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7 *Income Fund and Franklin California High*
8 *Yield Municipal Fund*

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

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

Case No. 12-32118 (CMK)
D.C. No. OHS-15
Chapter 9
Adv. Proceeding No. 13-02315-C

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

19 Plaintiffs.

20 v.

21 CITY OF STOCKTON, CALIFORNIA,
22 Defendant.

FRANKLIN HIGH YIELD TAX-FREE INCOME FUND AND FRANKLIN CALIFORNIA HIGH YIELD MUNICIPAL FUND'S EVIDENTIARY OBJECTIONS TO DIRECT TESTIMONY DECLARATION OF MICHAEL CERA REBUTTING EXPERT REPORT OF FREDERICK E. CHIN

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

1 Franklin High Yield Tax-Free Income Fund and Franklin California High Yield Municipal
 2 Fund (collectively, “Franklin”) respectfully submit the following evidentiary objections to the
 3 *Direct Testimony Declaration Of Michael Cera Rebutting Expert Report Of Frederick E. Chin*
 4 [Docket No. 1395 / Adv. Pro. Docket No. 89]. Franklin incorporates by reference herein the
 5 *Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield*
 6 *Municipal Fund To Exclude Testimony Of Michael Cera.*

PARAGRAPH OBJECTED TO	GROUNDS FOR OBJECTION
8 4. The City has foregone a great deal of 9 capital improvements and maintenance at the 10 Ice Arena. While this resulted in a short-term 11 savings, the physical infrastructure at the Ice 12 Arena has suffered, and the Ice Arena is now in need of critical maintenance and upgrades.	Franklin objects to the statements in this paragraph because they are vague, speculative, and lack foundation. FED. R. EVID. 602. Franklin incorporates by reference herein the <i>Motion Of Franklin High Yield Tax-Free Income</i> <i>Fund And Franklin California High Yield</i> <i>Municipal Fund To Exclude Testimony Of</i> <i>Michael Cera.</i>
13 5. The largest capital improvement 14 overdue for the Ice Arena is the replacement 15 of the ice floor. The current ice floor is 16 uneven, rusty, and leaky. The floor has 17 suffered from major permafrost damage, 18 causing the ground to heave and sink in 19 places. The resulting unevenness affects the ability to maintain a quality ice surface. Also, the piping needed to keep the floor refrigerated has rusted almost completely through, requiring frequent repairs. SMG has estimated the cost of a replacing the ice floor at approximately \$350,000.	Franklin incorporates by reference herein the <i>Motion Of Franklin High Yield Tax-Free Income</i> <i>Fund And Franklin California High Yield</i> <i>Municipal Fund To Exclude Testimony Of</i> <i>Michael Cera.</i>
20 6. In addition, the Ice Arena’s ice plant, 21 which is 43 years old, is in need of 22 replacement. After the latest round of 23 emergency repairs to the ice plant in 2012, the 24 Ice Arena is still running at only 33% 25 capacity. <u>Many repair issues still exist, and</u> 26 <u>parts for those repairs are either extremely</u> 27 <u>difficult to find or must be custom-made due</u> 28 <u>to obsolescence.</u> Replacement would be preferable to constant repairs and downtime. SMG estimates the cost of a total overhaul of the ice plan to be \$500,000.	Franklin objects to the underlined statements in this paragraph because they are speculative and lack foundation. FED. R. EVID. 602. Franklin incorporates by reference the <i>Motion Of Franklin</i> <i>High Yield Tax-Free Income Fund And Franklin</i> <i>California High Yield Municipal Fund To</i> <i>Exclude Testimony Of Michael Cera.</i>
7. <u>There is a litany of other capital</u> <u>improvements needed at the Ice Arena.</u> Attached as Exhibit A hereto is a true and correct copy of a spreadsheet showing the most up-to-date quotes for some of the capital	Franklin objects to the underlined statements in this paragraph because they are speculative and lack foundation. FED. R. EVID. 602. Franklin incorporates by reference herein the <i>Motion Of</i> <i>Franklin High Yield Tax-Free Income Fund And</i>

PARAGRAPH OBJECTED TO	GROUNDS FOR OBJECTION
<p>1 2 <u>improvements needed at the Ice Arena. The</u> 3 <u>improvements reflected in Exhibit A include</u> 4 <u>the items below, listed with SMG's estimate</u> 5 <u>of the cost for each:</u></p> <p>6 a) <u>The floors and fixtures of the</u> 7 <u>building's lobby and restrooms are</u> 8 <u>original to the building and require</u> 9 <u>constant repair and maintenance. Two</u> 10 <u>of the restrooms are currently</u> 11 <u>completely unusable. New flooring</u> 12 <u>and utility infrastructure is needed</u> 13 <u>(\$200,000).</u></p> <p>14 b) <u>The building's stucco walls are</u> 15 <u>chipping and falling apart, and need to</u> 16 <u>be either repaired or replaced</u> 17 <u>(\$150,000).</u></p> <p>18 c) <u>The Ice Arena's current ice resurfacer</u> 19 <u>is 23 years old, is near the end of its</u> 20 <u>expected life, and is in need of</u> 21 <u>constant major repair. The condition of</u> 22 <u>the resurfacer greatly increases the</u> 23 <u>work and effort needed to maintain a</u> 24 <u>safe, quality ice sheet, and should be</u> 25 <u>replaced (\$95,000).</u></p> <p>26 d) <u>As a result of the Energy</u> 27 <u>Independence Act, a federal program</u> 28 <u>that phased out the production or</u> <u>ability to import a variety of non-</u> <u>energy efficient materials and</u> <u>equipment, rink lighting must be re-</u> <u>lamped with energy efficient bulbs and</u> <u>protective screens must be installed</u> <u>(\$75,000). The lighting above the ice</u> <u>at the Ice Arena was phased out</u> <u>starting in July 2012.</u></p> <p>e) <u>The parking lot, which has not been</u> <u>repared since the Ice Arena opened in</u> <u>1971 (43 years ago), needs to be</u> <u>repared (\$50,000).</u></p> <p>f) <u>A ventilation and exhaust system must</u> <u>be added to the locker rooms</u> <u>(\$30,000).</u></p>	<p><i>Franklin California High Yield Municipal Fund To Exclude Testimony Of Michael Cera.</i></p>

PARAGRAPH OBJECTED TO	GROUNDS FOR OBJECTION
<p>8. As reflected in Exhibit A, the capital improvements needed at the Ice Arena have a total cost of over \$2 million.</p>	<p>Franklin objects to the statements in this paragraph because they lack foundation. FED. R. EVID. 602. Franklin incorporates by reference herein the <i>Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield Municipal Fund To Exclude Testimony Of Michael Cera</i>.</p>
<p>Exhibit A (spreadsheet showing the most up-to-date quotes for some of the capital improvements needed at the Ice Arena).</p>	<p>Franklin incorporates by reference herein the <i>Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield Municipal Fund To Exclude Testimony Of Michael Cera</i>.</p>

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Dated: April 25, 2014

JONES DAY

By: /s/ Joshua D. Morse
 James O. Johnston
 Joshua D. Morse
 Charlotte S. Wasserstein

*Attorneys for Franklin High Yield Tax-Free
 Income Fund and Franklin California High
 Yield Municipal Fund*