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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 TERESIA ZADROGA-HAASE IN SUPPORT OF CONFIRMATION OF FIRST AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF CITY OF STOCKTON, CALIFORNIA (NOVEMBER 15, 2013)**

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 Teresia Zadroga-Haase In Support Of Confirmation Of First*  
 4 *Amended Plan For The Adjustment Of Debts Of City Of Stockton, California (November 15, 2013)*  
 5 [Docket No. 1385 / Adv. Pro. Docket No. 80].

PARAGRAPH OBJECTED TO	GROUNDS FOR OBJECTION
7 3. Attached hereto as <b>Exhibit A</b> is a true 8 and correct copy of a forecast of what the 9 yearly cost of the City’s retiree health benefit 10 program would have been if the City had not 11 eliminated its contribution to retiree health 12 benefit payments. This forecast was prepared 13 by the Segal Company, the City’s health 14 insurance and other post-employment benefits 15 actuary. As reflected in the forecast, retiree 16 health benefit claims would have cost the City 17 approximately \$14.9 million in fiscal year 18 (“FY”) 2012-2013. The cost in FY 2013-2014 19 to date would have been approximately \$11.7 20 million (the approximate forecasted cost for 21 all 12 months of FY 2013- 2014, \$15.6 22 million, prorated for the period of July 1, 23 2013 through March 31, 2014). The filing of 24 the bankruptcy case has enabled the City to 25 avoid paying these amounts, meaning that the 26 bankruptcy has allowed the City to avoid 27 paying approximately \$26.6 million in retiree 28 health benefit costs to date. <u>Because the Association of Retired Employees of the City of Stockton (“ARECOS”) already has pursued legal action against the City for the breach of its retiree health benefit obligations, I believe that, were the bankruptcy case dismissed, ARECOS or some other group claiming to represent Retiree Health Benefit Claimants would sue the City for payment of the amount of the unpaid benefits to date.</u>	Franklin objects to the statements in this paragraph because Ms. Zadroga-Haase’s description of the Segal report is not the best evidence of that document. FED. R. EVID. 1002. Franklin objects to the underlined statements in this paragraph because they are speculative and lack foundation. FED. R. EVID. 602. Franklin further objects to the statements in this paragraph because they contain improper opinion testimony that is not rationally based on Ms. Zadroga-Haase’s perception and not helpful to clearly understand Ms. Zadroga-Haase’s testimony or to determine a fact in issue. FED. R. EVID. 701.

