for less than the value reported for the previous owner for a 49% decline or a reduction of \$13.1 million.
 - The CCPI is tracking at less than 2% currently 0.178% for 2014-15.

<u>Top 10 Taxpayers Based on Net Values 2013/14</u>		<u>Rank</u>	<u>Top 10 Taxpayers Based on Net Values 2012/13</u>	
EXCEL STOCKTON LLC		1	BUZZ OATES LLC	
SIMPSON MANUFACTURING COMPANY INC		2	EXCEL STOCKTON LLC	
DTE STOCKTON LLC #70 in 2012-13 in Port of Stockton Unsecured		3	SIMPSON MANUFACTURING COMPANY INC	
PACIFIC ETHANOL STOCKTON LLC		4	DIAMOND WALNUT GROWERS INC	
BUZZ OATES ENTERPRISES II PARTNERSHIP		5	DAMERON HOSPITAL ASSOCIATION exemption late filing	
DIAMOND WALNUT GROWERS INC		6	COMCAST OF CALIFORNIA XIII INC #22 in 2013-14	
AG SPANOS PROFESSIONAL OFFICE CENTER LLC All Spanos included		7	CORN PRODUCTS INTERNATL INC	
CORN PRODUCTS INTERNATL INC		8	PACIFIC ETHANOL STOCKTON LLC	
ARC BBSTNCA001 new purchase sale price enrolled		9	FERGUSON ENTERPRISES INC	
FERGUSON ENTERPRISES INC		10	COST PLUS INC asset reduction on unsecured roll	

*Other Net AV Changes include parcel drops and adds, residential improvements, changes to secured personal property, non single family residential prop 8 recaptures
Data Source: San Joaquin County Assessor 2013/14 Secured and Unsecured Tax Rolls Prepared On 11/20/2013 By PC
This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone Page 1

Exhibit G



THE CITY OF STOCKTON 2013/14 UNSECURED COMPARISON

2012/13 - 2013/14 Unsecured Roll Assessment Comparison (Largest 25 Changes)

Prior Year Bill #	Prior Year APN	Prior Year Owner	Prior Year Address	PY Net AV	Change
460077	145-030-09	Dte Stockton Lic	2626 Washington St	20,512,179	
460077	145-030-09	Dte Stockton Lic	2626 Washington St	82,904,741	62,392,562
407885	177-140-34	Cost Plus Inc	3610 Airport Way	59,382,104	
407885	177-140-34	Cost Plus Inc	3610 Airport Way	12,910,575	-46,471,529
394309	145-020-08	Pacific Ethanol Stockton Lic	3028 Navy Dr	65,376,497	
394309	145-020-08	Pacific Ethanol Stockton Lic	3028 Navy Dr	80,207,039	14,830,542
395821	177-270-20	Advanced H2O Lic	811 Zephyr St 300	29,499,583	
395821	177-270-20	Advanced Refreshment Lic	811 Zephyr St 300	21,450,250	-8,049,333
081429	145-030-09	Tesoro Logistics Operations Lic	3000 Navy Dr	2,635,474	
081429	145-030-09	Tesoro Logistics Operations Lic	3000 Navy Dr	9,246,423	6,610,949
837387	163-200-04	Holt Of California	1234 Charter Way	6,672,031	
837387	163-200-04	Holt Of California	1234 Charter Way	222,257	-6,449,774
<i>New Assessment</i>					
837394	139-070-10	Holt Of California	Stockton	5,960,859	5,960,859
713535	104-160-15	Continental Cablevision Of Cal	City Boundaries	17,463,281	
713535	104-160-15	Continental Cablevision Of Cal	City Boundaries	12,078,099	-5,385,182
037309	177-460-10	Coastal Pacific Food District Inc	1015 Performance Dr	14,307,011	
037309	177-460-10	Coastal Pacific Food District Inc	1015 Performance Dr	19,493,812	5,186,801
273563	145-030-01	California Portland Cement Company	Port Rd 4-5	38,649,399	
273563	145-030-01	California Portland Cement Company	Port Rd 4-5	43,768,596	5,119,197
359672	145-020-04	M And L Commodities Inc	11 Acres On Port Rd 6	24,777,470	
359672	145-020-04	M And L Refrigerated Terminal Inc	11 Acres On Port Rd 6	29,795,271	5,017,801
<i>New Assessment</i>					
486673	066-020-07	Wal Mart Stores Inc	10355 Trinity Pike	4,999,611	4,999,611
142096	193-410-08	A Teichert And Son Inc	265 Val Dervin Pike	1,171,485	
142096	193-410-08	A Teichert And Son Inc	265 Val Dervin Pike	5,976,873	4,805,388
106762	094-050-25	Comcast Of California XIII Inc	6505 Tam Oshanter	32,860,243	
106762	094-050-25	Comcast Of California XIII Inc	6505 Tam Oshanter	28,253,459	-4,606,784
<i>New Assessment</i>					
312994	177-280-59	Recycle To Conserve Inc	704 Zephyr St	4,544,056	4,544,056
785134	139-070-10	Toyota Motor Credit Corporation	Stockton	4,381,095	
948157	139-070-10	Toyota Motor Eng And Manufacturing No Inc California 17	Stockton	13,194	-4,367,901
082194	162-030-07	Weyerhaeuser Company	Cavanaugh 1002Av	6,415,255	
082194	162-030-07	Weyerhaeuser Nr Company	Cavanaugh 1002Av	2,204,306	-4,210,949
408062	153-231-17	Stockton Recycling Inc	2435 Weber Ave	1,073,063	
408062	153-231-17	Stockton Recycling Inc	2435 Weber Ave	5,012,171	3,939,108
<i>New Assessment</i>					
416643	147-300-08	Oakland Bag Inc		3,806,571	3,806,571
425890	179-070-15	Hub City Terminals Inc	4221 Mariposa Rd	7,725,056	
425890	179-070-15	Hub City Terminals Inc	4221 Mariposa Rd	4,071,166	-3,653,890



THE CITY OF STOCKTON 2013/14 UNSECURED COMPARISON

2012/13 - 2013/14 Unsecured Roll Assessment Comparison (Largest 25 Changes)

Prior Year Bill #	Prior Year APN	Prior Year Owner	Prior Year Address	PY Net AV	Change
786724	143-080-57	United Rentals Inc	2911 Fremont St	5,553,502	
786724	143-080-57	United Rentals Inc	2911 Fremont St	8,879,612	3,326,110
384371	177-320-12	Quality Packaging Inc	1820 Industrial Dr	3,278,691	
<i>Dropped Assessment</i>					-3,278,691
312994	177-280-59	Scope Industries Inc	704 Zephyr St	3,233,132	
<i>Dropped Assessment</i>					-3,233,132
677998	145-020-04	Calaveras Cement Company	Port Of Stkn White 2	14,932,421	
677998	145-020-04	Calaveras Cement Company	Port Of Stkn White 2	11,700,000	-3,232,421
299763	177-280-13	Air Products Manufacturing Corporation	1010 Zepyr St	3,204,212	
<i>Dropped Assessment</i>					-3,204,212
21	Assessments in 2012/13			PY Net AV	
22	Assessments in 2013/14			CY Net AV	
				363,103,184	
				397,498,941	34,395,757

Exhibit H

Kimberly Trammel - Fwd: 2012-13 Property Tax Reports Addendum

From: Kimberly Trammel
To: Claire Tyson
Date: 3/27/2013 1:16 PM
Subject: Fwd: 2012-13 Property Tax Reports Addendum
Attachments: Property Tax Reports Addendum_39_STOCKTON_2012.pdf

You were not on this e-mail from HdL so I'm forwarding it to you. This is an update of the 2012-13 property tax report HdL prepare last fall.

They have not changed their 2013-14 property tax estimate. The indication from this report and the County Auditor-Controller is that 2012-13 property tax revenues may be even more than the **\$43.3 million** we projected in the Quarter 2 report. My best estimate at this time is **\$43.5 million** but it could be as high as \$43.7 million. This is still a less than 1% variance. We have already increased the property tax projected by \$940k since the adopted budget.

>>> On 3/27/2013 at 7:42 AM, <updates@hdlccpropertytax.com> wrote:



Spring 2013

Attached you will find the City's 2012-13 Addendum Property Tax Report. This data incorporates changes from the final taxing percentages as prepared by your county Auditor-Controller. As a result, the total taxes calculated in this final document may differ slightly from those prepared in your Preliminary report delivered either earlier this year or before the end of 2012.

In addition, we have updated transfers of ownership so that the top property taxpayer reports reflect recorded ownership changes through the end of December 2012.

Included in the Addendum reports is a copy of the general fund spreadsheet for estimating 2013-14 revenues. A memo detailing the methodology used in the report is included. We also encourage you visit our website www.hdlcompanies.com/reports where we have posted the city's 2013-14 General Fund Revenue Estimate in an interactive excel format.

While we do not usually make an oral presentation with these materials, we will be glad to make an appointment to review these reports with you if you call and make those arrangements with me, Marty Coren or Nichole Cone. In addition, if you are unable to produce reports from this attachment, we will print them for you upon request. Should you have any questions regarding the enclosed materials, please feel free to contact us for assistance.

A handwritten signature in cursive script, appearing to read 'Nichole Cone'.

Data contained in this e-mail is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL Coren & Cone.

Exhibit I

HdL
 C O N F I D E N T I A L
CITY OF STOCKTON
 EXTENDED SALES AND USE TAX BUDGET ESTIMATE

Industry Group	Fiscal Yr 2011-2 Actuals	Actual Qtrs 3Q	Prior Qtrs 4Q-2Q	Fiscal Yr 2012-13 Adjust	Total 4 Qtrs %	Fiscal Yr 2013-14 Adjust	Projection %	Fiscal Yr 2014-15 Projection %	Fiscal Yr 2015-16 Projection %	Fiscal Yr 2016-17 Projection %	Fiscal Yr 2017-18 Projection %
Autos And Transportation	5,441,578	1,517,632	4,100,248	315,700	5,933,811 9.0%	251,200	6,384,731 4.2%	6,432,172 4.0%	6,721,619 4.5%	7,057,700 5.0%	7,410,385 5.0%
Building And Construction	3,574,408	1,010,857	2,532,470	(87,300)	3,555,667 -0.5%	136,200	3,692,257 3.8%	3,803,035 3.0%	3,917,127 3.0%	4,034,640 3.0%	4,156,980 3.0%
Business And Industry	5,100,240	1,438,141	3,862,594	108,500	5,429,834 6.4%	71,500	5,501,234 1.3%	5,666,271 3.0%	5,807,928 2.5%	5,924,067 2.0%	6,042,569 2.0%
Food And Drugs	2,235,575	541,815	1,674,950		2,216,775 -0.7%		2,249,275 1.5%	2,294,261 2.0%	2,340,146 2.0%	2,386,949 2.0%	2,434,688 2.0%
Fuel And Service Stations	5,174,598	1,416,377	3,806,082	(346,000)	4,878,600 -5.7%	10,350	4,888,910 0.2%	5,060,021 3.5%	5,262,422 4.0%	5,472,919 4.0%	5,637,107 3.0%
General Consumer Goods	8,18,444	2,024,758	6,256,645	641,500	8,951,903 9.5%	244,300	9,206,253 2.7%	9,482,440 3.0%	9,766,913 3.0%	10,059,921 3.0%	10,412,018 3.5%
Restaurants And Hotels	3,000,348	747,816	2,284,542	97,200	3,129,608 4.2%	119,500	3,249,108 3.8%	3,346,581 3.0%	3,430,246 2.5%	3,516,002 2.5%	3,621,482 3.0%
Transfers & Unidentified	83	100	53	(50)	113 /8.7%	(100)	13 -8.8%	13	13	13	13
State and County Pools	4,254,570	1,024,199	3,198,557	172,700	4,395,666 3.3%	219,750	4,615,216 5.0%	4,615,216	4,615,216	4,615,216	4,615,216
Total	36,974,223	9,721,735	27,878,571	901,350	36,501,556 4.1%	1,086,400	39,587,056 2.8%	40,700,010 2.8%	41,861,650 2.9%	43,067,447 2.9%	44,329,366 2.9%
Administration Cost	(35,989)	(84,773)	(265,919)		(390,652) -1.3%		(50,892) 0.0%	(360,632)	(360,632)	(360,632)	(360,632)
Total	36,814,234	9,626,962	27,612,652	901,350	36,140,364 4.2%	1,086,400	39,226,364 2.8%	40,339,319 2.8%	41,500,938 2.9%	42,706,755 2.9%	43,968,665 3.0%
Triple Flip Deduction	(9,241,556)				(9,241,556) -4.1%		(9,586,764) -2.8%				
Estimated SUTOF	8,437,587				9,397,460 11.4%		9,797,796 4.3%				
True-Up Payment	(48,586)				540,463 1,265.6%		31,700 -78.6%				
Total	35,760,679	9,626,962	27,612,652	901,350	36,463,474 7.5%	1,086,400	39,559,097 2.1%	40,339,319 2.8%	41,500,938 2.9%	42,706,755 2.9%	43,968,665 3.0%

CONFIDENTIAL INFORMATION - DO NOT COPY OR DISTRIBUTE WITHOUT AUTHORIZATION
 HdL • 909.861.4335 • www.hdlcompanies.com

02/11/2013 2:48 pm

CTY248525

Exhibit J

CITY OF STOCKTON
 FY 2012-13 (ending September)
 Mid-Year Sales and Use Tax Revenues Projection
 (Cash Basis)

Agency Budget Estimate for FY 2012-13		
Sales Tax Net		28,831,500
Sales Tax In Lieu		9,610,500
Total Agency Budget Estimate		<u>\$38,442,000</u>
Total Payment From SBOE (Gross Before Triple Flip Deduction)		
Includes State and County Pools, Net of Admin Fee		
Current Quarter	4Q 2012	9,429,080
Previous Quarter	3Q 2012	9,626,962
2nd Previous Quarter	2Q 2012	9,626,490
3rd Previous Quarter	1Q 2012	8,320,125
Total Payments		<u>37,002,658</u>
Adjustments		
<i>Economic Adjustments</i>		
Autos & Transportation (+8.0%)		231,550
Pools (+8.0%)		161,600
General Consumer Goods (+3.0%)		122,300
Business & Industry (+4.3%)		109,050
Fuel & Service Stations (-3.3%)		(60,550)
Building & Construction (+4.5%)		75,950
Restaurants & Hotels (+4.7%)		72,900
Transfers & Unidentified (-100.0%)		(63)
Food & Drugs (0.0%)		0
Other Adjustments (see attached)		117,400
Total Adjustments		<u>810,137</u>
Subtotal Point-of-Sale		<u>37,812,795</u>
Triple Flip Deduction		(9,543,443)
Net Point of Sale (75% Allocation)		<u>28,269,352</u>
Back Fill Payment		
Estimated FY 2012-13 SUTCF (Net of Admin)		9,397,460
FY 2011-12 True-Up Payment		540,463
Total Back Fill Payment		<u>9,937,923</u>
ESTIMATED FY 2012-13 SALES TAX REVENUES		<u>\$38,207,275</u>
Rounded to Nearest Thousand (6.8% increase from FY 2011-12 actual)		\$38,207,000
Not included in the above projection :		
1. Transactions Tax District revenues (based on 23.1% of 1% Local Tax)		\$8,735,000

Exhibit K

Kimberly Trammel - Re: Sales Tax Projections

From: Claire Tyson
To: Bob Leland
Date: 3/28/2013 11:37 AM
Subject: Re: Sales Tax Projections
CC: Kimberly Trammel; Larry Lisenbee; Ryan Pham; Vanessa Burke

Bob,

We continue to monitor the current year projections while we are refining the proposed 2013-14 budget which will show both year's information. Budget proposals are going through a series of reviews which will be done in early May. So you should expect to start receiving updated schedules during the week of May 6th. If we have information earlier, we will share it with you. Thanks so much

Claire

Claire Tyson
 Budget Officer
 City of Stockton
 (209)937-7999

>>> Bob Leland <robert.clark.leland@gmail.com> 3/28/2013 9:33 AM >>>

Claire - It's interesting that even as economy continues to "improve" that HdL estimate actually is down a bit from their last estimate. I've been using the 2Q numbers, but I assume there will be other updated numbers as well when the 13-14 prelim budget is released. What is your planned timing for budget release? Kim's plan sounds reasonable. Bob

On Tue, Mar 26, 2013 at 1:39 PM, Kimberly Trammel <Kimberly.Trammel@stocktongov.com> wrote:

HdL provided the attached sales tax estimate updates at my request. They will be here to discuss this in detail on April 9th.

The revised 2012-13 estimate is slightly lower (\$240,000) than the estimate they provide last month. In the Q2 report we projected 2012-13 sales tax revenues would be **\$39.6 million** based on the previous estimate reduced by a \$450,000 cushion. HdL's new estimate plus SB509 revenues total **\$39.8 million**. I recommend keeping a \$300,000 cushion on HdL's estimate due to economic uncertainty. This would mean a revised 2012-13 estimate of \$39.5 million which is approximately \$100,000 less than the Q2 report.

FY 2013-14 baseline of **\$40.47 million** was based on HdL's 2/11/13 estimate reduced by a \$450,000 cushion. Their new estimate is about \$360,000 lower. We could reduce the cushion to \$300,000 but I think we need to revise the 2013-14 budget downward by at least \$200,000. The lower 2013-14 budget of **\$40.27 million** would still be an increase over 2012-13 of 1.8%.

Let me know if you have questions.

Thanks,
 Kim

>>> On 3/26/2013 at 11:18 AM, <DVestal@hdlcompanies.com> wrote:

Kim and Vanessa;

Attached are the updated sales and transactions tax projections for our quarterly meeting on April 9th. The totals are consistent with, but slightly lower than the projections that Sheri prepared for you last quarter.

file:///C:/Documents and Settings/ktrammel/Local Settings/Temp/XPgrpwise/51542B75C... 12/17/2013

CTY248528

Please give me a call or e-mail if you have any questions in advance of our meeting or if you note any new or closing business that should be added to the "Other Adjustments" listings.

Don

Don Vestal

Principal

dvestal@hdlcompanies.com

[909.861.4335](tel:909.861.4335)

